

UDR, INC.
STATEMENT ON CORPORATE GOVERNANCE

Amended February 4, 2016

The Company is managed under the direction of the Board of Directors (“Board”), whose primary responsibility is to protect and promote the best interests of the Company by providing advice, counsel and oversight to the Company’s management. The day-to-day conduct of the business is delegated by the Board to the Chief Executive Officer, the Chief Financial Officer and other members of the management team.

Specific Governance Guidelines

1. ***The Board.*** The Board is responsible for electing its Chairman and to fashion a leadership structure that allows the Board to work effectively and collaboratively as a team unified in support of the enterprise. Further, the Board is responsible for appointing the Chief Executive Officer, and planning for his or her succession, and the executive officers of the Company, and approving the Company’s long-term strategy and overseeing the management of the Company.

The Board believes its effectiveness is enhanced by being comprised of individuals with diverse backgrounds, skills and experience that are relevant to the role of the Board and the needs of the business. Accordingly, the Board, through its Governance Committee, will regularly review the changing needs of the business and the skills and experience resident in its members, with the intention that the Board will be periodically “renewed” as certain directors rotate off and new directors are recruited. The Board’s commitment to diversity and “renewal” will be tempered by the need to balance change with continuity, experience and a collaborative approach with each other and the Chief Executive Officer.

2. ***Independence of the Board.*** It is the policy of the Board that a significant majority of its members be independent directors. The Board will affirmatively determine that each independent director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) and meets the standards for independence as defined by applicable law and the rules of the New York Stock Exchange. The Company will disclose such determinations in its annual proxy statement.
3. ***Size of the Board.*** The size of the Board will be between eight and twelve members. The exact number of Board members will vary from time to time, based on the Board’s assessment of the skills and group dynamics necessary to balance the operational benefits of a small size with the need for a large enough group to ensure a broad range of talents and experience.
4. ***Selection of Directors.*** The Board will recommend to stockholders individuals who the Board believes have the skills, experience and expertise to successfully perform the role of a Company director. The Governance Committee, with input from the Chairman of

the Board and the Chief Executive Officer, shall evaluate all prospective directors. Directors will be nominated and elected in accordance with the Company's Bylaws. The Governance Committee will consider whether a potential candidate for director has the time available, in light of other business and personal commitments, to perform the responsibilities required for effective service on the Board. After election to the Board, directors are required to discuss with the Chairman of the Governance Committee any potential conflict of interest that may arise if the director desires to join another corporate board. The Board does not believe that it is necessary to establish a limit on the number of other boards on which a director may serve, but a director may not simultaneously serve on the audit committees of more than three (3) public companies. In determining whether to recommend a director for re-election, the Governance Committee shall consider, among other factors, the director's attendance at meetings and participation in and contributions to the activities of the Board.

5. ***Director Orientation and Continuing Education.*** Non-management directors are expected to participate in a UDR Orientation Program designed by management and approved by the Board, upon the recommendation of the Governance Committee. In addition, the Company will conduct periodic continuing education for directors and will also arrange for director participation in director education programs offered by third parties that are cost effective and relevant. Each director is expected to maintain the necessary level of expertise to perform his or her responsibilities as a director.
6. ***Board Leadership.*** The Board will exercise its discretion in combining or separating the offices of Chairman of the Board and Chief Executive Officer. This determination will be based on the Board's judgment of the best interests of the Company from time to time. If the offices of Chairman of the Board and Chief Executive Officer are combined or if the Chairman does not qualify as an independent director, the Board will designate a Lead Independent Director, who shall chair the executive sessions of the Board, and have such other duties as the Board deems appropriate. The name of the Lead Independent Director will be disclosed in the Company's annual proxy statement.
7. ***Director Terms and Tenure.*** Directors are elected annually for a term of one year. Directors who are also UDR employees are required to resign after ceasing to be an employee. Directors who change employment or other significant organizational affiliations are required to submit their resignation; but, upon the recommendation of the Governance Committee, the Board may elect not to accept the resignation. The Board does not impose arbitrary limits on the number of terms a director may serve. In general, directors are expected to serve no fewer than 5 terms nor more than 12 terms. Exceptions to this general rule will be made in the event the Board, acting with the advice of the Governance Committee, concludes that it would be in the best interests of the Company to make an exception.
8. ***Election of Directors.*** The Company's Bylaws provide that in any uncontested election of directors, any director nominee who receives a greater number of votes "for" his or her election than votes "against" (excluding abstentions) his or her election (a "Majority Vote") will be elected to the Board. The Bylaws also provide that any nominee who does not receive a Majority Vote in an uncontested election is expected to promptly tender his

or her resignation to the Board for consideration, which resignation shall promptly be considered through a process managed by the Governance Committee.

9. ***Equity Ownership of Directors.*** It is expected that each director will develop a meaningful ownership position in the Company over time, consistent with individual circumstances. At a minimum, after the fifth anniversary of election to the Board, each director is required to own shares of the Company's common stock and/or LTIP Units (as defined in the Company's Amended and Restated 1999 Long-Term Incentive Plan) equivalent to not less than 5 times their respective annual cash retainer. Equity that counts towards satisfaction of the share ownership includes:
 - Shares owned outright by the director or his or her immediate family members residing in the same household;
 - Vested restricted stock; and
 - Vested LTIP Units in United Dominion Realty, L.P.
10. ***Compensation of Directors.*** The Compensation Committee will periodically review director compensation to ensure that such compensation is reasonable and competitive. The Board recognizes that directors' independence may be jeopardized if director compensation and perquisites exceed appropriate levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.
11. ***Affiliations of Directors.*** Each director is required to advise the Corporate Secretary of any affiliation with public or privately held commercial enterprises and to call to the attention of the Board any such affiliation that may create a potential conflict of interest, potential embarrassment to the Company or possible inconsistency with Company policies or values.
12. ***Number of Board Meetings.*** The number of Board meetings will vary with circumstances; however, a minimum of four meetings will be held annually. Special meetings will be called as necessary. Meetings may be held telephonically.
13. ***Meeting Attendance and Preparation.*** Absent extenuating circumstances, directors are expected to attend the Annual Meeting of Stockholders, all regularly scheduled Board and committee meetings and to participate telephonically in regularly scheduled Board and committee meetings when they are unable to attend in person. Each director is expected to be familiar with the agenda for each meeting, have reviewed the materials distributed in advance of the meeting and be prepared to participate fully in the consideration of all scheduled items of business.
14. ***Board Agendas.*** Board agendas shall be set by the Chairman of the Board with input from the Chief Executive Officer and other directors. In the event that the same person holds the office of Chairman of the Board and Chief Executive Officer, then the Board agenda shall be set jointly by the Chairman of the Board and the Lead Independent Director. Each Board member may raise, at any Board meeting, subjects that are not on the agenda for the meeting.

15. ***Conduct of Meetings.*** The Board will conduct its meetings in a manner that ensures open communication, objective and constructive participation and timely resolution of issues. To the extent possible, relevant materials will be distributed to Board members well in advance of each meeting.
16. ***Confidentiality of Board and Committee Materials and Other Information.*** Pursuant to fiduciary duties of loyalty and care and the Company's applicable policies, each director is required to protect and hold confidential all non-public information obtained by virtue of his or her position as a director, absent the express or implied permission of the Board to disclose such information. Accordingly, no copies of any Board or Committee materials distributed to or prepared by the directors, whether printed or electronic, may be retained by any director after the date of a meeting of the Board or Committee (as applicable) immediately following the meeting for which such materials were originally distributed or prepared. This policy allows the directors to retain Board or Committee materials for a limited period of time in order to facilitate the review and approval of meeting minutes, while the official copy of all Board and Committee materials shall be retained thereafter solely by the Company.
17. ***Executive Sessions.*** Independent directors will meet at regularly scheduled executive sessions without the Chief Executive Officer or any other inside directors. To the extent possible, such executive sessions will be held in conjunction with regularly scheduled meetings of the Board. If the offices of Chairman of the Board and Chief Executive Officer are combined, or if the Chairman does not qualify as an independent director, the Lead Independent Director will chair the executive session. The Chairman of the Board or the Lead Independent Director, as applicable, will, to the extent appropriate, communicate the views expressed at such executive sessions to the Chief Executive Officer.
18. ***Location of Meetings.*** To provide directors with first-hand knowledge of the Company, to facilitate their understanding of the environment in which the Company operates and competes and/or to enhance the ability of the Board to conduct its business, meetings, including the Annual Meeting of Stockholders may be held at locations other than the corporate headquarters.
19. ***Succession Planning and Management Development.*** The Chief Executive Officer will report not less frequently than annually to the Board on succession planning and management development. The Board shall develop and periodically update a plan of action for implementation should the Chief Executive Officer become unexpectedly disabled or otherwise unable to continue to serve the Company as CEO.
20. ***Evaluation of the Chief Executive Officer.*** The Compensation Committee, on behalf of the Board, will conduct an evaluation of the performance of the Chief Executive Officer annually and communicate the results of this evaluation to the Chief Executive Officer and to the full Board.
21. ***Evaluation of Board Performance.*** The Governance Committee shall establish a process for an annual performance evaluation of the Board, its committees and of each director,

which process will include candid and constructive feedback on the performance of directors and committees.

22. **Board Committees.** Certain Board responsibilities are delegated to the Audit, Compensation, Governance and Executive committees. All significant committee actions will be reported to the Board. Ad hoc committees may be established periodically by the Board.
23. **Committee Composition.** Except for the Executive Committee, committees will be comprised of independent directors. Committees may also include one or more non-directors, as non-voting members, who serve as members due to their expertise in a particular field. The Chairman of the Board will be an ex-officio member of each committee with the right to attend each committee meeting and shall have voting rights in the case of a tie vote.
24. **Rotation of Committee Chair and Membership.** Committee membership and leadership will be rotated periodically, taking into account the need for continuity and expertise.
25. **Committee Meetings and Agendas.** Committee chairs, in consultation with committee members, will determine the frequency and length of committee meetings. Committee chairs, in consultation with committee members and appropriate members of executive management, will develop the committee's agenda.
26. **Board Advisors.** The Board and each committee may retain such independent advisors and/or consultants as they deem necessary or useful.
27. **Board Access to Executive Officers.** Board members shall have complete access to the Company's executive officers. Board members will use their reasonable judgment to be sure that contact with the Company's executive officers is not distracting to the Company's business operations and that the Chief Executive Officer is appropriately informed.
28. **Corporate Support.** The Corporate Secretary will serve as secretary to the Board and its committees and, at the request of the Chairman or the committee chairpersons, will provide administrative support to the Board and its committees.
29. **Interaction with Institutional Investors, the Press, Customers and Other Constituencies.** The Board believes that management speaks for the Company. Each director should refer all inquiries from institutional investors, the press, customers or other constituencies to senior management. Individual members of the Board may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, subject to prior consultation with senior management and the Chairman.
30. **Reporting of Concerns.** Any person who has a concern about the Company's conduct or about the Company's accounting, internal accounting controls or auditing matters, may communicate that concern directly to any independent director or to the Audit Committee. Such communication will be confidential.

The Company will retain an independent third-party provider to whom such confidential and anonymous concerns may be submitted. Such communications may be submitted over the Internet or by telephone to a special web site or a toll-free telephone number, both of which will be posted on the Company's web site. All such concerns will be forwarded to the appropriate directors and will be simultaneously reviewed by the Company's Corporate Compliance Officer (or other appropriate person). The status of all outstanding concerns addressed to any independent director or the Audit Committee will be reported at each meeting of the Board.

31. ***Periodic Review of this Statement.*** This Statement on Corporate Governance will be reviewed annually by the Governance Committee; and changes, if any, will be recommended to the Board for consideration.

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