

UDR, INC.
POLICY AND PROCEDURES WITH RESPECT TO
RELATED PERSON TRANSACTIONS

Adopted February 9, 2007

A. Policy Statement

The Company recognizes that Related Person Transactions (as defined below) can present potential or actual conflicts of interest and create the appearance that Company decisions are based on considerations other than the best interests of the Company and its stockholders. Accordingly, as a general matter, it is the Company's preference to avoid Related Person Transactions. Nevertheless, the Company recognizes that there are situations where Related Person Transactions may be in, or may not be inconsistent with, the best interests of the Company and its stockholders, including but not limited to situations where the Company may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when the Company provides products or services to Related Persons (as defined below) on an arm's length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally. Therefore, the Company has adopted the procedures set forth below for the review, approval or ratification of Related Person Transactions.

This policy has been approved by the Board of Directors (the "Board") and will be reviewed annually by the Governance Committee of the Board (the "Committee") and the Committee will recommend any amendments for consideration by the Board.

B. Related Person Transactions

For the purposes of this policy, a "Related Person Transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its subsidiaries) was, is or will be a participant and the amount involved exceeds \$120,000, and in which any Related Person had, has or will have a direct or indirect interest.

For purposes of this Policy, a "Related Person" means:

1. any person who is, or at any time since the beginning of the Company's last fiscal year was, a director or executive officer of the Company or a nominee to become a director of the Company;
2. any person who is known to be the beneficial owner of more than 5% of any class of the Company's voting securities;
3. any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director,

executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner; and

4. any firm, corporation or other entity in which any of the foregoing persons is employed or is a partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

C. Identification of Related Persons

1. Directors, Executive Officers and Nominees. On an annual basis, each director and executive officer shall submit to the Company's Corporate Compliance Officer the following information: (a) a list of his or her immediate family members (as defined above); (b) for each person listed and, in the case of a director, for the director, the person's employer and job title or brief job description; (c) for each person listed and the director or executive officer, each firm, corporation or other entity in which such person is a partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest; and (d) for each person listed and the director or executive officer, each charitable or non-profit organization for which the person is actively involved in fundraising or otherwise serves as a director, trustee or in a similar capacity.

Any person nominated to stand for election as a director shall submit to the Company's Corporate Compliance Officer the information described above no later than the date of his or her nomination.

Any person who is appointed as a director or an executive officer shall submit to the Company's Corporate Compliance Officer the information described above prior to such person's appointment as a director or executive officer, except in the case of an executive officer where due to the circumstances it is not practicable to submit the information in advance, in which case the information shall be submitted as soon as reasonably practicable following the appointment.

Directors and executive officers are expected to notify the Company's Corporate Compliance Officer of any updates to the list of Related Persons, their employment and relationships with charitable organizations. Generally this would include notification of the marriage of the director or executive officer, or the marriage of his or her sibling or child.

2. Five Percent Owners. At the time the Company becomes aware of a person's status as a beneficial owner of more than 5% of any class of the Company's voting securities, and annually thereafter for so long as such ownership status is maintained, the Company's Corporate Compliance Officer shall request (a) if the person is an individual, the same information as is requested of directors and executive officers under this policy and (b) if the person is a firm, corporation or other entity, a list of the principals or executive officers of the firm, corporation or entity.

D. Approval Procedures

Related Person Transactions that are identified as such prior to the consummation thereof or amendment thereto shall be consummated or amended only if the following steps are taken:

1. Prior to entering into the Related Person Transaction (a) the Related Person, or (b) the director, executive officer, nominee or beneficial owner who is an immediate family member of the Related Person shall provide notice to the Company's Corporate Compliance Officer of the facts and circumstances of the proposed Related Person Transaction, including: (i) the Related Person's relationship to the Company and interest in the transaction; (ii) the material facts of the proposed Related Person Transaction, including the proposed aggregate value of such transaction or, in the case of indebtedness, the amount of principal that would be involved; (iii) the benefits to the Company of the proposed Related Person Transaction; (iv) if applicable, the availability of other sources of comparable products or services; and (v) an assessment of whether the proposed Related Person Transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally. The Company's Corporate Compliance Officer will assess whether the proposed transaction is a Related Person Transaction for purposes of this policy.
2. If the Company's Corporate Compliance Officer determines that the proposed transaction is a Related Person Transaction, the proposed Related Person Transaction shall be submitted to the Board for consideration at the next Board meeting or, in those instances in which the Company's Corporate Compliance Officer determines that it is not practicable or desirable for the Company to wait until the next Board meeting, to the Executive Committee of the Board (the "Executive Committee").
3. The Board, or the Executive Committee, as applicable, shall consider all of the relevant facts and circumstances available to the Board or the Executive Committee, including (if applicable) but not limited to: the benefits to the Company; the impact on a director's independence in the event the Related Person is a director, an immediately family member of a director or an entity in which a director is a partner, shareholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees generally. No member of the Board shall participate in any review, consideration or approval of any Related Person Transaction with respect to which such member or any of his or her immediate family members is the Related Person. The Board (or the Executive Committee) shall approve only those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Company and its stockholders, as the Board (or the Executive Committee) determines in good faith. The Board or the Executive Committee, as applicable, shall convey the decision to the Company's Corporate Compliance Officer, who shall convey the decision to the appropriate persons within the Company.
4. The Executive Committee shall report to the Board at each Board meeting any approval under this policy pursuant to delegated authority.

E. Ratification Procedures

The directors of accounts payable and accounts receivable, under the supervision of the Chief Financial Officer or controller, shall produce quarterly reports of any amounts paid or payable to, or received or receivable from, any Related Person, and those reports shall be provided to the Company's Corporate Compliance Officer to determine if there are any Related Person Transactions that were not previously approved or previously ratified under this policy.

In the event the Company's Chief Executive Officer, Chief Financial Officer or Corporate Compliance Officer becomes aware of a Related Person Transaction that has not been previously approved or previously ratified under this policy:

1. If the transaction is pending or ongoing, it will be submitted to the Board or the Executive Committee promptly, and the Board or Executive Committee shall consider all of the relevant facts and circumstances available to the Board or the Executive Committee, including (if applicable) but not limited to: the benefits to the Company; the impact on a director's independence in the event the Related Person is a director, an immediately family member of a director or an entity in which a director is a partner, shareholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees generally. Based on the conclusions reached, the Board or the Executive Committee shall evaluate all options, including but not limited to ratification, amendment or termination of the Related Person Transaction; and
2. If the transaction is completed, the Board or Executive Committee, as applicable, shall evaluate the transaction, taking into account the same factors described above, to determine if rescission of the transaction is appropriate.

F. Review of Ongoing Transactions

At the Board's first meeting of each fiscal year, the Board shall review any previously approved or ratified Related Person Transactions that remain ongoing and have a remaining term of more than six months or remaining amounts payable to or receivable from the Company. Based on all relevant facts and circumstances, taking into consideration the Company's contractual obligations, the Board shall determine if it is in the best interests of the Company and its stockholders to continue, modify or terminate the Related Person Transaction.

G. Charitable Contributions

Other than non-discretionary contributions made pursuant to the Company's matching contribution program for employees and directors, proposed charitable contributions, or pledges of charitable contributions, by the Company to a charitable or non-profit organization identified on the roster of Related Persons shall be subject to prior review and approval by the Board at the next Board meeting or, in those instances in which the Company's Corporate Compliance Officer determines that it is not practicable or desirable for the Company to wait until the next Board meeting, by the Executive Committee. In addition, each "named executive officer" (as defined by SEC rules) shall report to the Company's Corporate Compliance Officer and the Company's

Corporate Compliance Officer shall consolidate the information and report to the Board, on a quarterly basis, charitable contributions by the Company's named executive officers and their spouses to charitable or non-profit organizations identified on the roster of Related Persons.

H. Disclosure

All Related Person Transactions that are required to be disclosed in the Company's filings with the Securities and Exchange Commission, as required by the Securities Act of 1933 and the Securities Exchange Act of 1934 and related rules and regulations, shall be so disclosed in accordance with such laws, rules and regulations.

The material features of this policy shall be disclosed in the Company's annual report on Form 10-K or in the Company's proxy statement, as required by applicable laws, rules and regulations. In addition, the Company shall post this policy on its website and update it as necessary.

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