SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2013
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-10524 (UDR, Inc.)

Commission file number 333-156002-01 (United Dominion Realty, L.P.)

UDR, INC.

United Dominion Realty, L.P.

(Exact name of registrant as specified in its charter)

Maryland (UDR, Inc.)	**54-0857512**
Delaware (United Dominion Realty, L.P.)	**54-1776887**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

1745 Shea Center Drive, Suite 200, Highlands Ranch, Colorado 80129
(Address of principal executive offices) (zip code)
Registrant's telephone number, including area code: (720) 283-6120
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $0.01 par value (UDR, Inc.)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

UDR, Inc.	Yes ☑	No ☐
United Dominion Realty, L.P.	Yes ☐	No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

UDR, Inc.	Yes ☐	No ☑
United Dominion Realty, L.P.	Yes ☐	No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

UDR, Inc.	Yes ☑	No ☐
United Dominion Realty, L.P.	Yes ☑	No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

UDR, Inc.	Yes ☑	No ☐
United Dominion Realty, L.P.	Yes ☑	No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

UDR, Inc.:			
Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

United Dominion Realty, L.P.:			
Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☑ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

UDR, Inc.	Yes ☐	No ☑
United Dominion Realty, L.P.	Yes ☐	No ☑

The aggregate market value of the shares of common stock of UDR, Inc. held by non-affiliates on June 30, 2013 was approximately $3.3 billion . This calculation excludes shares of common stock held by the registrant's officers and directors and each person known by the registrant to beneficially own more than 5% of the registrant's outstanding shares, as such persons may be deemed to be affiliates. This determination of affiliate status should not be deemed conclusive for any other purpose. As of February 18, 2014 there were 251,434,518 shares of UDR, Inc.'s common stock outstanding.

There is no public trading market for the partnership units of United Dominion Realty, L.P. As a result, an aggregate market value of the partnership units of United Dominion Realty, L.P. cannot be determined.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III of this Report, to the extent not set forth herein, is incorporated by reference from UDR, Inc.'s definitive proxy statement for the 2014 Annual Meeting of Stockholders.

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EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the fiscal year ended December 31, 2013 of UDR, Inc. a Maryland corporation, and United Dominion Realty, L.P., a Delaware limited partnership, of which UDR is the parent company and sole general partner. Unless the context otherwise requires, all references in this Report to "we," "us," "our," the "Company", "UDR" or "UDR, Inc." refer collectively to UDR, Inc., together with its consolidated subsidiaries and joint ventures, including the Operating Partnership. Unless the context otherwise requires, the references in this Report to the "Operating Partnership" or the "OP" refer to United Dominion Realty, L.P. together with its consolidated subsidiaries. "Common stock" refers to the common stock of UDR and "stockholders" means the holders of shares of UDR's common stock and preferred stock. The limited partnership interests of the Operating Partnership are referred to as "OP Units" and the holders of the OP Units are referred to as "unitholders". This combined Form 10-K is being filed separately by UDR and the Operating Partnership.

There are a number of differences between our company and our operating partnership, which are reflected in our disclosure in this report. UDR is a real estate investment trust (a "REIT"), whose most significant asset is its ownership interest in the Operating Partnership. UDR also conducts business through other subsidiaries, including its taxable REIT subsidiary ("TRS"), RE [3], whose activities include development of land and land entitlement. UDR acts as the sole general partner of the Operating Partnership, holds interests in subsidiaries and joint ventures, owns and operates properties, issues securities from time to time and guarantees debt of certain of our subsidiaries. The Operating Partnership conducts the operations of a substantial portion of the business and is structured as a partnership with no publicly traded equity securities. The Operating Partnership has guaranteed certain outstanding securities of UDR.

As of December 31, 2013 , UDR owned 110,883 units (100%) of the general partnership interests of the Operating Partnership and 173,848,891 units (or approximately 94.9% *)* of the limited partnership interests of the Operating Partnership. UDR conducts a substantial amount of its business and holds a substantial amount of its assets through the Operating Partnership, and, by virtue of its ownership of the OP Units and being the Operating Partnership's sole general partner, UDR has the ability to control all of the day-to-day operations of the Operating Partnership. Separate financial statements and accompanying notes, as well as separate discussions under "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchasers of Equity Securities" and "Control and Procedures" are provided for each of UDR and the Operating Partnership. In addition, certain disclosures in "Business" are separated by entity to the extent that the discussion relates to UDR's business outside of the Operating Partnership.

PART I

Forward-Looking Statements

This Annual Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements include, without limitation, statements concerning property acquisitions and dispositions, development activity and capital expenditures, capital raising activities, rent growth, occupancy, and rental expense growth. Words such as “expects,” “anticipates,” “intends,” “plans,” “likely,” “will,” “believes,” “seeks,” “estimates,” and variations of such words and similar expressions are intended to identify such forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from the results of operations or plans expressed or implied by such forward-looking statements. Such factors include, among other things, unfavorable changes in the apartment market, changing economic conditions, the impact of inflation/deflation on rental rates and property operating expenses, expectations concerning availability of capital and the stabilization of the capital markets, the impact of competition and competitive pricing, acquisitions, developments and redevelopments not achieving anticipated results, delays in completing developments, redevelopments and lease-ups on schedule, expectations on job growth, home affordability and demand/supply ratio for multifamily housing, expectations concerning development and redevelopment activities, expectations on occupancy levels, expectations concerning the joint ventures with third parties, expectations that automation will help grow net operating income, and expectations on annualized net operating income. Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore such statements included in this Annual Report may not prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements or our objectives and plans will be achieved. For a further discussion of these and other factors that could impact future results, performance or transactions, see “Item 1A. Risk Factors” elsewhere in this Annual Report.

Forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Annual Report, and we expressly disclaim any obligation or undertaking to update or revise any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based, except to the extent otherwise required by law.

Item 1. BUSINESS

General

UDR is a self-administered real estate investment trust, or REIT, that owns, operates, acquires, renovates, develops, redevelops, and manages multifamily apartment communities generally located in high barrier-to-entry markets located throughout the United States. The high barrier-to-entry markets are characterized by limited land for new construction, difficult and lengthy entitlement processes, low single-family home affordability and strong employment growth potential. At December 31, 2013 , our consolidated real estate portfolio included 141 communities located in 21 markets, with a total of 41,250 completed apartment homes, which are held through our subsidiaries, including the Operating Partnership, and consolidated joint ventures. In addition, we have an ownership interest in 37 communities containing 9,909 apartment homes through unconsolidated joint ventures or partnerships. At December 31, 2013 , the Company is developing six wholly-owned communities with 1,765 apartment homes, 422 of which have been completed, and one unconsolidated joint venture community with 447 apartment homes, none of which have been completed.

At December 31, 2013 , the Operating Partnership’s consolidated real estate portfolio included 68 communities located in 17 markets, with a total of 20,746 completed apartment homes. The Operating Partnership owns, operates, acquires, renovates, develops, redevelops, and manages multifamily apartment communities generally located in high barrier-to-entry markets located throughout the United States. During the year ended December 31, 2013 , revenues of the Operating Partnership represented approximately 54% of our total rental revenues.

UDR elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, which we refer to in this Report as the “Code”. To continue to qualify as a REIT, we must continue to meet certain tests which, among other things, generally require that our assets consist primarily of real estate assets, our income be derived primarily from real estate assets, and that we distribute at least 90% of our REIT taxable income (other than our net capital gains) to our stockholders annually. As a qualified REIT, we generally will not be subject to U.S. federal income taxes at the corporate level on our net income to the extent we distribute such net income to our stockholders annually. In 2013 , we declared total distributions of $0.94 per common share and paid dividends of $0.925 per common share.

	Dividends Declared in 2013	Dividends Paid in 2013
First Quarter	$ 0.235	$ 0.220
Second Quarter	0.235	0.235
Third Quarter	0.235	0.235
Fourth Quarter	0.235	0.235
Total	$ 0.940	$ 0.925

UDR was formed in 1972 as a Virginia corporation. In June 2003, we changed our state of incorporation from Virginia to Maryland. The Operating Partnership is the successor-in-interest to United Dominion Realty, L.P., a limited partnership formed under the laws of Virginia, which commenced operations in 1995. The Operating Partnership was redomiciled in 2004 as a Delaware limited partnership. Our corporate offices are located at 1745 Shea Center Drive, Suite 200, Highlands Ranch, Colorado and our telephone number is (720) 283-6120. Our website is located at www.udr.com .

As of February 18, 2014 , we had 1,593 full-time associates and 88 part-time associates, all of whom were employed by UDR.

Reporting Segments

We report in two segments: *Same-Store Communities* and *Non-Mature Communities/Other* .

Our S *ame-Store Communities* segment includes those communities acquired, developed, and stabilized prior to January 1, 2012 , and held as of December 31, 2013 . These communities were owned and had stabilized occupancy and operating expenses as of the beginning of the prior year, there is no plan to conduct substantial redevelopment activities, and the community is not classified as held for sale at year end. A community is considered to have stabilized occupancy once it achieves 90% occupancy for at least three consecutive months.

Our *Non-Mature Communities/Other* segment includes those communities that were acquired or developed in 2011, 2012 or 2013 , sold properties, redevelopment properties, properties classified as real estate held for sale, consolidated joint venture properties, properties managed by third parties, and the non-apartment components of mixed use properties. For additional information regarding our operating segments, see Note 15, *Reportable Segments* , in the Notes to the UDR Consolidated Financial Statements included in this Report and Note 12, *Reportable Segments* , in the Notes to the Operating Partnership's Consolidated Financial Statements included in this Report.

Business Objectives

Our principal business objective is to maximize the economic returns of our apartment communities to provide our stockholders with the greatest possible total return and value. To achieve this objective, we intend to continue to pursue the following goals and strategies:

- own and operate apartments in high barrier-to-entry markets, which are characterized by limited land for new construction, difficult and lengthy entitlement processes, low single-family home affordability and strong employment growth potential, thus enhancing stability and predictability of returns to our stockholders;
- manage real estate cycles by taking an opportunistic approach to buying, selling, renovating, redeveloping, and developing apartment communities;
- empower site associates to manage our communities efficiently and effectively;
- measure and reward associates based on specific performance targets; and
- manage our capital structure to help enhance predictability of earnings and dividends.

2013 Highlights

- In July 2013, the Company marked its 41st year as a REIT and paid its 164th consecutive quarterly dividend in October. The Company's annualized declared 2013 dividend of $0.94 represented a 7% increase over the previous year.
- We achieved Same-Store revenue growth of 4.9% and Same-Store net operating income ("NOI") growth of 6.0%.

- During the year ended December, 31, 2013, we invested approximately $279.6 million in wholly-owned development projects and $92.1 million in redevelopment projects, including completion of 904 development apartment homes and 837 redevelopment apartment homes in targeted core markets.
- We expanded our relationship with the Metropolitan Life Insurance Company ("MetLife"):
    - Formed five 50%/50% partnerships in our Vitruvian Park® master plan development project consisting of three operating communities and approximately 28 acres of developable land in Addison, Texas. In connection with the formation of the five partnerships, we sold 50% of our interests in the three operating communities and the developable land to MetLife for approximately $141.3 million.
    - Expanded the UDR/MetLife II joint venture by increasing our ownership interests in two A-quality, high-rise communities located in Denver, Colorado and San Diego, California in exchange for our ownership interests in four non-core UDR/MetLife I joint venture communities plus an additional $15.6 million in cash.
    - Formed a 51%/49% joint venture with MetLife to develop a $318 million, 447-home high-rise located in the Rincon Hill neighborhood of San Francisco, California. In connection with the formation, we sold 49% of our interest to MetLife for approximately $29.9 million.
- We issued $300 million of 3.70%, 7-year senior unsecured medium-term notes in September. Net proceeds were used to repay indebtedness on our unsecured revolving credit facility and for general corporate purposes.
- We amended and favorably re-priced our $900 million unsecured revolving credit facility and $350 million of unsecured term notes.
- We sold our 95% interest in a recently developed joint venture community, the Lodge at Stoughton, located in Metro Boston, for $48.5 million, resulting in a gain (before tax) of approximately $8.3 million.
- We entered into a participating debt financing arrangement with a third party that is developing a $108 million, 218-home, high-rise luxury community located in the Cherry Creek neighborhood of Metro Denver.

Other than the following, there were no significant changes to the Operating Partnership's business during 2013 (the above 2013 highlights relate to UDR or other subsidiaries of UDR):

- We exited the Sacramento market through the disposition of two communities for gross proceeds $81.1 million resulting in a gain of approximately $41.5 million.

Refer to Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations,* for further information on the Company's and the Operating Partnership's activities in 2013.

Our Strategies and Vision

Our vision is to be the innovative multifamily public REIT of choice. Our strategic priorities are:

1. Strengthen the Quality of Our Portfolio
2. Flexible/Strong Balance Sheet
3. Increase Cash Flow to Support Dividend Growth
4. A Great Place to Work and Live

Capital Allocation

Acquisitions and Dispositions

When evaluating potential acquisitions, we consider:

- population growth, cost of alternative housing, overall potential for economic growth and the tax and regulatory environment of the community in which the property is located;
- geographic location, including proximity to jobs, entertainment, transportation, and our existing communities which can deliver significant economies of scale;
- construction quality, condition and design of the property;

- current and projected cash flow of the property and the ability to increase cash flow;
- potential for capital appreciation of the property;
- ability to increase the value and profitability of the property through operations and redevelopment;
- whether it is located in a high barrier-to-entry market;
- terms of resident leases, including the potential for rent increases;
- occupancy and demand by residents for properties of a similar type in the vicinity;
- prospects for liquidity through sale, financing, or refinancing of the property; and
- competition from existing multifamily communities and the potential for the construction of new multifamily properties in the area.

We regularly monitor our assets to increase the quality and performance of our portfolio. Factors we consider in deciding whether to dispose of a property include:

- current market price for an asset compared to projected economics for that asset;
- potential increases in new construction in the market area;
- areas with low job growth prospects;
- markets where we do not intend to establish a long-term concentration; and
- operating efficiencies.

The following table summarizes our apartment community acquisitions and dispositions and our consolidated year-end ownership position for the past five years (*dollars in thousands*):

	2013	2012	2011	2010	2009
Homes acquired	**—**	633	3,161	1,374	289
Homes disposed	**914**	6,507	4,488	149	—
Homes owned at December 31	**41,250**	41,571	47,343	48,553	45,913
Total real estate owned, at cost	**$ 8,207,977**	$ 8,055,828	$ 8,074,471	$ 6,881,347	$ 6,315,047

The following table summarizes our apartment community acquisitions and dispositions and our year-end ownership position of the Operating Partnership for the past five years (*dollars in thousands*):

	2013	2012	2011	2010	2009
Homes acquired	**—**	—	1,833	—	—
Homes disposed	**914**	1,314	2,024	—	—
Homes owned at December 31	**20,746**	21,660	23,160	23,351	23,351
Total real estate owned, at cost	**$ 4,188,480**	$ 4,182,920	$ 4,205,298	$ 3,706,184	$ 3,640,888

Development Activities

Our objective in developing a community is to create value while improving the quality of our portfolio. Demographic trends, economic drivers, and how multifamily fundamentals/valuations have trended over the long-term govern our review process on where to allocate development capital. At December 31, 2013, our development pipeline for six wholly-owned communities located in San Francisco, California; Huntington Beach, California; Mission Viejo, California; Boston, Massachusetts; College Park, Maryland; and Alexandria, Virginia totaled 1,765 homes, 422 of which have been completed, with a budget of $697.6 million in which we have a carrying value of $467.4 million.

Redevelopment Activities

Our objective in redeveloping a community is twofold: we aim to meaningfully grow rental rates while also producing a higher yielding and more valuable asset through asset quality improvement. During 2013, we continued to redevelop properties in targeted markets where we concluded there was an opportunity to add value. At December 31, 2013, the Company is redeveloping 1,423 apartment homes, 1,008 of which have been completed, at two wholly-owned communities with 1,670 apartment homes located in New York, New York and Costa Mesa, California. The scope of the redevelopments at both projects changed in the fourth quarter. The budget for our Rivergate project in Manhattan expanded due to the identification of further

revenue generating opportunities, while we tabled for the foreseeable future additional home interior renovations at our 27 Seventy Five Mesa Verde project in Orange County due to lower than expected demand in that particular submarket. During the year ended December 31, 2013, we incurred $112.7 million in major renovations, which include major structural changes and/or architectural revisions to existing buildings.

Joint Venture Activities

We have entered into, and may continue in the future to enter into, joint ventures (including limited liability companies or partnerships) through which we would own an indirect economic interest of less than 100% of the community or communities owned directly by such joint ventures. Our decision to either hold an apartment community in fee simple or have an indirect interest in the community through a joint venture is based on a variety of factors and considerations, including: (i) the economic and tax terms required by the seller of land or a community; (ii) our desire to diversify our portfolio of communities by market, submarket and product type; (ii) our desire at times to preserve our capital resources to maintain liquidity or balance sheet strength; and (iv) our projections, in some circumstances, that we will achieve higher returns on our invested capital or reduce our risk if a joint venture vehicle is used. Each joint venture agreement is individually negotiated, and our ability to operate and/or dispose of a community in our sole discretion may be limited to varying degrees depending on the terms of the joint venture agreement.

The Operating Partnership is not a party to any of the joint venture activities described above.

Balance Sheet Management

We maintain a capital structure that we believe allows us to proactively source potential investment opportunities in the marketplace. We have structured our debt maturity schedule to be able to opportunistically access both secured and unsecured debt markets when appropriate.

Financing Activities

As part of our plan to finance our activities, we utilize proceeds from debt and equity offerings and refinancings to extend maturities, pay down existing debt, fund development and redevelopment activities, and acquire apartment communities.

Operational Excellence, Cash Flow and Dividend Growth

Investment in new technologies continues to drive operating efficiencies in our business and help us to better meet the changing needs of our residents. Since its launch in January 2009, our residents have been utilizing our web-based resident internet portal on our website. Our residents have the ability to conduct business with us 24 hours a day, 7 days a week. In July 2010, we completed the roll out of online leasing renewals throughout our portfolio. As a result of transforming our operations through technology, resident's satisfaction improved, and our operating teams have become more efficient. Web-based technologies have also resulted in declining marketing and advertising costs, improved cash management, and better pricing management of our available apartment homes.

In 2013, UDR rolled out an online leasing platform that allows prospects to apply directly online. As of December 31, 2013, over 40% of our leases have been processed using online leasing. We also focused heavily on conversion optimization of our traffic through UDR.com, which resulted in a 14% increase from the prior year.

Portfolio Improvement

We are focused on increasing our presence in markets with favorable job formation, high propensity to rent, low single-family home affordability, and a favorable demand/supply ratio for multifamily housing. Portfolio investment decisions consider internal analyses and third-party research.

For the year ended December 31, 2013, approximately 69.5% of our same-store net operating income ("NOI") was generated by communities located in our core markets of: Seattle, Washington; San Francisco Bay Area, California; Los Angeles, California; Orange County, California; San Diego, California; Austin, Texas; Dallas, Texas; Boston, Massachusetts; New York, New York; Baltimore, Maryland; and Metropolitan D.C.

Operating Partnership Strategies and Vision

The Operating Partnership's long-term strategic plan is to achieve greater operating efficiencies by investing in fewer, more concentrated markets and enhance resident and associate service through technology. As a result, the Operating Partnership has sought to expand its interests in communities located in New York, New York; San Francisco Bay Area,

California; Boston, Massachusetts; and Metropolitan D.C. markets over the past years. Prospectively, we plan to continue to channel new investments into those markets we believe will continue to provide the best investment returns. Markets will be targeted based upon defined criteria including above average job growth, low single-family home affordability and limited new supply for multifamily housing, which are three key drivers to strong rental growth.

Markets and Competitive Conditions

During the year ended December 31, 2013 , 69.5% of our consolidated same-store net operating income ("NOI") was generated from apartment homes located in our core markets. At December 31, 2013 , the Company held 74.5% of its same-store carrying value of its real estate portfolio in our core markets. During the year ended December 31, 2013 , 77.8% of the Operating Partnership's same-store NOI was generated from apartment homes located in our core markets. At December 31, 2013 , the Operating Partnership held 81.1% of its same-store carrying value of its real estate portfolio in its core markets. We believe that this diversification increases investment opportunity and decreases the risk associated with cyclical local real estate markets and economies, thereby increasing the stability and predictability of our earnings.

Competition for new residents is generally intense across all of our markets. Some competing communities offer features that our communities do not have. Competing communities can use rental concessions or lower rents to obtain temporary competitive advantages. Also, some competing communities are larger or newer than our communities. The competitive position of each community is different depending upon many factors including sub-market supply and demand. In addition, other real estate investors compete with us to acquire existing properties, redevelop existing properties, and to develop new properties. These competitors include insurance companies, pension and investment funds, public and private real estate companies, investment companies and other public and private apartment REITs, some of which may have greater resources, or lower capital costs, than we do.

We believe that, in general, we are well-positioned to compete effectively for residents and investments. We believe our competitive advantages include:

- a fully integrated organization with property management, development, redevelopment, acquisition, marketing, sales and financing expertise;
- scalable operating and support systems, which include automated systems to meet the changing electronic needs of our residents and to effectively focus on our Internet marketing efforts;
- access to sources of capital;
- geographic diversification with a presence in 21 markets across the country; and
- significant presence in many of our major markets that allows us to be a local operating expert.

Moving forward, we will continue to optimize lease management, improve expense control, increase resident retention efforts and align employee incentive plans with our bottom line performance. We believe this plan of operation, coupled with the portfolio's strengths in targeting renters across a geographically diverse platform, should position us for continued operational upside.

Communities

At December 31, 2013 , our consolidated real estate portfolio included 141 communities with a total of 41,250 completed apartment homes, which included the Operating Partnership's consolidated real estate portfolio of 68 communities with a total of 20,746 completed apartment homes. The overall quality of our portfolio enables us to raise rents and to attract residents with higher levels of disposable income who are more likely to absorb such rents.

At December 31, 2013 , the Company is developing six wholly-owned communities with 1,765 apartment homes, 422 of which have been completed. Of these six development communities, the Operating Partnership is developing one wholly-owned community totaling 332 homes, none of which have been completed at December 31, 2013 . In addition, at December 31, 2013, the Company had two communities with 731 apartment homes which were completed but not yet stabilized.

At December 31, 2013 , the Company is redeveloping 1,423 apartment homes, 1,008 of which have been completed, at two wholly-owned communities with 1,670 apartment homes. The scope of the redevelopments at both projects changed in the fourth quarter. The budget for our Rivergate project in Manhattan expanded due to the identification of further revenue generating opportunities, while we tabled for the foreseeable future additional home interior renovations at our 27 Seventy Five Mesa Verde project in Orange County due to lower than expected demand in that particular submarket. The Operating Partnership owns 27 Seventy Five Mesa Verde .

Same-Store Community Comparison

We believe that one pertinent quantitative measurement of the performance of our portfolio is tracking the results of our same-store communities' NOI, which is total rental revenue, less rental expenses excluding property management and other operating expenses. Our same-store community population are operating communities which we own and have stabilized occupancy, revenues and expenses as of the beginning of the prior year.

For the year ended December 31, 2013 , our same-store NOI increased by $23.9 million or 6.0% compared to the prior year. Our same-store community properties provided 83% of our total NOI for the year ended December 31, 2013. The increase in NOI for the 35,790 same-store apartment homes, or 87% of our portfolio, was driven by an increase in rental rates, fee and reimbursement income, and increased occupancy, partially offset by an increase in operating expenses.

For the year ended December 31, 2013 , the Operating Partnership's same-store NOI increased by $13.3 million or 5.9% compared to the prior year. Our same-store community properties provided 84% of our total NOI for the year ended December 31, 2013. The increase in NOI for the 18,616 same-store apartment homes, or 90% of the Operating Partnership's portfolio, was driven by an increase in rental rates, fee and reimbursement income, and increased occupancy, partially offset by an increase in operating expenses.

Revenue growth in 2014 may be impacted by general adverse conditions affecting the economy, reduced occupancy rates, increased rental concessions, new supply, increased bad debt and other factors which may adversely impact our ability to increase rents.

Tax Matters

UDR has elected to be taxed as a REIT under the Code. To continue to qualify as a REIT, UDR must continue to meet certain tests that, among other things, generally require that our assets consist primarily of real estate assets, our income be derived primarily from real estate assets, and that we distribute at least 90% of our REIT taxable income (other than net capital gains) to our stockholders annually. Provided we maintain our qualification as a REIT, we generally will not be subject to U.S. federal income taxes at the corporate level on our net income to the extent such net income is distributed to our stockholders annually. Even if we continue to qualify as a REIT, we will continue to be subject to certain federal, state and local taxes on our income and property.

We may utilize our taxable REIT subsidiary ("TRS"), RE [3], to engage in activities that REITs may be prohibited from performing, including the provision of management and other services to third parties and the conduct of certain nonqualifying real estate transactions. Our TRS generally is taxable as a regular corporation, and therefore, subject to federal, state and local income taxes.

The Operating Partnership intends to qualify as a partnership for federal income tax purposes. As a partnership, the Operating Partnership generally is not a taxable entity and does not incur federal income tax liability. However, any state or local revenue, excise or franchise taxes that result from the operating activities of the Operating Partnership are incurred at the entity level.

Inflation

We believe that the direct effects of inflation on our operations have been immaterial. While the impact of inflation primarily impacts our results through wage pressures, property taxes, utilities and material costs, substantially all of our leases are for a term of 14 months or less, which generally enables us to compensate for any inflationary effects by increasing rents on our apartment homes. Although an escalation in energy and food costs could have a negative impact on our residents and their ability to absorb rent increases, we do not believe this has had a material impact on our results for the year ended December 31, 2013 .

Environmental Matters

Various environmental laws govern certain aspects of the ongoing operation of our communities. Such environmental laws include those regulating the existence of asbestos-containing materials in buildings, management of surfaces with lead-based paint (and notices to residents about the lead-based paint), use of active underground petroleum storage tanks, and waste-management activities. The failure to comply with such requirements could subject us to a government enforcement action and/or claims for damages by a private party.

To date, compliance with federal, state and local environmental protection regulations has not had a material effect on our capital expenditures, earnings or competitive position. We have a property management plan for hazardous materials. As part of

the plan, Phase I environmental site investigations and reports have been completed for each property we acquire. In addition, all proposed acquisitions are inspected prior to acquisition. The inspections are conducted by qualified environmental consultants, and we review the issued report prior to the purchase or development of any property. Nevertheless, it is possible that the environmental assessments will not reveal all environmental liabilities, or that some material environmental liabilities exist of which we are unaware. In some cases, we have abandoned otherwise economically attractive acquisitions because the costs of removal or control of hazardous materials have been prohibitive or we have been unwilling to accept the potential risks involved. We do not believe we will be required to engage in any large-scale abatement at any of our properties. We believe that through professional environmental inspections and testing for asbestos, lead paint and other hazardous materials, coupled with a relatively conservative posture toward accepting known environmental risk, we can minimize our exposure to potential liability associated with environmental hazards.

Federal legislation requires owners and landlords of residential housing constructed prior to 1978 to disclose to potential residents or purchasers of the communities any known lead paint hazards and imposes treble damages for failure to provide such notification. In addition, lead based paint in any of the communities may result in lead poisoning in children residing in that community if chips or particles of such lead based paint are ingested, and we may be held liable under state laws for any such injuries caused by ingestion of lead based paint by children living at the communities.

We are unaware of any environmental hazards at any of our properties that individually or in the aggregate may have a material adverse impact on our operations or financial position. We have not been notified by any governmental authority, and we are not otherwise aware, of any material non-compliance, liability, or claim relating to environmental liabilities in connection with any of our properties. We do not believe that the cost of continued compliance with applicable environmental laws and regulations will have a material adverse effect on us or our financial condition or results of operations. Future environmental laws, regulations, or ordinances, however, may require additional remediation of existing conditions that are not currently actionable. Also, if more stringent requirements are imposed on us in the future, the costs of compliance could have a material adverse effect on our results of operations and our financial condition.

Insurance

We carry comprehensive general liability coverage on our communities, with limits of liability customary within the multi-family apartment industry to insure against liability claims and related defense costs. We are also insured, with limits of liability customary within the multi-family apartment industry, against the risk of direct physical damage in amounts necessary to reimburse us on a replacement cost basis for costs incurred to repair or rebuild each property, including loss of rental income during the reconstruction period.

Executive Officers of the Company

UDR is the sole general partner of the Operating Partnership. The following table sets forth information about our executive officers as of February 19, 2014 . The executive officers listed below serve in their respective capacities at the discretion of our Board of Directors.

Name	Age	Office	Since
Thomas W. Toomey	53	President, Chief Executive Officer, and Director	2001
Warren L. Troupe	60	Senior Executive Vice President	2008
Harry G. Alcock	51	Senior Vice President — Asset Management	2010
Jerry A. Davis	51	Senior Vice President — Chief Operating Officer	2013
Thomas M. Herzog	51	Senior Vice President — Chief Financial Officer	2013
Mark A. Schumacher	55	Senior Vice President — Chief Accounting Officer	2012
R. Scott Wesson	51	Senior Vice President — Chief Information Officer	2011

Set forth below is certain biographical information about our executive officers.

Mr. Toomey spearheads the vision and strategic direction of the Company and oversees its executive officers. He joined us in February 2001 as President, Chief Executive Officer and Director. Prior to joining us, Mr. Toomey was with Apartment Investment and Management Company (AIMCO), where he served as Chief Operating Officer for two years and Chief Financial Officer for four years. During his tenure at AIMCO, Mr. Toomey was instrumental in the growth of AIMCO from 34,000 apartment homes to 360,000 apartment homes. He has also served as a Senior Vice President at Lincoln Property Company, a national real estate development, property management and real estate consulting company, from 1990 to 1995. Mr. Toomey has served on the board of directors of The Ryland Group, Inc., a New York Stock Exchange-listed home builder,

since December 2013. He currently serves as a member of the Board of Governors of the National Association of Real Estate Investment Trusts (NAREIT), as a member of the Executive Committee of the National Multi Housing Council (NMHC), as a member of the Real Estate Roundtable and as a trustee and governor of the Urban Land Institute. Mr. Toomey also serves on the National Geographic International Council of Advisors and is a former trustee of the Oregon State University Foundation.

Mr. Troupe oversees all financial, treasury, tax and legal functions of the Company. He joined us in March 2008 as Senior Executive Vice President. In May 2008, he was appointed the Company's Corporate Compliance Officer and in October 2008 he was named the Company's Corporate Secretary. Prior to joining us, Mr. Troupe was a partner with Morrison & Forester LLP from 1997 to 2008. He currently serves as a member of the Executive Council of the National Multi Housing Council (NMHC), and is a member of the Pension Real Estate Association (PREA) and the Urban Land Institute.

Mr. Alcock oversees the Company's acquisitions, dispositions, development, redevelopment and asset management. He joined us in December 2010 as Senior Vice President — Asset Management. Prior to joining the Company, Mr. Alcock was with AIMCO for over 16 years, serving most recently as Executive Vice President, co-Head of Transactions and Asset Management. He was appointed Executive Vice President and Chief Investment officer in 1999, a position he held through 2007. Mr. Alcock established and chaired the company's Investment Committee, established the portfolio management function and at various times ran the property debt and redevelopment departments.

Mr. Davis oversees property operations, human resources and technology. He originally joined us in March 1989 as Controller and subsequently moved into Operations as an Area Director and in 2001, he accepted the position of Chief Operating Officer of JH Management Co., a California-based apartment company. He returned to the Company in March 2002 and in 2013, Mr. Davis was promoted to Senior Vice President — Chief Operating Officer. He began his career in 1984 as a Staff Accountant for Arthur Young & Co.

Mr. Herzog oversees the areas of accounting, tax, financial planning and analysis, investor relations and SEC reporting. He joined us in January 2013 as Senior Vice President — Chief Financial Officer. Prior to joining the Company, Mr. Herzog served as Chief Financial Officer for Amstar, a Denver-based real estate investment company. From 2009 to 2011 Mr. Herzog served as Chief Financial Officer of HCP, Inc., an S&P 500 health care REIT. From 2004 to 2009 Mr. Herzog was with AIMCO where he began in the role of Senior Vice President and Chief Accounting Officer and then was promoted in 2005 to Executive Vice President and Chief Financial Officer. From 2000 to 2004 he served in the roles of Chief Accounting Officer & Global Controller and Finance Technical Advisor for GE Real Estate. Prior to joining GE Real Estate, Mr. Herzog was with Deloitte & Touche LLP for ten years, where he served in positions of increasing responsibility, including a two-year national office assignment in the real estate group.

Mr. Schumacher oversees all accounting and tax functions of the Company. He joined us in April 2012 as Senior Vice President — Chief Accounting Officer. Prior to joining the Company, Mr. Schumacher was with Houghton Mifflin Harcourt, a textbook and trade publisher, from 2008 to 2011, where he initially served as Senior Vice President, Finance & Chief Accounting Officer and was promoted to Executive Vice President, Chief Financial Officer for the K-12 division. From 2002 to 2007 he was with Archstone Smith as Senior Vice President, Chief Accounting Officer. Prior to this time Mr. Schumacher was with US West for over 18 years where he held positions of increasing responsibility in accounting, budgeting and financial analysis. The company merged with Qwest Communications in 2000, where he served as Vice President, Controller from January 2001 through December 2001. Qwest and Mr. Schumacher were the subject of civil and administrative actions brought by the Securities and Exchange Commission in 2004 and 2005 related to accounting, internal control and reporting violations at Qwest. Mr. Schumacher began his career as an accountant with Coopers & Lybrand in Denver, Colorado.

Mr. Wesson oversees all aspects of the Company's information technology infrastructure and strategy. He joined us in May 2011 as Senior Vice President — Chief Information Officer. Prior to joining the Company, Mr. Wesson was with RealFoundations, a global real estate management consultancy, where he served as Managing Director from 2008 to 2011. From 1997 to 2008 he was with AIMCO where he served as Senior Vice President, Chief Investment Officer. He took on the additional role of Chief Strategy Officer for AIMCO in 2006. From 1991 to 1997 Mr. Wesson was with Lincoln Property Company in the role of Vice President of Information Systems. Prior to that time he worked for five years as a District Manager for ADP.

Available Information

Both UDR and the Operating Partnership file electronically with the Securities and Exchange Commission their respective annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. You may obtain a free copy of our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, and amendments to those reports on the day of filing with the SEC on our website at *www.udr.com* , or by sending an e-mail message to *ir@udr.com.*

Item 1A. RISK FACTORS

There are many factors that affect the business and the results of operations of the Company and the Operating Partnership, some of which are beyond the control of the Company and the Operating Partnership. The following is a description of important factors that may cause the actual results of operations of the Company and the Operating Partnership in future periods to differ materially from those currently expected or discussed in forward-looking statements set forth in this Report relating to our financial results, operations and business prospects. Forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Report, and we expressly disclaim any obligation or undertaking to update or revise any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based, except to the extent otherwise required by law.

Risks Related to Our Real Estate Investments and Our Operations

Unfavorable Apartment Market and Economic Conditions Could Adversely Affect Occupancy Levels, Rental Revenues and the Value of Our Real Estate Assets. Unfavorable market conditions in the areas in which we operate and unfavorable economic conditions generally may significantly affect our occupancy levels, our rental rates and collections, the value of the properties and our ability to strategically acquire or dispose of apartment communities on economically favorable terms. Our ability to lease our properties at favorable rates is adversely affected by the increase in supply in the multifamily and other rental markets and is dependent upon the overall level in the economy, which is adversely affected by, among other things, job losses and unemployment levels, recession, personal debt levels, a downturn in the housing market, stock market volatility and uncertainty about the future. Some of our major expenses, including mortgage payments and real estate taxes, generally do not decline when related rents decline. We would expect that declines in our occupancy levels, rental revenues and/or the values of our apartment communities would cause us to have less cash available to pay our indebtedness and to distribute to UDR's stockholders, which could adversely affect our financial condition and the market value of our securities. Factors that may affect our occupancy levels, our rental revenues, and/or the value of our properties include the following, among others:

- downturns in the national, regional and local economic conditions, particularly increases in unemployment;
- declines in mortgage interest rates, making alternative housing more affordable;
- government or builder incentives which enable first time homebuyers to put little or no money down, making alternative housing options more attractive;
- local real estate market conditions, including oversupply of, or reduced demand for, apartment homes;
- declines in the financial condition of our tenants, which may make it more difficult for us to collect rents from some tenants;
- changes in market rental rates;
- our ability to renew leases or re-lease space on favorable terms;
- the timing and costs associated with property improvements, repairs or renovations;
- declines in household formation; and
- rent control or stabilization laws, or other laws regulating rental housing, which could prevent us from raising rents to offset increases in operating costs.

We May Be Unable to Renew Leases or Relet Apartment Units as Leases Expire. When our residents decide to leave our apartments, whether because they decide not to renew their leases or they leave prior to their lease expiration date, we may not be able to relet their apartment units. Even if the residents do renew or we can relet the apartment units, the terms of renewal or reletting may be less favorable than current lease terms. If we are unable to promptly renew the leases or relet the apartment units, or if the rental rates upon renewal or reletting are significantly lower than expected rates, then our results of operations and financial condition will be adversely affected. If residents do not experience increases in their income, we may be unable to increase rent and/or delinquencies may increase.

Continued Economic Weakness Following the Economic Recession that the U.S. Economy Recently Experienced May Materially and Adversely Affect our Financial Condition and Results of Operations. The U.S. economy continues to experience

some weakness following a severe recession, including relatively high levels of unemployment and weak consumer spending. In addition, while the Federal Reserve took policy actions to promote market liquidity and encourage economic growth following the recession, such actions are now being curtailed as signs of improvement in the economy have emerged, and the impact of these monetary policy actions on the economy is uncertain. If the economic recovery slows or stalls, or if the economy experiences another recession, we may experience adverse effects on our occupancy levels, our rental revenues and the value of our properties, any of which could adversely affect our cash flow, financial condition and results of operations. We are also exposed to risks relating to the housing market recovery that has accompanied the economic recovery, to the extent that when demand for single family homes increases, demand for apartments may decline, which could adversely affect our cash flow, financial condition and results of operations.

Substantial International, National and Local Government Spending and Increasing Deficits May Adversely Impact Our Business, Financial Condition and Results of Operations. The values of, and the cash flows from, the properties we own are affected by developments in global, national and local economies. As a result of the most recent recession and the significant government interventions, federal, state and local governments have incurred record deficits and assumed or guaranteed liabilities of private financial institutions or other private entities. These increased budget deficits and the weakened financial condition of federal, state and local governments may lead to reduced governmental spending, tax increases, public sector job losses, increased interest rates, currency devaluations or other adverse economic events, which may directly or indirectly adversely affect our business, financial condition and results of operations.

Risk of Inflation/Deflation. Substantial inflationary or deflationary pressures could have a negative effect on rental rates and property operating expenses. The general risk of inflation is that interest on our debt and general and administrative expenses increase at a rate higher than our rental rates. The predominant effects of deflation include high unemployment and credit contraction. Restricted lending practices could impact our ability to obtain financing or refinancing for our properties.

We Are Subject to Certain Risks Associated with Selling Apartment Communities, Which Could Limit Our Operational and Financial Flexibility. We periodically dispose of apartment communities that no longer meet our strategic objectives, but adverse market conditions may make it difficult to sell apartment communities like the ones we own. We cannot predict whether we will be able to sell any property for the price or on the terms we set, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. Furthermore, we may be required to expend funds to correct defects or to make improvements before a property can be sold. These conditions may limit our ability to dispose of properties and to change our portfolio promptly in order to meet our strategic objectives, which may in turn have a material adverse effect on our financial condition and the market value of our securities. We are also subject to the following risks in connection with sales of our apartment communities:

- a significant portion of the proceeds from our overall property sales may be held by intermediaries in order for some sales to qualify as like-kind exchanges under Section 1031 of the Internal Revenue Code of 1986, as amended, or the "Code," so that any related capital gain can be deferred for federal income tax purposes. As a result, we may not have immediate access to all of the cash proceeds generated from our property sales; and

- federal tax laws limit our ability to profit on the sale of communities that we have owned for less than two years, and this limitation may prevent us from selling communities when market conditions are favorable.

Competition Could Limit Our Ability to Lease Apartment Homes or Increase or Maintain Rents. Our apartment communities compete with numerous housing alternatives in attracting residents, including other apartment communities, condominiums and single-family rental homes, as well as owner occupied single-and multi-family homes. Competitive housing in a particular area could adversely affect our ability to lease apartment homes and increase or maintain rents, which could materially adversely affect our results of operations and financial condition.

We May Not Realize the Anticipated Benefits of Past or Future Acquisitions, and the Failure to Integrate Acquired Communities and New Personnel Successfully Could Create Inefficiencies. We have selectively acquired in the past, and if presented with attractive opportunities we intend to selectively acquire in the future, apartment communities that meet our investment criteria. Our acquisition activities and their success are subject to the following risks:

- we may be unable to obtain financing for acquisitions on favorable terms or at all;

- even if we are able to finance the acquisition, cash flow from the acquisition may be insufficient to meet our required principal and interest payments on the acquisition;

- even if we enter into an acquisition agreement for an apartment community, we may be unable to complete the acquisition after incurring certain acquisition-related costs;

- we may incur significant costs and divert management attention in connection with the evaluation and negotiation of potential acquisitions, including potential acquisitions that we are subsequently unable to complete;

- when we acquire an apartment community, we may invest additional amounts in it with the intention of increasing profitability, and these additional investments may not produce the anticipated improvements in profitability;

- the expected occupancy rates and rental rates may differ from actual results; and

- we may be unable to quickly and efficiently integrate acquired apartment communities and new personnel into our existing operations, and the failure to successfully integrate such apartment communities or personnel will result in inefficiencies that could adversely affect our expected return on our investments and our overall profitability.

Competition Could Adversely Affect Our Ability to Acquire Properties. In the past, other real estate investors, including insurance companies, pension and investment funds, developer partnerships, investment companies and other public and private apartment REITs, have competed with us to acquire existing properties and to develop new properties, and such competition in the future may make it more difficult for us to pursue attractive investment opportunities on favorable terms, which could adversely affect our ability to grow or acquire properties profitably or with attractive returns.

Development and Construction Risks Could Impact Our Profitability. In the past we have selectively pursued the development and construction of apartment communities, and we intend to do so in the future as appropriate opportunities arise. Development activities have been, and in the future may be, conducted through wholly-owned affiliated companies or through joint ventures with unaffiliated parties. Our development and construction activities are subject to the following risks:

- we may be unable to obtain construction financing for development activities under favorable terms, including but not limited to interest rates, maturity dates and/or loan to value ratios, or at all which could cause us to delay or even abandon potential developments;

- we may be unable to obtain, or face delays in obtaining, necessary zoning, land-use, building, occupancy and other required governmental permits and authorizations, which could result in increased development costs, could delay initial occupancy dates for all or a portion of a development community, and could require us to abandon our activities entirely with respect to a project for which we are unable to obtain permits or authorizations;

- yields may be less than anticipated as a result of delays in completing projects, costs that exceed budget and/or higher than expected concessions for lease up and lower rents than expected;

- if we are unable to find joint venture partners to help fund the development of a community or otherwise obtain acceptable financing for the developments, our development capacity may be limited;

- we may abandon development opportunities that we have already begun to explore, and we may fail to recover expenses already incurred in connection with exploring such opportunities;

- we may be unable to complete construction and lease-up of a community on schedule, or incur development or construction costs that exceed our original estimates, and we may be unable to charge rents that would compensate for any increase in such costs;

- occupancy rates and rents at a newly developed community may fluctuate depending on a number of factors, including market and economic conditions, preventing us from meeting our profitability goals for that community; and

- when we sell to third parties communities or properties that we developed or renovated, we may be subject to warranty or construction defect claims that are uninsured or exceed the limits of our insurance.

In some cases in the past, the costs of upgrading acquired communities exceeded our original estimates. We may experience similar cost increases in the future. Our inability to charge rents that will be sufficient to offset the effects of any increases in these costs may impair our profitability.

Bankruptcy or Defaults of Our Counterparties Could Adversely Affect Our Performance. We have relationships with and, from time to time, we execute transactions with or receive services from many counterparties, such as general contractors engaged in connection with our development activities. As a result, bankruptcies or defaults by these counterparties could result

in services not being provided, projects not being completed on time, or on budget, or at all, or volatility in the financial markets and economic weakness could affect the counterparties' ability to complete transactions with us as intended, both of which could result in disruptions to our operations that may adversely affect our business and results of operations.

Property Ownership Through Joint Ventures May Limit Our Ability to Act Exclusively in Our Interest. We have in the past and may in the future develop and/or acquire properties in joint ventures with other persons or entities when we believe circumstances warrant the use of such structures. We currently have 10 active joint ventures and partnerships, excluding our participating loan investment, with a total equity investment of $493.4 million. We could become engaged in a dispute with one or more of our joint venture partners which might affect our ability to operate a jointly-owned property. Moreover, joint venture partners may have business, economic or other objectives that are inconsistent with our objectives, including objectives that relate to the appropriate timing and terms of any sale or refinancing of a property. In some instances, joint venture partners may have competing interests in our markets that could create conflicts of interest. Also, our joint venture partners might refuse to make capital contributions when due and we may be responsible to our partners for indemnifiable losses. Frequently, we and our partners may each have the right to trigger a buy-sell arrangement, which could cause us to sell our interest, or acquire our partners' interest, at a time when we otherwise would not have initiated such a transaction and may result in the valuation of our interest in the joint venture (if we are the seller) or of the other partner's interest in the joint venture (if we are the buyer) at levels which may not be representative of the valuation that would result from an arm's length marketing process.

We are also subject to risk in cases where an institutional owner is our joint venture partner, including (i) a deadlock if we and our joint venture partner are unable to agree upon certain major and other decisions, (ii) the limitation of our ability to liquidate our position in the joint venture without the consent of the other joint venture partner, and (iii) the requirement to provide guarantees in favor of lenders with respect to the indebtedness of the joint venture.

We Could Incur Significant Insurance Costs and Some Potential Losses May Not Be Adequately Covered by Insurance. We have a comprehensive insurance program with limits of liability customary within the multi-family industry covering our property and operating activities. We believe the policy specifications and insured limits of these policies are adequate and appropriate. There are, however, certain types of extraordinary losses which may not be adequately covered under our insurance program. In addition, we will sustain losses due to insurance deductibles, self-insured retention, uninsured claims or casualties, or losses in excess of applicable coverage.

If an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital we have invested in a property, as well as the anticipated future revenue from the property. In such an event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. Material losses in excess of insurance proceeds may occur in the future. If one or more of our significant properties were to experience a catastrophic loss, it could seriously disrupt our operations, delay revenue and result in large expenses to repair or rebuild the property. Such events could adversely affect our cash flow and ability to make distributions to UDR's stockholders.

As a result of our substantial real estate holdings, the cost of insuring our apartment communities is a significant component of expense. Insurance premiums are subject to significant increases and fluctuations, which are generally outside of our control. We insure our properties with insurance companies that we believe have a good rating at the time our policies are put into effect. The financial condition of one or more of our insurance companies that we hold policies with may be negatively impacted resulting in their inability to pay on future insurance claims. Their inability to pay future claims may have a negative impact on our financial results. In addition, the failure of one or more insurance companies may increase the costs to renew our insurance policies or increase the cost of insuring additional properties and recently developed or redeveloped properties.

Failure to Succeed in New Markets May Limit Our Growth. We have acquired in the past, and we may acquire in the future if appropriate opportunities arise, apartment communities that are outside of our existing markets. Entering into new markets may expose us to a variety of risks, and we may not be able to operate successfully in new markets. These risks include, among others:

- inability to accurately evaluate local apartment market conditions and local economies;
- inability to hire and retain key personnel;
- lack of familiarity with local governmental and permitting procedures; and
- inability to achieve budgeted financial results.

Potential Liability for Environmental Contamination Could Result in Substantial Costs. Under various federal, state and local environmental laws, as a current or former owner or operator of real estate, we could be required to investigate and

remediate the effects of contamination of currently or formerly owned real estate by hazardous or toxic substances, often regardless of our knowledge of or responsibility for the contamination and solely by virtue of our current or former ownership or operation of the real estate. In addition, we could be held liable to a governmental authority or to third parties for property damage and for investigation and clean-up costs incurred in connection with the contamination. These costs could be substantial, and in many cases environmental laws create liens in favor of governmental authorities to secure their payment. The presence of such substances or a failure to properly remediate any resulting contamination could materially and adversely affect our ability to borrow against, sell or rent an affected property.

In addition, our properties are subject to various federal, state and local environmental, health and safety laws, including laws governing the management of wastes and underground and aboveground storage tanks. Noncompliance with these environmental, health and safety laws could subject us to liability. Changes in laws could increase the potential costs of compliance with environmental laws, health and safety laws or increase liability for noncompliance. This may result in significant unanticipated expenditures or may otherwise materially and adversely affect our operations.

As the owner or operator of real property, we may also incur liability based on various building conditions. For example, buildings and other structures on properties that we currently own or operate or those we acquire or operate in the future contain, may contain, or may have contained, asbestos-containing material, or ACM. Environmental, health and safety laws require that ACM be properly managed and maintained and may impose fines or penalties on owners, operators or employers for non-compliance with those requirements.

These requirements include special precautions, such as removal, abatement or air monitoring, if ACM would be disturbed during maintenance, renovation or demolition of a building, potentially resulting in substantial costs. In addition, we may be subject to liability for personal injury or property damage sustained as a result of exposure to ACM or releases of ACM into the environment.

We cannot assure you that costs or liabilities incurred as a result of environmental issues will not affect our ability to make distributions to our shareholders, or that such costs or liabilities will not have a material adverse effect on our financial condition and results of operations.

Our Properties May Contain or Develop Harmful Mold or Suffer from Other Indoor Air Quality Issues, Which Could Lead to Liability for Adverse Health Effects or Property Damage or Cost for Remediation. When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants or to increase ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants or others if property damage or personal injury occurs.

Compliance or Failure to Comply with the Americans with Disabilities Act of 1990 or Other Safety Regulations and Requirements Could Result in Substantial Costs. The Americans with Disabilities Act generally requires that public buildings, including our properties, be made accessible to disabled persons. Noncompliance could result in the imposition of fines by the federal government or the award of damages to private litigants. From time to time claims may be asserted against us with respect to some of our properties under this Act. If, under the Americans with Disabilities Act, we are required to make substantial alterations and capital expenditures in one or more of our properties, including the removal of access barriers, it could adversely affect our financial condition and results of operations.

Our properties are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these requirements, we could incur fines or private damage awards. We do not know whether existing requirements will change or whether compliance with future requirements will require significant unanticipated expenditures that will affect our cash flow and results of operations.

Real Estate Tax and Other Laws. Generally we do not directly pass through costs resulting from compliance with or changes in real estate tax laws to residential property tenants. We also do not generally pass through increases in income, service or other taxes, to tenants under leases. These costs may adversely affect net operating income and the ability to make distributions to stockholders. Similarly, compliance with or changes in (i) laws increasing the potential liability for environmental conditions existing on properties or the restrictions on discharges or other conditions or (ii) rent control or rent stabilization laws or other laws regulating housing, such as the Americans with Disabilities Act and the Fair Housing

Amendments Act of 1988, may result in significant unanticipated expenditures, which would adversely affect funds from operations and the ability to make distributions to stockholders.

Risk of Damage from Catastrophic Weather and Natural Events and Potential Climate Change. Certain of our communities are located in areas that may experience catastrophic weather and other natural events from time to time, including mudslides, fires, hurricanes, tornadoes, snow or ice storms, or other severe inclement weather. These adverse weather and natural events could cause damage or losses that may be greater than insured levels. In the event of a loss in excess of insured limits, we could lose our capital invested in the affected community, as well as anticipated future revenue from that community. We would also continue to be obligated to repay any mortgage indebtedness or other obligations related to the community. Any such loss could materially and adversely affect our business and our financial condition and results of operations.

To the extent that we experience any significant changes in the climate in areas where our communities are located, we may experience extreme weather conditions and prolonged changes in precipitation and temperature, all of which could result in physical damage to, and/or a decrease in demand for, our communities located in these areas. Should the impact of such climate change be material in nature, or occur for lengthy periods of time, our financial condition and results of operations may be adversely affected.

Risk of Earthquake Damage. Some of our communities are located in the general vicinity of active earthquake faults. We cannot assure you that an earthquake would not cause damage or losses greater than insured levels. In the event of a loss in excess of insured limits, we could lose our capital invested in the affected community, as well as anticipated future revenue from that community. We would also continue to be obligated to repay any mortgage indebtedness or other obligations related to the community. Any such loss could materially and adversely affect our business and our financial condition and results of operations. Insurance coverage for earthquakes can be costly due to limited industry capacity. As a result, we may experience shortages in desired coverage levels if market conditions are such that insurance is not available or the cost of insurance makes it, in management's view, economically impractical.

Risk of Accidental Death Due to Fire, Natural Disasters or Other Hazards. The accidental death of persons living in our communities due to fire, natural disasters or other hazards could have a material adverse effect on our business and results of operations. Our insurance coverage may not cover all losses associated with such events, and we may experience difficulty marketing communities where such any such events have occurred, which could have a material adverse effect on our business and results of operations.

Actual or Threatened Terrorist Attacks May Have an Adverse Effect on Our Business and Operating Results and Could Decrease the Value of Our Assets. Actual or threatened terrorist attacks and other acts of violence or war could have a material adverse effect on our business and operating results. Attacks that directly impact one or more of our apartment communities could significantly affect our ability to operate those communities and thereby impair our ability to achieve our expected results. Further, our insurance coverage may not cover all losses caused by a terrorist attack. In addition, the adverse effects that such violent acts and threats of future attacks could have on the U.S. economy could similarly have a material adverse effect on our business and results of operations.

Mezzanine Loan Assets Involve Greater Risks of Loss than Senior Loans Secured by Income-producing Properties. We may acquire mezzanine loans, which take the form of subordinated loans secured by second mortgages on the underlying property or loans secured by a pledge of the ownership interests of either the entity owning the property or a pledge of the ownership interests of the entity that owns the interest in the entity owning the property. Mezzanine loans may involve a higher degree of risk than long-term senior mortgage lending secured by income-producing real property, because the loan may become unsecured as a result of foreclosure by the senior lender and because it is in second position and there may not be adequate equity in the property. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, we may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy our mezzanine loan. If a borrower defaults on our mezzanine loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan will be satisfied only after the senior debt. As a result, we may not recover some of or all our initial expenditure. In addition, mezzanine loans may have higher loan-to-value ratios than conventional mortgage loans, resulting in less equity in the property and increasing the risk of loss of principal.

We May Experience a Decline in the Fair Value of Our Assets and Be Forced to Recognize Impairment Charges, Which Could Materially and Adversely Impact Our Financial Condition, Liquidity and Results of Operations and the Market Price of UDR ' s Common Stock. A decline in the fair value of our assets may require us to recognize an impairment against such assets under GAAP if we were to determine that, with respect to any assets in unrealized loss positions, we do not have the ability and intent to hold such assets to maturity or for a period of time sufficient to allow for recovery to the amortized cost of such assets. If such a determination were to be made, we would recognize unrealized losses through earnings and write down the amortized

cost of such assets to a new cost basis, based on the fair value of such assets on the date they are considered to be impaired. Such impairment charges reflect non-cash losses at the time of recognition; subsequent disposition or sale of such assets could further affect our future losses or gains, as they are based on the difference between the sale price received and adjusted amortized cost of such assets at the time of sale. If we are required to recognize asset impairment charges in the future, these charges could materially and adversely affect our financial condition, liquidity, results of operations and the per share trading price of UDR's common stock.

Any Material Weaknesses Identified in Our Internal Control Over Financial Reporting Could Have an Adverse Effect on UDR ' s Stock Price. Section 404 of the Sarbanes-Oxley Act of 2002 requires us to evaluate and report on our internal control over financial reporting. If we identify one or more material weaknesses in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, which in turn could have an adverse effect on UDR's stock price.

Our Business and Operations Would Suffer in the Event of System Failures or Breaches in Data Security. Despite system redundancy, the implementation of security measures and the existence of a disaster recovery plan for our internal information technology systems, our systems are vulnerable to damages from any number of sources, including computer viruses, unauthorized access, energy blackouts, natural disasters, terrorism, war, and telecommunication failures. We rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information and to manage or support a variety of our business processes, including financial transactions and keeping of records, which may include personal identifying information of tenants and lease data. We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmitting and storing confidential tenant information, such as individually identifiable information relating to financial accounts. Although we take steps to protect the security of the data maintained in our information systems, it is possible that our security measures will not be able to prevent the systems' improper functioning, or the improper disclosure of personally identifiable information, such as in the event of cyber attacks. Security breaches, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches, can create system disruptions, shutdowns or unauthorized disclosure of confidential information. Any failure to maintain proper function, security and availability of our information systems could interrupt our operations, damage our reputation, subject us to liability claims or regulatory penalties and could materially and adversely affect us.

Our Success Depends on Our Senior Management. Our success depends upon the retention of our senior management, whose continued service is not guaranteed. We may not be able to find qualified replacements for the individuals who make up our senior management if their services should no longer be available to us. The loss of services of one or more members of our senior management team could have a material adverse effect on our business, financial condition and results of operations.

We May be Adversely Affected by New Federal Laws and Regulations. The United States Administration and Congress have enacted, or called for consideration of, proposals relating to a variety of issues, including with respect to health care, financial regulation reform, climate change, executive compensation and others. We believe that these and other potential proposals could have varying degrees of impact on us ranging from minimal to material. At this time, we are unable to predict with certainty what level of impact specific proposals could have on us.

Federal rulemaking and administrative efforts that may have an impact on us focus principally on the areas perceived as contributing to the global financial crisis and the recent economic downturn. These initiatives have created a degree of uncertainty regarding the basic rules governing the real estate industry and many other businesses that is unprecedented in the United States at least since the wave of lawmaking and regulatory reform that followed in the wake of the Great Depression. The federal legislative response in this area culminated in the enactment on July 21, 2010 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"). Many of the provisions of the Dodd-Frank Act have extended implementation periods and delayed effective dates and will require extensive rulemaking by regulatory authorities; thus, the impact on us may not be known for an extended period of time. The Dodd-Frank Act, including future rules implementing its provisions and the interpretation of those rules, along with other legislative and regulatory proposals that are proposed or pending in the United States Congress, may limit our revenues, impose fees or taxes on us, and/or intensify the regulatory framework in which we operate in ways that are not currently identifiable.

Changing laws, regulations and standards relating to corporate governance and public disclosure in particular, including certain provisions of the Dodd-Frank Act and the rules and regulations promulgated thereunder, have created uncertainty for public companies like ours and could significantly increase the costs and risks associated with accessing the U.S. public markets. Because we are committed to maintaining high standards of internal control over financial reporting, corporate governance and public disclosure, our management team will need to devote significant time and financial resources to comply with these evolving standards for public companies. We intend to continue to invest appropriate resources to comply with both existing and evolving standards, and this investment has resulted and will likely continue to result in increased general and

administrative expenses and a diversion of management time and attention from revenue generating activities to compliance activities.

We May be Adversely Affected by New State and Local Laws and Regulations. We are subject to state and local laws, regulations and ordinances at locations where we operate and to the rules and regulations of various local authorities regarding a wide variety of matters that could affect, directly or indirectly, our operations. We cannot predict what matters might be considered in the future by these state and local authorities, nor can we judge what impact, if any, the implementation of new legislation might have on our business.

Derivatives Legislation Adopted by Congress Could Have an Adverse Impact on our Ability to Hedge Risks Associated with our Business. The Dodd-Frank Act regulates derivative transactions, which include certain instruments used in our risk management activities. The Dodd-Frank Act contemplates that most swaps will be required to be cleared through a registered clearing facility and traded on a designated exchange or swap execution facility. There are some exceptions to these requirements for entities that use swaps to hedge or mitigate commercial risk and REITs meeting certain criteria. While we may ultimately be eligible for such exceptions, we cannot ensure we will qualify for them. Although the Dodd-Frank Act includes significant new provisions regarding the regulation of derivatives, the impact of those requirements will not be known definitively until regulations have been adopted and fully implemented by both the SEC and the Commodities Futures Trading Commission, and market participants establish and operate registered clearing facilities under those regulations. The Dodd-Frank Act provisions regarding derivatives and the implementing regulations could increase the operational and transactional cost of derivatives contracts and affect the number and/or creditworthiness of available hedge counterparties to us.

Changes in the System for Establishing U.S. Accounting Standards May Materially and Adversely Affect Our Reported Results of Operations. Accounting for public companies in the United States has historically been conducted in accordance with generally accepted accounting principles as in effect in the United States ("GAAP"). GAAP is established by the Financial Accounting Standards Board (the "FASB"), an independent body whose standards are recognized by the SEC as authoritative for publicly held companies. The International Accounting Standards Board (the "IASB") is a London-based independent board established in 2001 and charged with the development of International Financial Reporting Standards ("IFRS"). IFRS generally reflects accounting practices that prevail in Europe and in developed nations around the world.

IFRS differs in material respects from GAAP. Among other things, IFRS has historically relied more on "fair value" models of accounting for assets and liabilities than GAAP. "Fair value" models are based on periodic revaluation of assets and liabilities, often resulting in fluctuations in such values as compared to GAAP, which relies more frequently on historical cost as the basis for asset and liability valuation.

We are monitoring the SEC's activity with respect to the proposed adoption of IFRS by United States public companies. It is unclear at this time how the SEC will propose that GAAP and IFRS be harmonized if the proposed change is adopted. In addition, switching to a new method of accounting and adopting IFRS would be a complex undertaking. We would potentially need to develop new systems and controls based on the principles of IFRS. Since these are new endeavors, and the precise requirements of the pronouncements ultimately to be adopted are not now known, the magnitude of costs associated with this conversion are uncertain.

We are currently evaluating the impact of the adoption of IFRS on our financial position and results of operations. Such evaluation cannot be completed, however, without more clarity regarding the specific IFRS standards that would potentially be adopted. Until there is more certainty with respect to the IFRS standards that could be adopted, prospective investors should consider that our conversion to IFRS could have a material adverse impact on our reported results of operations.

Risks Related to Our Indebtedness and Financings

Insufficient Cash Flow Could Affect Our Debt Financing and Create Refinancing Risk. We are subject to the risks normally associated with debt financing, including the risk that our operating income and cash flow will be insufficient to make required payments of principal and interest, or could restrict our borrowing capacity under our line of credit due to debt covenant restraints. Sufficient cash flow may not be available to make all required principal payments and still satisfy UDR's distribution requirements to maintain its status as a REIT for federal income tax purposes. In addition, the full limits of our line of credit may not be available to us if our operating performance falls outside the constraints of our debt covenants. We are also likely to need to refinance substantially all of our outstanding debt as it matures. We may not be able to refinance existing debt, or the terms of any refinancing may not be as favorable as the terms of the existing debt, which could create pressures to sell assets or to issue additional equity when we would otherwise not choose to do so. In addition, our failure to comply with our debt covenants could result in a requirement to repay our indebtedness prior to its maturity, which could have an adverse effect on our cash flow, increase our financing costs and impact our ability to make distributions to UDR's stockholders.

Failure to Generate Sufficient Revenue Could Impair Debt Service Payments and Distributions to Stockholders. If our apartment communities do not generate sufficient net rental income to meet rental expenses, our ability to make required payments of interest and principal on our debt securities and to pay distributions to UDR's stockholders will be adversely affected. The following factors, among others, may affect the net rental income generated by our apartment communities:

- the national and local economies;
- local real estate market conditions, such as an oversupply of apartment homes;
- tenants' perceptions of the safety, convenience, and attractiveness of our communities and the neighborhoods where they are located;
- our ability to provide adequate management, maintenance and insurance;
- rental expenses, including real estate taxes and utilities;
- competition from other apartment communities;
- changes in interest rates and the availability of financing;
- changes in governmental regulations and the related costs of compliance; and
- changes in tax and housing laws, including the enactment of rent control laws or other laws regulating multi-family housing.

Expenses associated with our investment in an apartment community, such as debt service, real estate taxes, insurance and maintenance costs, are generally not reduced when circumstances cause a reduction in rental income from that community. If a community is mortgaged to secure payment of debt and we are unable to make the mortgage payments, we could sustain a loss as a result of foreclosure on the community or the exercise of other remedies by the mortgage holder.

Our Debt Level May Be Increased. Our current debt policy does not contain any limitations on the level of debt that we may incur, although our ability to incur debt is limited by covenants in our bank and other credit agreements. We manage our debt to be in compliance with these debt covenants, but subject to compliance with these covenants, we may increase the amount of our debt at any time without a concurrent improvement in our ability to service the additional debt.

Financing May Not Be Available and Could Be Dilutive. Our ability to execute our business strategy depends on our access to an appropriate blend of debt financing, including unsecured lines of credit and other forms of secured and unsecured debt, and equity financing, including common and preferred equity. We and other companies in the real estate industry have experienced limited availability of financing from time to time. If we issue additional equity securities to finance developments and acquisitions instead of incurring debt, the interests of our existing stockholders could be diluted.

Failure To Maintain Our Current Credit Ratings Could Adversely Affect Our Cost of Funds, Related Margins, Liquidity, and Access to Capital Markets. Moody's and Standard & Poor's, the major debt rating agencies, routinely evaluate our debt and have given us ratings on our senior unsecured debt and preferred stock. These ratings are based on a number of factors, which included their assessment of our financial strength, liquidity, capital structure, asset quality, and sustainability of cash flow and earnings. Due to changes in market conditions, we may not be able to maintain our current credit ratings, which could adversely affect our cost of funds and related margins, liquidity, and access to capital markets.

Disruptions in Financial Markets May Adversely Impact Availability and Cost of Credit and Have Other Adverse Effects on Us and the Market Price of UDR ' s Stock. Our ability to make scheduled payments or to refinance debt obligations will depend on our operating and financial performance, which in turn is subject to prevailing economic conditions and to financial, business and other factors beyond our control. During the past several years, the United States stock and credit markets have experienced significant price volatility, dislocations and liquidity disruptions, which have caused market prices of many stocks to fluctuate substantially and the spreads on prospective debt financings to widen considerably. These circumstances have materially impacted liquidity in the financial markets at times, making terms for certain financings less attractive, and in some cases have resulted in the unavailability of financing. The potential downgrade of the U.S.'s credit rating and the European debt crisis recently contributed to instability in global credit markets. Continued uncertainty in the stock and credit markets may negatively impact our ability to access additional financing for acquisitions, development of our properties and other purposes at reasonable terms, which may negatively affect our business. Additionally, due to this uncertainty, we may be unable to refinance our existing indebtedness or the terms of any refinancing may not be as favorable as the terms of our existing indebtedness. If we are not successful in refinancing this debt when it becomes due, we may be forced to dispose of properties

on disadvantageous terms, which might adversely affect our ability to service other debt and to meet our other obligations. A prolonged downturn in the financial markets may cause us to seek alternative sources of potentially less attractive financing, and may require us to adjust our business plan accordingly. These events also may make it more difficult or costly for us to raise capital through the issuance of UDR's common or preferred stock. The disruptions in the financial markets have had and may continue to have a material adverse effect on the market value of UDR's common shares and other adverse effects on us and our business.

Prospective buyers of our properties may also experience difficulty in obtaining debt financing which might make it more difficult for us to sell properties at acceptable pricing levels. Tightening of credit in financial markets and high unemployment rates may also adversely affect the ability of tenants to meet their lease obligations and for us to continue increasing rents on a prospective basis. Disruptions in the credit and financial markets may also have other adverse effects on us and the overall economy.

A Change in U.S. Government Policy Regarding Fannie Mae or Freddie Mac Could Have a Material Adverse Impact on Our Business. Fannie Mae and Freddie Mac are a major source of financing for secured multifamily rental real estate. We and other multifamily companies depend heavily on Fannie Mae and Freddie Mac to finance growth by purchasing or guaranteeing apartment loans. In September 2008, the U.S. government assumed control of Fannie Mae and Freddie Mac and placed both companies into a government conservatorship under the Federal Housing Finance Agency. The Administration and lawmakers have proposed potential options for the future of mortgage finance in the U.S. that could involve the phase out of Fannie Mae and Freddie Mac. While we believe Fannie Mae and Freddie Mac will continue to provide liquidity to our sector, should they discontinue doing so, have their mandates changed or reduced or be disbanded or reorganized by the government, it would significantly reduce our access to debt capital and adversely affect our ability to finance or refinance existing indebtedness at competitive rates and it may adversely affect our ability to sell assets. Uncertainty in the future activity and involvement of Fannie Mae and Freddie Mac as a source of financing could negatively impact our ability to make acquisitions and make it more difficult or not possible for us to sell properties or may adversely affect the price we receive for properties that we do sell, as prospective buyers may experience increased costs of debt financing or difficulties in obtaining debt financing.

The Soundness of Financial Institutions Could Adversely Affect Us. We have relationships with many financial institutions, including lenders under our credit facilities, and, from time to time, we execute transactions with counterparties in the financial services industry. As a result, defaults by, or even rumors or questions about, financial institutions or the financial services industry generally, could result in losses or defaults by these institutions. In the event that the volatility of the financial markets adversely affects these financial institutions or counterparties, we or other parties to the transactions with us may be unable to complete transactions as intended, which could adversely affect our business and results of operations.

Changing Interest Rates Could Increase Interest Costs and Adversely Affect Our Cash Flow and the Market Price of Our Securities. We currently have, and expect to incur in the future, interest-bearing debt at rates that vary with market interest rates. As of December 31, 2013, UDR had approximately $404.7 million of variable rate indebtedness outstanding, which constitutes approximately 11.5% of our total outstanding indebtedness as of such date. As of December 31, 2013, the Operating Partnership had approximately $169.1 million of variable rate indebtedness outstanding, which constitutes approximately 18.1% of total outstanding indebtedness to third parties as of such date. An increase in interest rates would increase our interest expenses and increase the costs of refinancing existing indebtedness and of issuing new debt. Accordingly, higher interest rates could adversely affect cash flow and our ability to service our debt and to make distributions to security holders. The effect of prolonged interest rate increases could negatively impact our ability to make acquisitions and develop properties. In addition, an increase in market interest rates may lead our security holders to demand a higher annual yield, which could adversely affect the market price of UDR's common and preferred stock and debt securities.

Interest Rate Hedging Contracts May Be Ineffective and May Result in Material Charges. From time to time when we anticipate issuing debt securities, we may seek to limit our exposure to fluctuations in interest rates during the period prior to the pricing of the securities by entering into interest rate hedging contracts. We may do this to increase the predictability of our financing costs. Also, from time to time we may rely on interest rate hedging contracts to limit our exposure under variable rate debt to unfavorable changes in market interest rates. If the terms of new debt securities are not within the parameters of, or market interest rates fall below that which we incur under a particular interest rate hedging contract, the contract is ineffective. Furthermore, the settlement of interest rate hedging contracts has involved and may in the future involve material charges. In addition, our use of interest rate hedging arrangements may expose us to additional risks, including a risk that a counterparty to a hedging arrangement may fail to honor its obligations. Developing an effective interest rate risk strategy is complex and no strategy can completely insulate us from risks associated with interest rate fluctuations. There can be no assurance that our hedging activities will have desired beneficial impact on our results of operations or financial condition. Termination of these hedging agreements typically involves costs, such as transaction fees or breakage costs.

Risks Related to Tax Laws

We Would Incur Adverse Tax Consequences if UDR Failed to Qualify as a REIT. UDR has elected to be taxed as a REIT under the Code. Our qualification as a REIT requires us to satisfy numerous requirements, some on an annual and quarterly basis, established under highly technical and complex Code provisions for which there are only limited judicial or administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within our control. We intend that our current organization and method of operation enable us to continue to qualify as a REIT, but we may not so qualify or we may not be able to remain so qualified in the future. In addition, U.S. federal income tax laws governing REITs and other corporations and the administrative interpretations of those laws may be amended at any time, potentially with retroactive effect. Future legislation, new regulations, administrative interpretations or court decisions could adversely affect our ability to qualify as a REIT or adversely affect UDR's stockholders.

If we fail to qualify as a REIT in any taxable year, we would be subject to federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates, and would not be allowed to deduct dividends paid to UDR's stockholders in computing our taxable income. Also, unless the Internal Revenue Service granted us relief under certain statutory provisions, we could not re-elect REIT status until the fifth calendar year after the year in which we first failed to qualify as a REIT. The additional tax liability from the failure to qualify as a REIT would reduce or eliminate the amount of cash available for investment or distribution to UDR's stockholders. This would likely have a significant adverse effect on the value of our securities and our ability to raise additional capital. In addition, we would no longer be required to make distributions to UDR's stockholders. Even if we continue to qualify as a REIT, we will continue to be subject to certain federal, state and local taxes on our income and property.

Dividends Paid By REITs Generally Do Not Qualify for Reduced Tax Rates. In general, the maximum U.S. federal income tax rate for dividends paid to individual U.S. shareholders is 20%. Unlike dividends received from a corporation that is not a REIT, our distributions to individual shareholders generally are not eligible for the reduced rates.

UDR May Conduct a Portion of Our Business Through Taxable REIT Subsidiaries, Which are Subject to Certain Tax Risks. We have established several taxable REIT subsidiaries. Despite UDR's qualification as a REIT, its taxable REIT subsidiaries must pay income tax on their taxable income. In addition, we must comply with various tests to continue to qualify as a REIT for federal income tax purposes, and our income from and investments in our taxable REIT subsidiaries generally do not constitute permissible income and investments for these tests. While we will attempt to ensure that our dealings with our taxable REIT subsidiaries will not adversely affect our REIT qualification, we cannot provide assurance that we will successfully achieve that result. Furthermore, we may be subject to a 100% penalty tax, we may jeopardize our ability to retain future gains on real property sales, or our taxable REIT subsidiaries may be denied deductions, to the extent our dealings with our taxable REIT subsidiaries are not deemed to be arm's length in nature or are otherwise not respected.

REIT Distribution Requirements Limit Our Available Cash. As a REIT, UDR is subject to annual distribution requirements, which limit the amount of cash we retain for other business purposes, including amounts to fund our growth. We generally must distribute annually at least 90% of our net REIT taxable income, excluding any net capital gain, in order for our distributed earnings not to be subject to corporate income tax. We intend to make distributions to UDR's stockholders to comply with the requirements of the Code. However, differences in timing between the recognition of taxable income and the actual receipt of cash could require us to sell assets or borrow funds on a short-term or long-term basis to meet the 90% distribution requirement of the Code.

Certain Property Transfers May Generate Prohibited Transaction Income, Resulting in a Penalty Tax on Gain Attributable to the Transaction. From time to time, we may transfer or otherwise dispose of some of our properties. Under the Code, any gain resulting from transfers of properties that we hold as inventory or primarily for sale to customers in the ordinary course of business would be treated as income from a prohibited transaction and subject to a 100% penalty tax. Since we acquire properties for investment purposes, we do not believe that our occasional transfers or disposals of property are prohibited transactions. However, whether property is held for investment purposes is a question of fact that depends on all the facts and circumstances surrounding the particular transaction. The Internal Revenue Service may contend that certain transfers or disposals of properties by us are prohibited transactions. If the Internal Revenue Service were to argue successfully that a transfer or disposition of property constituted a prohibited transaction, then we would be required to pay a 100% penalty tax on any gain allocable to us from the prohibited transaction and we may jeopardize our ability to retain future gains on real property sales. In addition, income from a prohibited transaction might adversely affect UDR's ability to satisfy the income tests for qualification as a REIT for federal income tax purposes.

We Could Face Possible State and Local Tax Audits and Adverse Changes in State and Local Tax Laws. As discussed in the risk factors above, because UDR is organized and qualifies as a REIT it is generally not subject to federal income taxes, but

it is subject to certain state and local taxes. From time to time, changes in state and local tax laws or regulations are enacted, which may result in an increase in our tax liability. A shortfall in tax revenues for states and municipalities in which we own apartment communities may lead to an increase in the frequency and size of such changes. If such changes occur, we may be required to pay additional state and local taxes. These increased tax costs could adversely affect our financial condition and the amount of cash available for the payment of distributions to UDR's stockholders. In the normal course of business, entities through which we own real estate may also become subject to tax audits. If such entities become subject to state or local tax audits, the ultimate result of such audits could have an adverse effect on our financial condition.

The Operating Partnership Intends to Qualify as a Partnership, But Cannot Guarantee That It Will Qualify. The Operating Partnership intends to qualify as a partnership for federal income tax purposes at any such time that the Operating Partnership admits additional limited partners other than UDR. If classified as a partnership, the Operating Partnership generally will not be a taxable entity and will not incur federal income tax liability. However, the Operating Partnership would be treated as a corporation for federal income tax purposes if it were a "publicly traded partnership," unless at least 90% of the Operating Partnership's income was qualifying income as defined in the Code. A "publicly traded partnership" is a partnership whose partnership interests are traded on an established securities market or are readily tradable on a secondary market (or the substantial equivalent thereof). Although the Operating Partnership's partnership units are not traded on an established securities market, because of the redemption right, the Operating Partnership's units held by limited partners could be viewed as readily tradable on a secondary market (or the substantial equivalent thereof), and the Operating Partnership may not qualify for one of the "safe harbors" under the applicable tax regulations. Qualifying income for the 90% test generally includes passive income, such as real property rents, dividends and interest. The income requirements applicable to REITs and the definition of qualifying income for purposes of this 90% test are similar in most respects. The Operating Partnership may not meet this qualifying income test. If the Operating Partnership were to be taxed as a corporation, it would incur substantial tax liabilities, and UDR would then fail to qualify as a REIT for tax purposes, unless it qualified for relief under certain statutory savings provisions, and our ability to raise additional capital would be impaired.

Qualifying as a REIT Involves Highly Technical and Complex Provisions of the Code. Our qualification as a REIT involves the application of highly technical and complex Code provisions for which only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize our REIT qualification. Moreover, new legislation, court decisions or administrative guidance, in each case possibly with retroactive effect, may make it more difficult or impossible for us to qualify as a REIT. Our qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis. Our ability to satisfy the REIT income and asset tests depends upon our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination and for which we will not obtain independent appraisals, and upon our ability to successfully manage the composition of our income and assets on an ongoing basis. In addition, our ability to satisfy the requirements to qualify as a REIT depends in part on the actions of third parties over which we have no control or only limited influence, including in cases where we own an equity interest in an entity that is classified as a partnership for U.S. federal income tax purposes.

Risks Related to Our Organization and Ownership of UDR's Stock

Changes in Market Conditions and Volatility of Stock Prices Could Adversely Affect the Market Price of UDR ' s Common Stock. The stock markets, including the New York Stock Exchange ("NYSE"), on which we list UDR's common stock, have experienced significant price and volume fluctuations. As a result, the market price of UDR's common stock could be similarly volatile, and investors in UDR's common stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. In addition to the risks listed in this "Risk Factors" section, a number of factors could negatively affect the price per share of UDR's common stock, including:

- general market and economic conditions;
- actual or anticipated variations in UDR's quarterly operating results or dividends or UDR's payment of dividends in shares of UDR's stock;
- changes in our funds from operations or earnings estimates;
- difficulties or inability to access capital or extend or refinance existing debt;
- decreasing (or uncertainty in) real estate valuations;
- changes in market valuations of similar companies;
- publication of research reports about us or the real estate industry;

- the general reputation of real estate investment trusts and the attractiveness of their equity securities in comparison to other equity securities (including securities issued by other real estate companies);
- general stock and bond market conditions, including changes in interest rates on fixed income securities, that may lead prospective purchasers of UDR's stock to demand a higher annual yield from future dividends;
- a change in analyst ratings;
- additions or departures of key management personnel;
- adverse market reaction to any additional debt we incur in the future;
- speculation in the press or investment community;
- terrorist activity which may adversely affect the markets in which UDR's securities trade, possibly increasing market volatility and causing the further erosion of business and consumer confidence and spending;
- failure to qualify as a REIT;
- strategic decisions by us or by our competitors, such as acquisitions, divestments, spin-offs, joint ventures, strategic investments or changes in business strategy;
- failure to satisfy listing requirements of the NYSE;
- governmental regulatory action and changes in tax laws; and
- the issuance of additional shares of UDR's common stock, or the perception that such sales might occur, including under UDR's at-the-market equity distribution program.

Many of the factors listed above are beyond our control. These factors may cause the market price of shares of UDR's common stock to decline, regardless of our financial condition, results of operations, business or our prospects.

We May Change the Dividend Policy for UDR ' s Common Stock in the Future. The decision to declare and pay dividends on UDR's common stock, as well as the timing, amount and composition of any such future dividends, will be at the sole discretion of our board of directors and will depend on our earnings, funds from operations, liquidity, financial condition, capital requirements, contractual prohibitions or other limitations under our indebtedness, the annual distribution requirements under the REIT provisions of the Code, state law and such other factors as our board of directors considers relevant. Any change in our dividend policy could have a material adverse effect on the market price of UDR's common stock.

Maryland Law May Limit the Ability of a Third Party to Acquire Control of Us, Which May Not be in UDR ' s Stockholders ' Best Interests. Maryland business statutes may limit the ability of a third party to acquire control of us. As a Maryland corporation, we are subject to various Maryland laws which may have the effect of discouraging offers to acquire our Company and of increasing the difficulty of consummating any such offers, even if our acquisition would be in UDR's stockholders' best interests. The Maryland General Corporation Law restricts mergers and other business combination transactions between us and any person who acquires beneficial ownership of shares of UDR's stock representing 10% or more of the voting power without our board of directors' prior approval. Any such business combination transaction could not be completed until five years after the person acquired such voting power, and generally only with the approval of stockholders representing 80% of all votes entitled to be cast and 66 2/3 % of the votes entitled to be cast, excluding the interested stockholder, or upon payment of a fair price. Maryland law also provides generally that a person who acquires shares of our equity stock that represents 10% (and certain higher levels) of the voting power in electing directors will have no voting rights unless approved by a vote of two-thirds of the shares eligible to vote.

Limitations on Share Ownership and Limitations on the Ability of UDR ' s Stockholders to Effect a Change in Control of Our Company Restricts the Transferability of UDR ' s Stock and May Prevent Takeovers That are Beneficial to UDR ' s Stockholders. One of the requirements for maintenance of our qualification as a REIT for U.S. federal income tax purposes is that no more than 50% in value of our outstanding capital stock may be owned by five or fewer individuals, including entities specified in the Code, during the last half of any taxable year. Our charter contains ownership and transfer restrictions relating to UDR's stock primarily to assist us in complying with this and other REIT ownership requirements; however, the restrictions may have the effect of preventing a change of control, which does not threaten REIT status. These restrictions include a provision that generally limits ownership by any person of more than 9.9% of the value of our outstanding equity stock, unless our board of directors exempts the person from such ownership limitation, provided that any such exemption shall not allow the

person to exceed 13% of the value of our outstanding equity stock. Absent such an exemption from our board of directors, the transfer of UDR's stock to any person in excess of the applicable ownership limit, or any transfer of shares of such stock in violation of the ownership requirements of the Code for REITs, will be considered null and void, and the intended transferee of such stock will acquire no rights in such shares. These provisions of our charter may have the effect of delaying, deferring or preventing someone from taking control of us, even though a change of control might involve a premium price for UDR's stockholders or might otherwise be in UDR's stockholders' best interests.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

At December 31, 2013 , our consolidated apartment portfolio included 141 communities located in 21 markets, with a total of 41,250 completed apartment homes.

We lease approximately 44,000 square feet of office space in Highlands Ranch, Colorado for our corporate headquarters. We also lease two additional regional offices with 3,000 and 3,000 square feet in Richmond, Virginia and Alexandria, Virginia, respectively.

The tables below set forth a summary of real estate portfolio by geographic market of the Company and of the Operating Partnership at December 31, 2013 .

SUMMARY OF REAL ESTATE PORTFOLIO BY GEOGRAPHIC MARKET AT DECEMBER 31, 2013

UDR, INC.

	Number of Apartment Communities	Number of Apartment Homes	Percentage of Carrying Value	Gross Amount (in thousands)	Encumbrances (in thousands)	Cost per Home	Average Physical Occupancy	Average Home Size (in square feet)
WEST REGION								
San Francisco, CA	11	2,436	8.1%	$ 660,880	$ 60,130	$ 271,297	96.5%	844
Orange County, CA	12	4,721	12.8%	1,048,180	193,873	222,025	84.0%	845
Seattle, WA	11	2,165	5.8%	480,097	70,253	221,754	96.5%	877
Los Angeles, CA	6	1,502	5.9%	482,171	100,335	321,019	95.4%	938
Monterey Peninsula, CA	7	1,565	1.9%	159,277	—	101,774	93.6%	728
Inland Empire, CA	2	654	1.2%	101,893	46,471	155,800	94.8%	955
Portland, OR	3	716	0.9%	72,809	35,141	101,689	97.0%	918
San Diego, CA	3	630	1.6%	128,569	34,780	204,078	56.4%	852
MID-ATLANTIC REGION								
Metropolitan D.C.	14	4,568	12.3%	1,011,056	150,038	221,335	95.4%	913
Baltimore, MD	11	2,301	3.7%	306,158	72,204	133,054	96.1%	957
Richmond, VA	4	1,358	1.7%	138,172	41,507	101,747	96.5%	985
Norfolk, VA	6	1,438	1.1%	88,933	—	61,845	93.7%	1,017
Other Mid-Atlantic	1	168	0.2%	12,495	—	74,375	96.3%	1,002
SOUTHEAST REGION								
Tampa, FL	10	3,452	4.1%	335,674	18,835	97,240	96.1%	965
Orlando, FL	11	3,167	3.5%	286,019	80,092	90,312	96.1%	977
Nashville, TN	8	2,260	2.3%	188,056	22,527	83,211	97.0%	933
Other Florida	1	636	0.9%	80,005	40,133	125,796	95.8%	1,130
NORTHEAST REGION								
New York, NY	4	1,914	15.2%	1,249,281	196,376	652,707	94.3%	753
Boston, MA	4	1,179	3.9%	319,850	81,437	271,289	96.3%	1,097
SOUTHWEST REGION								
Dallas, TX	8	2,725	3.5%	288,669	103,075	105,934	96.5%	846
Austin, TX	4	1,273	1.8%	146,341	66,054	114,958	96.8%	913
Total Operating Communities	141	40,828	92.4%	7,584,585	1,413,261	$ 185,769	93.9%	909
Real Estate Under Development (a)	—	422	5.7%	467,413	28,816			
Land	—	—	0.9%	73,277	—			
Other	—	—	1.0%	82,702	—			
Total Real Estate Owned	141	41,250	100.0%	$ 8,207,977	$ 1,442,077			

(a) The Company is currently developing six wholly-owned communities with 1,765 apartment homes, 422 of which have been completed.

SUMMARY OF REAL ESTATE PORTFOLIO BY GEOGRAPHIC MARKET AT DECEMBER 31, 2013

UNITED DOMINION REALTY, L.P.

	Number of Apartment Communities	Number of Apartment Homes	Percentage of Carrying Value	Gross Amount (in thousands)	Encumbrances (in thousands)	Cost per Home	Average Physical Occupancy	Average Home Size (in square feet)
WEST REGION								
Orange County, CA	9	3,899	19.4%	$ 811,375	$ 193,873	$ 208,098	89.5%	814
San Francisco, CA	9	2,185	13.3%	556,177	60,130	254,543	96.5%	821
Monterey Peninsula, CA	7	1,565	3.8%	159,277	—	101,774	93.6%	728
Seattle, WA	5	932	5.0%	211,011	23,341	226,407	97.2%	869
Portland, OR	3	716	1.7%	72,809	35,141	101,689	97.0%	918
Los Angeles, CA	3	463	3.0%	126,971	32,635	274,235	95.2%	960
Inland Empire, CA	1	414	1.7%	70,196	46,471	169,556	94.9%	989
San Diego, CA	2	366	1.4%	57,422	—	156,891	94.8%	879
MID-ATLANTIC REGION								
Metropolitan D.C.	7	2,378	13.2%	556,721	99,009	234,113	96.3%	927
Baltimore, MD	5	994	3.6%	149,883	46,753	150,788	87.6%	974
NORTHEAST REGION								
New York, NY	2	1,001	14.2%	594,784	196,376	594,190	95.8%	684
Boston, MA	2	833	4.2%	176,396	57,928	211,760	96.2%	1,120
SOUTHEAST REGION								
Nashville, TN	6	1,612	3.2%	132,602	—	82,258	96.9%	925
Tampa, FL	3	1,154	2.8%	115,543	—	100,124	96.4%	1,003
Other Florida	1	636	1.9%	80,005	40,133	125,796	95.8%	1,130
SOUTHWEST REGION								
Dallas, TX	2	1,348	4.5%	186,934	103,075	138,674	95.8%	910
Austin, TX	1	250	0.9%	39,317	—	157,280	96.8%	883
Total Operating Communities	68	20,746	97.8%	4,097,423	934,865	$ 197,504	94.4%	885
Real Estate Under Development (a)	—	—	1.9%	80,063	—			
Land	—	—	0.1%	2,445	—			
Other	—	—	0.2%	8,549	—			
Total Real Estate Owned	68	20,746	100.0%	$ 4,188,480	$ 934,865			

(a) The Operating Partnership is currently developing one wholly-owned community with 320 apartment homes, none of which have been completed.

Item 3. LEGAL PROCEEDINGS

We are subject to various legal proceedings and claims arising in the ordinary course of business. We cannot determine the ultimate liability with respect to such legal proceedings and claims at this time. We believe that such liability, to the extent not provided for through insurance or otherwise, will not have a material adverse effect on our financial condition, results of operations or cash flow.

Item 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

UDR, Inc.:

Common Stock

UDR, Inc.'s common stock has been listed on the New York Stock Exchange, or "NYSE", under the symbol "UDR" since May 7, 1990. The following tables set forth the quarterly high and low sale prices per common share reported on the NYSE for each quarter of the last two fiscal years. Distribution information for common stock reflects distributions declared per share for each calendar quarter and paid at the end of the following month.

	2013			2012		
	High	Low	Distributions Declared	High	Low	Distributions Declared
Quarter ended March 31,	$ 25.18	$ 24.83	$ 0.235	$ 26.80	$ 23.57	$ 0.220
Quarter ended June 30,	$ 27.04	$ 26.59	$ 0.235	$ 27.20	$ 24.62	$ 0.220
Quarter ended September 30,	$ 26.35	$ 26.00	$ 0.235	$ 27.75	$ 24.76	$ 0.220
Quarter ended December 31,	$ 25.42	$ 25.03	$ 0.235	$ 25.09	$ 22.31	$ 0.220

On February 18, 2014 , the closing sale price of our common stock was $25.94 per share on the NYSE, and there were 4,581 holders of record of the 251,434,518 outstanding shares of our common stock.

We have determined that, for federal income tax purposes, approximately 81% of the distributions for 2013 represented ordinary income, 12% represented long-term capital gain, and 7% represented unrecaptured section 1250 gain.

UDR pays regular quarterly distributions to holders of its common stock. Future distributions will be at the discretion of our Board of Directors and will depend on our actual funds from operations, financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Code, and other factors.

Series E Preferred Stock

The Series E Cumulative Convertible Preferred Stock ("Series E") has no stated par value and a liquidation preference of $16.61 per share. Subject to certain adjustments and conditions, each share of the Series E is convertible at any time and from time to time at the holder's option into 1.083 shares of our common stock. The holders of the Series E are entitled to vote on an as-converted basis as a single class in combination with the holders of common stock at any meeting of our stockholders for the election of directors or for any other purpose on which the holders of common stock are entitled to vote. The Series E has no stated maturity and is not subject to any sinking fund or any mandatory redemption. In connection with a special dividend (declared on November 5, 2008), the Company reserved for issuance upon conversion of the Series E additional shares of common stock to which a holder of the Series E would have received if the holder had converted the Series E immediately prior to the record date for this special dividend.

Distributions declared on the Series E for the years ended December 31, 2013 and December 31, 2012 were $1.33 per share or $0.3322 per quarter. The Series E is not listed on any exchange. At December 31, 2013 , a total of 2,803,812 shares of the Series E were outstanding.

Series F Preferred Stock

We are authorized to issue up to 20,000,000 shares of our Series F Preferred Stock ("Series F"). The Series F may be purchased by holders of our Operating Partnership Units, or OP Units, described below under "Operating Partnership Units," at a purchase price of $0.0001 per share. OP Unitholders are entitled to subscribe for and purchase one share of the Series F for each OP Unit held. At December 31, 2013 , a total of 2,464,183 shares of the Series F were outstanding with an aggregate purchase value of $246 . Holders of the Series F are entitled to one vote for each share of the Series F they hold, voting together with the holders of our common stock, on each matter submitted to a vote of security holders at a meeting of our stockholders. The Series F does not entitle its holders to any other rights, privileges or preferences.

Series G Preferred Stock

In May 2007, UDR issued 5,400,000 shares of the 6.75% Series G Cumulative Redeemable Preferred Stock ("Series G"). On May 31, 2012, the Company completed the redemption of all outstanding shares of its Series G. A total of 3,264,362 shares of Series G were redeemed at a redemption price of $25 per share in cash, plus accrued and unpaid dividends to the redemption date for a total cost of $82.1 million . As a result of this redemption, the write off of additional paid in capital of $2.8 million related to the issuance of Series G was recognized as a decrease to our net income/(loss) attributable to common stockholders. During the year ended 2011, the Company repurchased 141,200 shares of Series G for more than the liquidation preference of $25 per share, resulting in a loss of $175,000 to our net income/(loss) attributable to common stockholders.

Distributions declared on the Series G for the year ended December 31, 2012 was $0.57.

Distribution Reinvestment and Stock Purchase Plan

We have a Distribution Reinvestment and Stock Purchase Plan under which holders of our common stock may elect to automatically reinvest their distributions and make additional cash payments to acquire additional shares of our common stock. Stockholders who do not participate in the plan continue to receive distributions as and when declared. As of February 18, 2014, there were approximately 2,412 participants in the plan.

United Dominion Realty, L.P.:

Operating Partnership Units

There is no established public trading market for United Dominion Realty, L.P.'s Operating Partnership Units. From time to time we issue shares of our common stock in exchange for OP Units tendered to the Operating Partnership for redemption in accordance with the provisions of the Operating Partnership's limited partnership agreement. At December 31, 2013 , there were 183,278,698 OP Units outstanding in the Operating Partnership, of which 173,959,774 OP Units or 94.9% were owned by UDR and 9,318,924 OP Units or 5.1% were owned by limited partners. Under the terms of the Operating Partnership's limited partnership agreement, the holders of OP Units have the right to require the Operating Partnership to redeem all or a portion of the OP Units held by the holder in exchange for a cash payment based on the market value of our common stock at the time of redemption. However, the Operating Partnership's obligation to pay the cash amount is subject to the prior right of the Company to acquire such OP Units in exchange for either the cash amount or the number of shares of our common stock equal to the number of OP Units being redeemed. During 2013 , we issued a total of 76,295 shares of common stock upon redemption of OP Units.

On December 13, 2013, we issued 4,450 shares of our common stock upon redemption of OP Units. Because these shares of common stock were issued to accredited investors in transactions not involving a public offering, the transaction is exempt from registration under the Securities Act of 1933 in accordance with Section 4(a)(2) of the Securities Act.

We did not issue any other shares of our common stock upon redemption of OP Units during the three months ended December 31, 2013.

In November 2013, the Operating Partnership distributed the development property, Los Alisos, to the General Partner as a capital distribution. Upon the distribution of the property, the Operating Partnership redeemed 1,002,556 limited partnership units owned by UDR and affiliated entities.

Purchases of Equity Securities

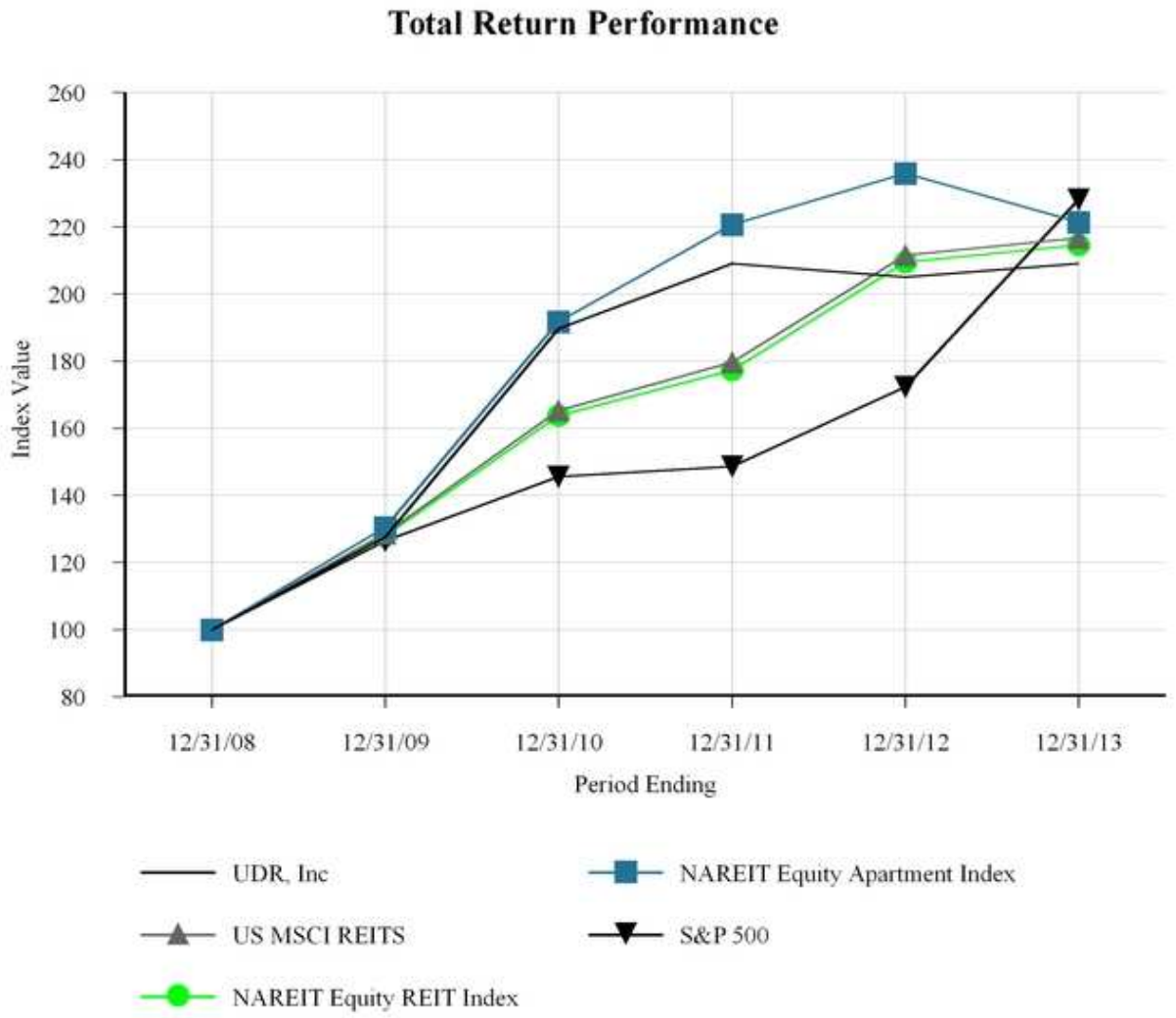
In February 2006, UDR's Board of Directors authorized a 10,000,000 share repurchase program. In January 2008, UDR's Board of Directors authorized a new 15,000,000 share repurchase program. Under the two share repurchase programs, UDR may repurchase shares of our common stock in open market purchases, block purchases, privately negotiated transactions or otherwise. As reflected in the table below, no shares of common stock were repurchased under these programs during the quarter ended December 31, 2013 .

Period	Total Number of Shares Purchased	Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1)
Beginning Balance	9,967,490	$ 22.00	9,967,490	15,032,510
October 1, 2013 through October 31, 2013	—	—	—	15,032,510
November 1, 2013 through November 30, 2013	—	—	—	15,032,510
December 1, 2013 through December 31, 2013	—	—	—	15,032,510
Balance as of December 31, 2013	**9,967,490**	**$ 22.00**	**9,967,490**	**15,032,510**

(1) This number reflects the amount of shares that were available for purchase under our 10,000,000 share repurchase program authorized in February 2006 and our 15,000,000 share repurchase program authorized in January 2008.

Comparison of Five-year Cumulative Total Returns

The following graph compares the five-year cumulative total returns for UDR common stock with the comparable cumulative return of the NAREIT Equity REIT Index, Standard & Poor's 500 Stock Index, the NAREIT Equity Apartment Index and the MSCI US REIT Index. The graph assumes that $100 was invested on December 31 (of the initial year shown in the graph), in each of our common stock and the indices presented. Historical stock price performance is not necessarily indicative of future stock price performance. The comparison assumes that all dividends are reinvested.



	Period Ending					
Index	**12/31/2008**	**12/31/2009**	**12/31/2010**	**12/31/2011**	**12/31/2012**	**12/31/2013**
UDR, Inc.	100.00	127.53	189.63	209.03	204.99	209.04
NAREIT Equity Apartment Index	100.00	130.40	191.74	220.69	235.99	221.37
US MSCI REITS	100.00	128.61	165.23	179.60	211.50	216.73
S&P 500	100.00	126.46	145.51	148.59	172.37	228.19
NAREIT Equity REIT Index	100.00	127.99	163.78	177.36	209.39	214.56

The performance graph and the related chart and text, are being furnished solely to accompany this Annual Report on Form 10-K pursuant to Item 201(e) of Regulation S-K, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any filing of ours, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 6. SELECTED FINANCIAL DATA

The following tables set forth selected consolidated financial and other information of UDR, Inc. and of the Operating Partnership as of and for each of the years in the five-year period ended December 31, 2013 . The table should be read in conjunction with each of UDR, Inc.'s and the Operating Partnership's respective consolidated financial statements and the notes thereto, and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, included elsewhere in this Report.

	UDR, Inc. Years Ended December 31, (In thousands, except per share data and apartment homes owned)				
	2013	**2012**	**2011**	**2010**	**2009**
OPERATING DATA:					
Rental income (a)	**$ 746,484**	$ 704,701	$ 613,689	$ 503,097	$ 482,031
Income/(loss) from continuing operations (a)	**2,340**	(46,305)	(126,869)	(121,117)	(106,061)
Income/(loss) from discontinued operations, net of tax (a)	**43,942**	266,608	147,454	14,529	14,438
Net income/(loss)	**46,282**	220,303	20,585	(106,588)	(91,623)
Distributions to preferred stockholders	**3,724**	6,010	9,311	9,488	10,912
Net income/(loss) attributable to common stockholders	**41,088**	203,376	10,537	(112,362)	(95,858)
Common distributions declared	**235,721**	215,654	165,590	126,086	127,066
Income/(loss) per weighted average common share — basic and diluted:					
Income/(loss) from continuing operations attributable to common stockholders (a)	**$ (0.01)**	$ (0.22)	$ (0.65)	$ (0.77)	$ (0.74)
Income/(loss) from discontinued operations attributable to common stockholders (a)	**0.17**	1.07	0.71	0.09	0.10
Net income/(loss) attributable to common stockholders	**0.16**	0.85	0.05	(0.68)	(0.64)
Weighted average number of Common Shares outstanding — basic and diluted	**249,969**	238,851	201,294	165,857	149,090
Weighted average number of Common Shares outstanding, OP Units and Common Stock equivalents outstanding — diluted (b)	**263,926**	252,659	214,086	176,900	159,561
Common distributions declared	**$ 0.94**	$ 0.88	$ 0.80	$ 0.73	$ 0.85
Balance Sheet Data:					
Real estate owned, at cost (c)	**$ 8,207,977**	$ 8,055,828	$ 8,074,471	$ 6,881,347	$ 6,315,047
Accumulated depreciation (c)	**2,208,794**	1,924,682	1,831,727	1,638,326	1,351,293
Total real estate owned, net of accumulated depreciation (c)	**5,999,183**	6,131,146	6,242,744	5,243,021	4,963,754
Total assets	**6,807,722**	6,859,103	6,692,254	5,500,597	5,103,791
Secured debt (c)	**1,442,077**	1,430,135	1,891,553	1,963,670	1,989,434
Unsecured debt	**2,081,626**	1,979,198	2,026,817	1,603,834	1,437,155
Total debt	**3,523,703**	3,409,333	3,918,370	3,567,504	3,426,589
Total stockholders' equity	**2,811,648**	2,992,916	2,314,050	1,606,343	1,395,441
Number of Common Shares outstanding	**250,750**	250,139	219,650	182,496	155,465

	UDR, Inc. Years Ended December 31, (In thousands, except per share data and apartment homes owned)				
	2013	**2012**	**2011**	**2010**	**2009**
OPERATING DATA (continued):					
Other Data (c)					
Total consolidated apartment homes owned (at end of year) (c)	**41,250**	41,571	47,343	48,553	45,913
Weighted average number of consolidated apartment homes owned during the year	**41,392**	42,747	48,531	47,571	45,113
Cash Flow Data:					
Cash provided by operating activities	**$ 339,902**	$ 327,187	$ 251,411	$ 214,180	$ 229,383
Cash provided by/(used in) investing activities	**(123,209)**	(211,582)	(1,054,683)	(583,754)	(158,045)
Cash provided by/(used in) financing activities	**(198,559)**	(115,993)	806,289	373,075	(78,093)
Funds from Operations (b):					
Funds from operations — basic	**$ 376,778**	$ 350,628	$ 269,856	$ 189,045	$ 180,858
Funds from operations — diluted	**380,502**	354,532	273,580	192,771	184,582

(a) Reclassified to conform to current year presentation in accordance with generally accepted accounting principles, as described in Note 4, *Discontinued Operations and Assets Held for Sale* , in the Notes to the UDR Consolidated Financial Statements included in this Report.

(b) Funds from operations, or FFO, is defined as net income (computed in accordance with generally accepted accounting principles, or "GAAP"), excluding impairment write-downs of depreciable real estate or of investments in non-consolidated investees that are driven by measurable decreases in the fair value of depreciable real estate held by the investee, gains (or losses) from sales of depreciable property, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. This definition conforms with the National Association of Real Estate Investment Trust's definition issued in April 2002. We consider FFO a useful metric for investors as we use FFO in evaluating property acquisitions and our operating performance, and believe that FFO should be considered along with, but not as an alternative to, net income and cash flows as a measure of our activities in accordance with GAAP. FFO does not represent cash generated from operating activities in accordance with GAAP and is not necessarily indicative of funds available to fund our cash needs.

Activities of our taxable REIT subsidiary ("TRS"), RE [3], include development and land entitlement. From time to time, we develop and subsequently sell a TRS property which results in a short-term use of funds that produces a profit that differs from the traditional long-term investment in real estate for REITs. We believe that the inclusion of these TRS gains in FFO is consistent with the standards established by NAREIT as the short-term investment is incidental to our main business. TRS gains on sales, net of taxes, are defined as net sales proceeds less a tax provision and the gross investment basis of the asset before accumulated depreciation.

See "Funds from Operations" in Item 7. Management Discussion and Analysis of Financial Condition and Results of Operations for a reconciliation of FFO and *Net income/(loss) attributable to UDR, Inc* .

(c) Includes amounts classified as Held for Sale, where applicable.

United Dominion Realty, L.P.
Years Ended December 31,
(In thousands, except per OP unit data and apartment homes owned)

	2013	2012	2011	2010	2009
OPERATING DATA:					
Rental income (a)	**$ 401,853**	$ 384,946	$ 344,937	$ 297,380	$ 300,118
Income/(loss) from continuing operations (a)	**32,766**	(13,309)	(40,744)	(30,937)	(12,585)
Income/(loss) from discontinued operations (a)	**45,176**	57,643	70,973	10,243	8,540
Net income/(loss)	**77,942**	44,334	30,229	(20,694)	(4,045)
Net income/(loss) attributable to OP unitholders	**73,376**	43,982	30,159	(20,735)	(4,176)
Income/(loss) per weighted average OP Unit - basic and diluted:					
Income/(loss) from continuing operations attributable to OP unitholder (a)	**$ 0.16**	$ (0.07)	$ (0.22)	$ (0.18)	$ (0.07)
Income/(loss) from discontinued operations attributable to OP unitholder (a)	**0.24**	0.31	0.39	0.06	0.05
Net income/(loss) attributable to OP unitholders	**0.40**	0.24	0.17	(0.12)	(0.02)
Weighted average number of OP Units outstanding — basic and diluted	**184,196**	184,281	182,448	179,909	178,817
Balance Sheet Data:					
Real estate owned, at cost (b)	**$ 4,188,480**	$ 4,182,920	$ 4,205,298	$ 3,706,184	$ 3,640,888
Accumulated depreciation (b)	**1,241,574**	1,097,133	976,358	884,083	717,892
Total real estate owned, net of accumulated depreciation (b)	**2,946,906**	3,085,787	3,228,940	2,822,101	2,922,996
Total assets	**2,993,241**	3,136,254	3,292,167	2,861,395	2,961,067
Secured debt (b)	**934,865**	967,239	1,189,645	1,070,061	1,122,198
Total liabilities	**1,190,144**	1,217,498	1,438,798	1,299,772	1,339,319
Total partners' capital	**1,795,934**	1,917,299	2,034,792	2,042,241	2,197,753
Receivable due from General Partner	**9,916**	11,056	193,584	492,709	588,185
Number of OP units outstanding	**183,279**	184,281	184,281	179,909	179,909
Other Data:					
Total consolidated apartment homes owned (at end of year) (b)	**20,746**	21,660	23,160	23,351	23,351
Cash Flow Data:					
Cash provided by operating activities	**$ 208,346**	$ 201,095	$ 156,071	$ 146,604	$ 157,333
Cash provided by/(used in) investing activities	**(63,954)**	4,273	(226,980)	(59,458)	129,628
Cash provided by/(used in) financing activities	**(145,299)**	(203,268)	70,693	(86,668)	(290,109)

(a) Reclassified to conform to current year presentation in accordance with generally accepted accounting principles, as described in Note 4, *Discontinued Operations and Assets and Held for Sale* , in the Notes to the Operating Partnership's Consolidated Financial Statements included in this Report.

(b) Includes amounts classified as Held for Sale, where applicable.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements include, without limitation, statements concerning property acquisitions and dispositions, development activity and capital expenditures, capital raising activities, rent growth, occupancy, and rental expense growth. Words such as "expects," "anticipates," "intends," "plans," "likely," "will," "believes," "seeks," "estimates," and variations of such words and similar expressions are intended to identify such forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from the results of operations or plans expressed or implied by such forward-looking statements. Such factors include, among other things, unfavorable changes in the apartment

market, changing economic conditions, the impact of inflation/deflation on rental rates and property operating expenses, expectations concerning availability of capital and the stabilization of the capital markets, the impact of competition and competitive pricing, acquisitions, developments and redevelopments not achieving anticipated results, delays in completing developments, redevelopments and lease-ups on schedule, expectations on job growth, home affordability an demand/supply ratio for multifamily housing, expectations concerning development and redevelopment activities, expectations on occupancy levels, expectations concerning the joint ventures with third parties, expectations that automation will help grow net operating income, and expectations on annualized net operating income.

The following factors, among others, could cause our future results to differ materially from those expressed in the forward-looking statements:

- general economic conditions;
- unfavorable changes in apartment market and economic conditions that could adversely affect occupancy levels and rental rates;
- the failure of acquisitions to achieve anticipated results;
- possible difficulty in selling apartment communities;
- competitive factors that may limit our ability to lease apartment homes or increase or maintain rents;
- insufficient cash flow that could affect our debt financing and create refinancing risk;
- failure to generate sufficient revenue, which could impair our debt service payments and distributions to stockholders;
- development and construction risks that may impact our profitability;
- potential damage from natural disasters, including hurricanes and other weather-related events, which could result in substantial costs to us;
- risks from extraordinary losses for which we may not have insurance or adequate reserves;
- uninsured losses due to insurance deductibles, self-insurance retention, uninsured claims or casualties, or losses in excess of applicable coverage;
- delays in completing developments and lease-ups on schedule;
- our failure to succeed in new markets;
- changing interest rates, which could increase interest costs and affect the market price of our securities;
- potential liability for environmental contamination, which could result in substantial costs to us;
- the imposition of federal taxes if we fail to qualify as a REIT under the Code in any taxable year;
- our internal control over financial reporting may not be considered effective which could result in a loss of investor confidence in our financial reports, and in turn have an adverse effect on our stock price; and
- changes in real estate laws, tax laws and other laws affecting our business.

A discussion of these and other factors affecting our business and prospects is set forth in Part II, Item 1A. *Risk Factors* . We encourage investors to review these risk factors.

Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore such statements included in this Report may not prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements or our objectives and plans will be achieved.

Forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Report, and we expressly disclaim any obligation or undertaking to update or revise any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based, except to the extent otherwise required by law.

The following discussion should be read in conjunction with the consolidated financial statements appearing elsewhere herein and is based primarily on the consolidated financial statements and the accompanying notes for the years ended December 31, 2013 , 2012 and 2011 of each of UDR, Inc. and United Domination Realty, L.P.

UDR, INC.:

Business Overview

We are a self-administered real estate investment trust, or REIT, that owns, acquires, renovates, develops, and manages apartment communities. We were formed in 1972 as a Virginia corporation. In June 2003, we changed our state of incorporation from Virginia to Maryland. Our subsidiaries include an operating partnership, United Dominion Realty, L.P., a Delaware limited partnership. Unless the context otherwise requires, all references in this Report to "we," "us," "our," "the Company," or "UDR" refer collectively to UDR, Inc., its subsidiaries and its consolidated joint ventures.

At December 31, 2013 , our consolidated real estate portfolio included 141 communities in 10 States plus the District of Columbia totaling 41,250 apartment homes, and our total real estate portfolio, inclusive of our unconsolidated communities, included an additional 37 communities with 9,909 apartment homes.

At December 31, 2013, the Company is developing six wholly-owned communities with 1,765 apartment homes, 422 of which have been completed, and one unconsolidated joint venture community with 447 apartment homes, none of which have been completed.

At December 31, 2013, the Company is redeveloping 1,423 apartment homes, 1,008 of which have been completed, at two wholly-owned communities with 1,670 apartment homes. The scope of the redevelopments at both projects changed in the fourth quarter. The budget for our Rivergate project in Manhattan expanded due to the identification of further revenue generating opportunities, while we tabled for the foreseeable future additional home interior renovations at our 27 Seventy Five Mesa Verde project in Orange County due to lower than expected demand in that particular submarket.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles ("GAAP") requires management to use judgment in the application of accounting policies, including making estimates and assumptions. A critical accounting policy is one that is both important to our financial condition and results of operations as well as involves some degree of uncertainty. Estimates are prepared based on management's assessment after considering all evidence available. Changes in estimates could affect our financial position or results of operations. Below is a discussion of the accounting policies that we consider critical to understanding our financial condition or results of operations where there is uncertainty or where significant judgment is required. A discussion of our significant accounting policies, including further discussion of the accounting policies described below, can be found in Note 2, *Significant Accounting Policies* , to the Notes to the UDR Consolidated Financial Statements included in this Report.

Cost Capitalization

In conformity with GAAP, we capitalize those expenditures that materially enhance the value of an existing asset or substantially extend the useful life of an existing asset. Expenditures necessary to maintain an existing property in ordinary operating condition are expensed as incurred.

In addition, we capitalize costs directly related to the predevelopment, development, and redevelopment of a capital project, which include, but are not limited to, interest, real estate taxes, insurance, and allocated development and redevelopment overhead related to support costs for personnel working on the capital projects. We use our professional judgment in determining whether such costs meet the criteria for capitalization or must be expensed as incurred. These costs are capitalized only during the period in which activities necessary to ready an asset for its intended use are in progress and such costs are incremental and identifiable to a specific activity to get the asset ready for its intended use. As each home in a capital project is completed and becomes available for lease-up, the Company ceases capitalization on the related portion. The costs capitalized are reported on the Consolidated Balance Sheets as *Total Real Estate Owned, Net of Accumulated Depreciation.*

Amounts capitalized during the years ended December 31, 2013, 2012, and 2011 were $40.5 million, $36.4 million, and $23.0 million, respectively.

Investment in Unconsolidated Joint Ventures

We may enter into various joint venture agreements and/or partnerships with unrelated third parties to hold or develop real estate assets. We must determine for each of these ventures whether to consolidate the entity or account for our investment under the equity method of accounting. We determine whether to consolidate a joint venture or partnership based on our rights and obligations under the venture agreement, applying the applicable accounting guidance. The application of the rules in evaluating the accounting treatment for each joint venture or partnership is complex and requires substantial management judgment. We evaluate our accounting for investments on a regular basis including when a significant change in the design of an entity occurs. Throughout our financial statements, and in this Management's Discussion and Analysis of Financial Condition and Results of Operations, we use the term "joint venture" or "partnership" when referring to investments in entities in which we do not have a 100% ownership interest.

We continually evaluate our investments in unconsolidated joint ventures when events or changes in circumstances indicate that there may be an other-than-temporary decline in value. We consider various factors to determine if a decrease in the value of the investment is other-than-temporary. These factors include, but are not limited to, age of the venture, our intent and ability to retain our investment in the entity, the financial condition and long-term prospects of the entity, and the relationships with the other joint venture partners and its lenders. The amount of loss recognized is the excess of the investment's carrying amount over its estimated fair value. If we believe that the decline in fair value is temporary, no impairment is recorded. The aforementioned factors are taken as a whole by management in determining the valuation of our investment property. Should the actual results differ from management's judgment, the valuation could be negatively affected and may result in a negative impact to our Consolidated Financial Statements.

Impairment of Long-Lived Assets

We record impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by the future operation and disposition of those assets are less than the net book value of those assets. Our cash flow estimates are based upon historical results adjusted to reflect our best estimate of future market and operating conditions and our estimated holding periods. The net book value of impaired assets is reduced to fair market value. Our estimates of fair market value represent our best estimate based primarily upon unobservable inputs (defined as Level 3 inputs in the fair value hierarchy) related to rental rates, operating costs, growth rates, discount rates, capitalization rates, industry trends and reference to market rates and transactions.

Real Estate Investment Properties

We purchase real estate investment properties from time to time and record the fair value to various components, such as land, buildings, and intangibles related to in-place leases, based on the fair value of each component. In making estimates of fair values for purposes of allocating purchase price, we utilize various sources, including independent appraisals, our own analysis of recently acquired and existing comparable properties in our portfolio and other market data. The fair value of buildings is determined as if the buildings were vacant upon acquisition and subsequently leased at market rental rates. As such, the determination of fair value considers the present value of all cash flows expected to be generated from the property including an initial lease-up period. We determine the fair value of in-place leases by assessing the net effective rent and remaining term of the lease relative to market terms for similar leases at acquisition. In addition, we consider the cost of acquiring similar leases, the foregone rents associated with the lease-up period, and the carrying costs associated with the lease-up period. The fair value of in-place leases is recorded and amortized as amortization expense over the remaining average contractual lease period.

REIT Status

We are a Maryland corporation that has elected to be treated for federal income tax purposes as a REIT. A REIT is a legal entity that holds interests in real estate and is required by the Code to meet a number of organizational and operational requirements, including a requirement that a REIT must distribute at least 90% of our REIT taxable income (other than our net capital gain) to our stockholders. If we were to fail to qualify as a REIT in any taxable year, we will be subject to federal and state income taxes at the regular corporate rates and may not be able to qualify as a REIT for four years. Based on the net earnings reported for the year ended December 31, 2013 in our Consolidated Statements of Operations, we would have incurred federal and state GAAP income taxes if we had failed to qualify as a REIT.

Summary of Real Estate Portfolio by Geographic Market

The following table summarizes our market information by major geographic markets as of and for the year ended December 31, 2013 .

		As of December 31, 2013			Year Ended December 31, 2013		
Same-Store Communities	**Number of Apartment Communities**	**Number of Apartment Homes**	**Percentage of Total Carrying Value**	**Total Carrying Value (in thousands)**	**Average Physical Occupancy**	**Monthly Income per Occupied Home (a)**	**Net Operating Income (in thousands)**
West Region							
Orange County, CA	10	3,290	7.4%	$ 607,130	95.0%	$ 1,683	$ 45,640
San Francisco, CA	9	2,028	6.7%	553,901	96.5%	2,665	47,084
Seattle, WA	11	2,165	5.8%	475,285	96.5%	1,500	25,794
Los Angeles, CA	5	919	3.6%	296,133	95.5%	2,106	14,969
Monterey Peninsula, CA	7	1,565	1.9%	159,277	93.6%	1,166	13,983
Inland Empire, CA	2	654	1.2%	101,893	94.8%	1,454	7,509
San Diego, CA	2	366	0.7%	57,422	94.8%	1,521	4,384
Portland, OR	3	716	0.9%	72,809	97.0%	1,105	6,294
Mid-Atlantic Region							
Metropolitan D.C.	13	4,313	10.8%	885,832	96.9%	1,813	62,569
Baltimore, MD	11	2,301	3.7%	306,158	96.1%	1,451	27,308
Richmond, VA	4	1,358	1.7%	138,172	96.5%	1,193	13,892
Norfolk, VA	6	1,438	1.1%	88,933	93.7%	1,012	10,766
Other Mid-Atlantic	1	168	0.2%	12,495	96.3%	1,008	1,270
Southeast Region							
Tampa, FL	10	3,452	4.1%	335,673	96.1%	1,091	27,694
Orlando, FL	11	3,167	3.5%	286,019	96.1%	1,008	24,329
Nashville, TN	8	2,260	2.3%	188,056	97.0%	1,003	17,700
Other Florida	1	636	1.0%	80,005	95.8%	1,306	6,102
Northeast Region							
New York, NY	2	700	5.1%	418,955	97.0%	3,571	21,893
Boston, MA	4	1,179	3.9%	319,850	96.3%	2,127	20,460
Southwest Region							
Dallas, TX	8	2,725	3.5%	288,669	96.5%	1,090	21,174
Austin, TX	1	390	0.7%	61,489	96.9%	1,360	3,695
Total/Average Same-Store Communities	129	35,790	69.8%	5,734,156	96.0%	$ 1,488	424,509
Non Matures, Commercial Properties & Other	12	5,038	24.3%	1,989,688			90,124
Total Real Estate Held for Investment	141	40,828	94.1%	7,723,844			514,633
Real Estate Under Development (b)	—	422	5.7%	467,413			(592)
Real Estate Held for Disposition	—	—	0.2%	16,720			—
Total Real Estate Owned	141	41,250	100.0%	8,207,977			$ 514,041
Total Accumulated Depreciation				(2,208,794)			
Total Real Estate Owned, Net of Accumulated Depreciation				$ 5,999,183			

(a) Monthly Income per Occupied Home represents total monthly revenues divided by the product of occupancy and the number of mature apartment homes.

(b) The Company is currently developing six wholly-owned communities with 1,765 apartment homes, 422 of which have been completed.

We report in two segments: *Same-Store Communities* and *Non-Mature Communities/Other* .

Our *Same-Store Communities* segment represents those communities acquired, developed, and stabilized prior to January 1, 2012 and held as of December 31, 2013 . These communities were owned and had stabilized occupancy and operating expenses as of the beginning of the prior year, there is no plan to conduct substantial redevelopment activities, and the communities are not held for disposition within the current year. A community is considered to have stabilized occupancy once it achieves 90% occupancy for at least three consecutive months.

Our *Non-Mature Communities/Other* segment represents those communities that were acquired or developed in 2011, 2012 or 2013, held for sale or sold properties, redevelopment properties, consolidated joint venture properties, and the non-apartment components of mixed use properties.

Liquidity and Capital Resources

Liquidity is the ability to meet present and future financial obligations either through operating cash flows, sales of properties, borrowings under our credit agreements, and/or the issuance of debt and/or equity securities. Our primary source of liquidity is our cash flow from operations as determined by rental rates, occupancy levels, and operating expenses related to our portfolio of apartment homes and borrowings under our credit agreements. We routinely use our unsecured revolving credit facility to temporarily fund certain investing and financing activities prior to arranging for longer-term financing or the issuance of equity or debt securities. During the past several years, proceeds from the sale of real estate have been used for both investing and financing activities as we repositioned our portfolio.

We expect to meet our short-term liquidity requirements generally through net cash provided by property operations and borrowings under our credit agreements. We expect to meet certain long-term liquidity requirements such as scheduled debt maturities, the repayment of financing on development activities, and potential property acquisitions, through secured and unsecured borrowings, the issuance of debt or equity securities, and/or the disposition of properties. We believe that our net cash provided by property operations and borrowings under credit agreements will continue to be adequate to meet both operating requirements and the payment of dividends by the Company in accordance with REIT requirements. Likewise, the budgeted expenditures for improvements and renovations of certain properties are expected to be funded from property operations, borrowings under credit agreements, the issuance of debt or equity securities, and dispositions of properties.

We have a shelf registration statement filed with the Securities and Exchange Commission, or “SEC” which provides for the issuance of an indeterminate amount of common stock, preferred stock, guarantees of debt securities, warrants, subscription rights, purchase contracts and units to facilitate future financing activities in the public capital markets. Access to capital markets is dependent on market conditions at the time of issuance.

In April 2012, the Company entered into a new equity distribution agreement, under which the Company could offer and sell up to 20 million shares of its common stock, from time to time, to or through its sales agents. During the year ended December 31, 2013, no shares of common stock were sold under the April 2012 program. As of December 31, 2013, we had 19,929,000 shares of common stock available for sale under the April 2012 program.

Future Capital Needs

Future development and redevelopment expenditures may be funded through unsecured or secured credit facilities, proceeds from the issuance of equity or debt securities, sales of properties, joint ventures, and, to a lesser extent, from cash flows provided by property operations. Acquisition activity in strategic markets may be funded through joint ventures, by the reinvestment of proceeds from the sale of properties, through the issuance of equity or debt securities, the issuance of operating partnership units and the assumption or placement of secured and/or unsecured debt.

During 2014 , we have approximately $48.0 million of secured debt maturing, inclusive of principal amortization, and $311.6 million of unsecured debt maturing. In January 2014, we paid off $184 million of 5.13% medium-term notes due January 2014 with the borrowings under the Company’s $900 million unsecured revolving credit facility. We anticipate repaying the remaining debt with cash flow from our operations, proceeds from debt or equity offerings, proceeds from the dispositions of properties, or from borrowings under our credit agreements.

Statements of Cash Flow

The following discussion explains the changes in net cash provided by operating activities, net cash provided by/(used in) investing activities, and net cash provided by/(used in) financing activities that are presented in our Consolidated Statements of Cash Flows for the years ended December 31, 2013 , 2012 , and 2011 .

Operating Activities

For the year ended December 31, 2013 , our net cash flow provided by operating activities was $339.9 million compared to $327.2 million for the comparable period in 2012 . The increase in cash flow from operating activities is primarily due to improved income from continuing operations, offset by changes in operating assets and operating liabilities.

For the year ended December 31, 2012 , our net cash flow provided by operating activities was $327.2 million compared to $251.4 million for 2011 . The increase in cash flow from operating activities is primarily due to improved income from continuing operations and changes in operating assets and operating liabilities.

Investing Activities

For the year ended December 31, 2013 , net cash provided by/(used in) investing activities was $(123.2) million compared to $(211.6) million for the comparable period in 2012 . The change in investing activities was due to changes in the level of investment activities, which reflect our strategy as it relates to our investments in unconsolidated joint ventures and partnerships, acquisitions, dispositions, capital expenditures, and development activities, all of which are discussed in further detail throughout this Report.

For the year ended December 31, 2012 , net cash provided by/(used in) investing activities was $(211.6) million compared to $(1.1) billion in 2011 . The change in investing activities was due to changes in the level of investment activities, which reflect our strategy as it relates to our investments in unconsolidated joint ventures and partnerships, acquisitions, dispositions, capital expenditures, and development activities, all of which are discussed in further detail throughout this Report.

Acquisitions

In December 2013, the Company consolidated its 95%/5% development joint ventures 13th and Market in San Diego, CA and Domain College Park in Metropolitan, D.C. The consolidation was due to the Company becoming the managing partner of each of the joint ventures. See further discussion in the Note 5, *Joint Ventures and Partnerships,* in the Notes to the UDR Consolidated Financial Statements included in this Report.

During the year ended December 31, 2012, the Company acquired the remaining 80% ownership interests in two apartment communities (633 homes) located in Austin, Texas for $11.7 million from its joint venture partner. In addition, the Company also acquired two parcels of land for development in San Francisco, California and Boston, Massachusetts for a total purchase price of $77.2 million. Refer to the below sections *Real Estate Under Development and Redevelopment* and *Unconsolidated Joint Ventures and Partnerships* for further information on development activities.

Capital Expenditures

Total capital expenditures, which in aggregate include recurring capital expenditures and major renovations, of $145.2 million or $3,537 per stabilized home were spent on all of our communities, excluding development and commercial properties, for the year ended December 31, 2013 as compared to $157.3 million or $3,576 per stabilized home for the comparable period in prior year.

The decrease in total capital expenditures was primarily due to a decrease in major renovations of 11.6% or $12.1 million. Major renovations of $92.1 million or $2,244 per home were spent for the year ended December 31, 2013 as compared to $104.3 million or $2,370 per home for the comparable period in the prior year. Major renovations for the year ended December 31, 2013 were primarily attributable to the redevelopment of two wholly-owned communities (1,423 of 1,670 apartment homes being redeveloped, 1,008 of which have been completed) with a budget of $173.3 million of which we have $134.3 million of costs incurred at December 31, 2013 . The scope of the redevelopments at both projects changed in the fourth quarter. The budget for our Rivergate project in Manhattan expanded due to the identification of further revenue generating opportunities, while we tabled for the foreseeable future additional home interior renovations at our 27 Seventy Five Mesa Verde project in Orange County due to lower than expected demand in that particular submarket.

The following table outlines capital expenditures and repair and maintenance costs for all of our communities, excluding real estate under developments and commercial properties, for the years ended December 31, 2013 and 2012:

	Years Ended December 31, (dollars in thousands)			Per Home Years Ended December 31,		
	2013	**2012**	**% Change**	**2013**	**2012**	**% Change**
Turnover capital expenditures	**$ 11,850**	$ 13,875	(14.6)%	**$ 288**	$ 315	(8.6)%
Asset preservation expenditures	**30,857**	28,374	8.8 %	**752**	645	16.6 %
Total recurring capital expenditures	**42,707**	42,249	1.1 %	**1,040**	960	8.3 %
Revenue-enhancing improvements	**10,364**	10,772	(3.8)%	**253**	245	3.3 %
Major renovations	**92,141**	104,280	(11.6)%	**2,244**	2,370	(5.3)%
Total capital expenditures	**$ 145,212**	$ 157,301	(7.7)%	**$ 3,537**	$ 3,576	(1.1)%
Repair and maintenance expense	**$ 32,692**	$ 36,158	(9.6)%	**$ 796**	$ 821	(3.0)%
Average stabilized home count (a)	**41,052**	43,992				

(a) Average number of homes is calculated based on the number of stabilized homes outstanding at the end of each month.

We will continue to selectively add revenue enhancing improvements which we believe will provide a return on investment in excess of our cost of capital. Our objective in redeveloping a community is twofold: we aim to meaningfully grow rental rates while also achieving cap rate compression through asset quality improvement. Recurring capital expenditures during 2014 are projected to be approximately $1,100 per home.

Real Estate Under Development and Redevelopment

At December 31, 2013 , our development pipeline for six wholly-owned communities totaled 1,765 homes, 422 of which have been completed, with a budget of $697.6 million in which we have a carrying value of $467.4 million . During 2013, we incurred $279.6 million for development costs, an increase of $32.7 million from our 2012 level of $246.9 million . The estimated completion dates for these communities will be through the second quarter of 2015.

The following wholly-owned projects were under development or recently completed as of December 31, 2013 *(dollars in thousands)* :

	Location	Number of Apartment Homes	Completed Apartment Homes	Cost to Date	Budgeted Cost	Estimated Cost Per Home	Expected Completion Date
Projects Under Construction:							
Channel @ Mission Bay	San Francisco, CA	315	98	$ 141,268	$ 145,000	$ 460	1Q2014
Domain College Park (d)	College Park, MD	256	164	58,400	65,100	254	1Q2014
Los Alisos	Mission Viejo, CA	320	160	80,623	87,050	272	1Q2014
DelRay Tower (a) (b)	Alexandria, VA	332	—	80,063	132,000	398	3Q2014
Beach Walk	Huntington Beach, CA	173	—	28,057	50,700	293	3Q2014
Pier 4	Boston, MA	369	—	79,002	217,700	590	2Q2015
Total		1,765	422	467,413	697,550	395	
Completed Projects, Non-Stabilized:							
The Residences at Bella Terra (c)	Huntington Beach, CA	467	467	147,185	150,000	321	4Q2013
13th & Market (c) (d)	San Diego, CA	264	264	71,132	75,500	286	4Q2013
Total		731	731	218,317	225,500	308	
Total Projects		**2,496**	**1,153**	**$ 685,730**	**$ 923,050**	**$ 370**	

(a) This project is held by the Operating Partnership.
(b) Formerly known as The Calvert.
(c) These projects were recently completed but not yet stabilized.
(d) These projects were consolidated in December 2013 due to UDR becoming the managing partner.

During 2013 , we continued to redevelop properties in targeted markets where we concluded there was an opportunity to add value. At December 31, 2013, the Company is redeveloping 1,423 apartment homes, 1,008 of which have been completed, at two wholly-owned communities with 1,670 total apartment homes. The scope of the redevelopments at both projects changed in the fourth quarter. The budget for our Rivergate project in Manhattan expanded due to the identification of further revenue generating opportunities, while we tabled for the foreseeable future additional home interior renovations at our 27 Seventy Five Mesa Verde project in Orange County due to lower than expected demand in that particular submarket. During the year ended December 31, 2013 , we incurred $92.1 million in major renovations, which include major structural changes and/or architectural revisions to existing buildings, a decrease of $12.2 million from our 2012 level of $104.3 million. The estimated completion dates for these communities will be through the third quarter of 2014.

At December 31, 2013 , the following communities were in redevelopment *(dollars in thousands)* :

	Location	Number of Apartment Homes	Scheduled Redevelopment Homes	Completed Apartment Homes	Cost to Date	Budgeted Cost	Estimated Cost Per Home	Expected Completion Date
Rivergate (a)	New York, NY	706	675	379	$ 61,680	$ 98,000	$ 145	3Q2014
27 Seventy Five Mesa Verde (b) (c)	Costa Mesa, CA	964	748	629	72,581	75,300	101	2Q2014
		1,670	**1,423**	**1,008**	**$ 134,261**	**$ 173,300**	**$ 122**	

(a) The community will have 739 homes upon completion.
(b) Formerly known as Pine Brook Village I & II and Villa Venetia. These communities were combined in 2013.
(c) This project is held by the Operating Partnership.

Consolidated Joint Ventures

In December 2013, the Company consolidated its 95%/5% development joint ventures 13th and Market in San Diego, CA and Domain College Park in Metropolitan, D.C. The consolidation was due to the Company becoming the managing partner of each of the joint ventures pursuant to amendments to the LLC Agreements. In connection with the amendments, our partner received equity distributions reducing its capital account balances to zero, the Company replaced our partner as the managing partner, and our partner no longer has the ability to substantively participate in the decision-making process, with only protective rights remaining. We accounted for the consolidations as asset acquisitions since the joint ventures were under development and not complete at the time of consolidation resulting in no gain or loss upon consolidation and increasing our real estate owned by $129.4 million and our debt owed by $63.6 million. In addition, pursuant to the amendments, the Company paid a non-refundable deposit to our partner in January 2014 of $2.0 million for each joint venture, or $4.0 million in total, for the right to exercise options in 2014 to acquire our partner's upside participation in the joint ventures. The non-refundable deposits will be applied towards the future purchase price, which will be equivalent to our partner's right to receive certain upside participation from the developments.

In May 2012, the Company formed a joint venture with an unaffiliated third party to acquire Pier 4 (land for future development) in Boston, Massachusetts. At closing, UDR owned a 98.0% interest in the joint venture. The Company's total investment of $26.6 million consisted of our initial investment and the acquisition of its partner's 2.0% ownership interest in the joint venture in 2012.

In September 2012, the Company formed a joint venture with an unaffiliated third party to acquire 3032 Wilshire (land for future development) in Santa Monica, California. At closing and at December 31, 2013, UDR owned a controlling interest of 95% in the joint venture for an initial investment of $10.3 million.

In October 2012, the Company formed a joint venture with an unaffiliated third party to acquire 2919 Wilshire (land for future development) in Santa Monica, California. At closing and at December 31, 2013, UDR owned a controlling interest of 95% in the joint venture for an initial investment of $7.0 million.

In 2011, the Company invested in a joint venture with an unaffiliated third party to acquire and redevelop Beach Walk, an existing commercial property, into a 173 apartment home community in Huntington Beach, California. At closing, the Company contributed $9.0 million and owned a 90% controlling interest in the investment. Under the terms of the operating agreement, our partner was required to achieve certain criteria as it relates to the entitlement process. If the criteria were met on or before 730 days after the site plan application was deemed complete by the City of Huntington Beach, the Company was obligated to contribute an additional $3.0 million to the joint venture for distribution to our partner. At the acquisition date, the Company accrued and capitalized $3.0 million related to the contingent consideration, which represented the difference between fair value of the property of $9.8 million on the formation date and the estimated fair value of the underlying property upon completion of the entitlement process of $12.8 million. The Company estimated the fair value based on Level 3 inputs utilized in a third party valuation. In 2012, the Company paid the joint venture partner a total of $4.1 million for its 10% noncontrolling interest and settlement of the contingent consideration.

Unconsolidated Joint Ventures and Partnerships

The Company recognizes earnings or losses from our investments in unconsolidated joint ventures and partnerships consisting of our proportionate share of the net earnings or losses of the joint ventures and partnerships.

The following table summarizes the Company's investment in and advances to unconsolidated joint ventures and partnerships, net which are accounted for under the equity method of accounting as of December 31, 2013 and 2012 *(dollars in thousands)* :

Joint Venture	Location of Properties	Number of Properties 2013	Number of Apartment Homes 2013	Investment at 2013	Investment at 2012	UDR's Ownership Interest 2013	UDR's Ownership Interest 2012
Operating and development:							
UDR/MetLife I (a)	Various	8 operating communities	1,641	$ 47,497	$ 74,964	13.2%	13.3%
		7 land parcels	N/A			4.0%	4.3%
UDR/MetLife II (a)	Various	15 operating communities	3,119	327,926	326,600	50.0%	50.0%
UDR/MetLife Vitruvian Park ® (b)	Addison, TX	2 operating communities	739	79,318	—	50.0%	—
		1 non-stabilized community	391				
		6 land parcels	N/A				
UDR/MetLife 399 Fremont (c)	San Francisco, CA	1 development community (*)	447	36,313	—	51.0%	—
UDR/KFH (d)	Washington, D.C.	3 operating communities	660	25,919	29,589	30.0%	30.0%
Texas (e)	Texas	8 operating communities	3,359	(23,591)	(25,309)	20.0%	20.0%
Lodge at Stoughton (f)	Stoughton, MA	—	—	—	16,311	—	95.0%
13th & Market (g)	San Diego, CA	—	—	—	29,930	—	95.0%
Domain College Park (g)	College Park, MD	—	—	—	25,546	—	95.0%
Investment in and advances to unconsolidated joint ventures, net, before participating loan investment				493,382	477,631		

	Location	Preferred Return	Years To Maturity	Investment at 2013	Investment at 2012	Income From Participating Loan Investment For The Years Ended 2013	2012	2011
Participating Loan Investment:								
Steele Creek (h)	Denver, CO	6.5%	3.8	14,273	—	$156	$—	$—
Total investment in and advances to unconsolidated joint ventures, net				$ 507,655	$ 477,631			

(*) The number of apartment homes for the communities under development presented in the table above is based on the projected number of total homes. The number of apartment homes completed as of December 31, 2013 for one development community at UDR/MetLife 399 Fremont was zero.

(a) In June 2013 and within UDR/MetLife I, the Company exchanged with MetLife its approximately 10% ownership interest in four operating communities and paid MetLife an additional $15.6 million in cash for an increased ownership interest of approximately 35% in two high-rise operating communities, bringing UDR's ownership interest in the two high-rise operating communities to 50% each. The two high-rise operating communities are located in Denver, Colorado and San Diego, California and were subsequently contributed to UDR/MetLife II. The four operating communities in which UDR exchanged its ownership interest are located in Metropolitan D.C.; San Francisco, California; Dallas, Texas; and Charlotte, North Carolina. UDR continues to fee manage the four operating communities in which UDR exchanged its ownership interests.

In November 2012, the Company exchanged its 12% ownership interest in four operating communities and 3.1% ownership in two land parcels in UDR/MetLife I, and paid MetLife $10.0 million in cash for an additional 41% ownership interest in The Olivian, a high-rise building located in downtown Seattle, bringing UDR's ownership interest in The Olivian to 50% . The community was contributed to UDR/MetLife II. The properties and land parcels, in which UDR exchanged its ownership interest, are located in Houston, Texas; Tampa, Florida; Charlotte, North Carolina; and Chicago, Illinois. UDR continued to fee manage the four operating communities.

In January 2012, the Company formed a new real estate joint venture, UDR/MetLife II, with MetLife, in which each party owned a 50% interest. The 12 communities in the joint venture included seven from UDR/MetLife I, while the remaining five operating communities were newly acquired by UDR/MetLife II. The newly acquired communities, collectively known as Columbus Square, were recently developed, high-rise apartment buildings located on the Upper West Side of Manhattan and were purchased for $637.5 million . The Company serves as the general partner with significant participating rights held by our partner. The Company earns property management, asset management and financing fees. Our initial investment was $327.1 million , which consisted of $293.5 million of cash paid and $33.6 million of our equity in the seven communities transferred from UDR/MetLife I.

(b) In June 2013, the Company sold a 50% interest in five partnerships (the "UDR/MetLife Vitruvian Park ® Partnerships") to MetLife for approximately $141.3 million . The transaction resulted in a gain of approximately $436,000 which the Company has deferred until the terms of the construction completion guarantee have been met. Under the terms of the UDR/MetLife Vitruvian Park ® Partnerships, the Company serves as the general partner with significant participating rights held by our partner, and earns fees for property management, asset management, and financing transactions. The UDR/MetLife Vitruvian Park ® Partnerships are accounted for under the equity method of accounting. Our initial investment was approximately $80.2 million , which consisted of approximately $140.0 million (50 % of our net book value of the real estate at the time of the transaction) reduced by our share of the net proceeds received upon encumbering the assets of approximately $58.7 million and other operating adjustments.

(c) In January 2012, the Company formed a joint venture with an unaffiliated third party to acquire 399 Fremont (land for future development) in the Rincon Hill neighborhood of San Francisco, California. At closing, UDR owned a noncontrolling interest of 92.5% in the joint venture. The Company's total investment was $55.5 million, which consisted of its initial investment of $37.3 million and an option to exercise its right to acquire its partner's 7.5% ownership interest in the joint venture. In October 2012, the Company exercised its option and paid $13.5 million. In January 2013, the Company subsequently acquired its partner's 7.5% ownership interest for $4.7 million. In December 2013, the Company sold a 49% interest to MetLife in the fully-entitled 399 Fremont land parcel for approximately $29.9 million. In conjunction with the sale, the Company formed a new unconsolidated real estate joint venture with MetLife, UDR/MetLife 399 Fremont, to develop a $318 million, 447-home, luxury high-rise tower on the site. Construction commenced in the first quarter 2014. As the Company recently acquired the 399 Fremont land parcel, the sale price was equivalent to the cost basis resulting in no gain or loss on the transaction. Under the terms of the partnership, the Company serves as the general partner with significant participating rights held by our partner, and has the ability to earn fees for development management, property management, asset management, and financing transactions. The UDR/MetLife 399 Fremont Partnership is accounted for under the equity method of accounting. Our initial investment was approximately $31.1 million.

(d) UDR is a partner with an unaffiliated third party, which formed a joint venture for the investment of up to $450 million in multifamily properties located in key, high barrier to entry markets. The partners will contribute equity of $180 million of which the Company's maximum equity will be 30% or $54 million when fully invested.

(e) During the year ended December 31, 2012 , the Company acquired the remaining 80% ownership interests in two apartment communities (633 homes) in Austin, Texas for $11.7 million from the joint venture. The Company's investment in the joint venture at December 31, 2013 and 2012 was net of deferred profits on the sale of depreciable properties to the joint venture of $24.0 million and $28.5 million , respectively.

(f) In December 2013, the Company sold its 95% interest in the Lodge at Stoughton, a recently developed unconsolidated joint venture community located in the greater Boston area, for approximately $48.5 million, based on our 95% ownership, which resulted in a gain (before tax) of approximately $8.3 million. In conjunction with the sale, the Company provided the buyer with a $40.8 million three-month bridge loan at LIBOR plus a spread of 350 basis points with two three-month extension options at increased rates.

(g) In December 2013, the Company consolidated its 95%/5% development joint ventures 13 th and Market in San Diego, CA and Domain College Park in Metropolitan, D.C. The consolidation was due to the Company becoming the managing partner of each of the joint ventures. For additional information, see the "Consolidated Joint Ventures" section above.

(h) In October 2013, the Company entered into a participating debt financing arrangement with a third party that is developing a $108 million, 218-home, high-rise luxury community located adjacent to the Cherry Creek mall in Denver, Colorado. Per the terms of the agreement, UDR will finance up to 85%, or approximately $92.0 million, of the development cost at an interest rate of 6.5% per annum on the outstanding debt balance. In addition, the Company has the option to purchase the community upon completion of construction and has a 50% participating interest in the profit upon the acquisition of the community or sale to a third party. The Company will account for the arrangement consistent with an investment in real estate under the equity method of accounting. As of December 31, 2013, our loan receivable balance was $14.3 million which was included in *Investment In and Advances To Unconsolidated Joint Ventures* on the Consolidated Balance Sheets. Also we recognized $156,000 of interest income included in *Income/(Loss) from Unconsolidated Entities* on the Consolidated Statements of Operations.

Disposition of Investments

In 2013 , UDR sold two apartment communities in the Sacramento market, consisting of 914 apartment homes for gross proceeds of $81.1 million. UDR recognized gains of $41.9 million , which are included in *Income/(Loss) from Discontinued Operations, Net of Tax* on the UDR Consolidated Statements of Operations. Proceeds were used primarily to fund development and redevelopment activity and reduce debt.

In 2012, UDR sold 21 apartment communities, which had 6,507 apartment homes for gross proceeds of $609.4 million. UDR recognized gains (before tax) of $260.4 million, which are included in *Income/(Loss) from Discontinued Operations, Net of Tax* on the UDR Consolidated Statements of Operations. Proceeds were used primarily to fund development and redevelopment activity and reduce debt.

In 2011, UDR sold 18 apartment communities (4,488 homes), which included six apartment home communities (1,418 homes) sold in conjunction with an asset exchange in April 2011, for gross proceeds of $593.4 million. UDR recognized gains (before tax) of $138.5 million, which are included in *Income/(Loss) from Discontinued Operations, Net of Tax* on the UDR Consolidated Statements of Operations. Proceeds were used primarily to acquire apartment home communities and reduce debt.

We plan to continue to pursue our strategy of exiting markets where long-term growth prospects are limited and redeploying capital to target locations in core markets we believe will provide the best investment returns.

Financing Activities

For the years ended December 31, 2013 , 2012 and 2011, our net cash provided by/(used in) financing activities was $(198.6) million , $(116.0) million and $806.3 million , respectively.

The following significant financing activities occurred during the year ended December 31, 2013 :

- issued $300 million of 3.70% senior unsecured medium-term notes due October 2020. Interest is payable semiannually beginning in April 2014. We used the net proceeds to repay the borrowings outstanding on our $900 million unsecured revolving credit facility and for general corporate purposes. The notes are fully and unconditionally guaranteed by the Operating Partnership;
- repaid $46.6 million of secured debt. The $46.6 million of secured debt included $42.2 million of mortgage payments and the repayment of $4.4 million of credit facilities;
- repaid $122.5 million of 6.05% unsecured medium-term notes due June 2013; and
- amended and re-priced its $100 million and $250 million unsecured term notes due in January 2016. The notes were re-priced from LIBOR plus 142.5 basis points to LIBOR plus 125 basis points, and the maturity dates were extended to June 2018.

The following significant financing activities occurred during the year ended December 31, 2012 :

- repaid $491.9 million of secured debt. The $491.9 million of secured debt includes $157.2 million of construction loans, which were due at various dates ranging from November 2012 through October 2014 with variable interest rates ranging from 2.23% to 2.46% and with a fixed interest rate of 3.25%, repayment of $212.5 million of credit facilities, which were due at various dates ranging from April 2012 through May 2017 with variable interests rates ranging from

0.75% to 2.85% and with fixed interest rates ranging from 4.86% to 6.12%, and $122.2 million of mortgage payments, which were due at various dates ranging from August 2012 through June 2032 with fixed interest rates ranging from 3.43% to 6.76% and a variable interest rate of 1.84%;

- repaid $445.0 million of unsecured debt, which includes $100 million of 5.00% Medium Term Notes due January 2012, and net payments of $345.0 million were applied toward borrowings under the Company's $900 million revolving credit facility;

- issued $400 million in 4.625% Medium Term Notes due January 2022 with a discount of $3.6 million;

- in September 2011, the Company entered into a new equity distribution agreement in connection with filing a new registration statement on Form S-3. The new equity distribution agreement replaced the March 2011 agreement, and no material changes were made to the equity distribution agreement. In April 2012, the Company entered into a new equity distribution agreement, under which the Company could offer and sell up to 20 million shares of its common stock, from time to time, to or through its sales agents. During the year ended December 31, 2012, we sold 8,640,969 shares of common stock through these programs (8,569,969 shares remaining under the September 2011 program and 71,000 shares under the April 2012 program) for aggregate gross proceeds of approximately $222.1 million at a weighted average price per share of $25.18. Aggregate net proceeds from such sales, after deducting related expenses, including commissions paid to the sales agents of approximately $4.5 million, were approximately $217.6 million, and were used to fund development and redevelopment activities, for working capital and for general corporate purposes. During the year ended December 31, 2013, no shares of common stock were sold under the April 2012 program. As of December 31, 2013, we had 19,929,000 shares of common stock available for sale under the April 2012 program;

- completed the redemption of all outstanding shares of its 6.75% Series G Cumulative Redeemable Preferred Stock. A total of 3,264,362 shares of the Series G Preferred Stock was redeemed at a redemption price of $25 per share in cash, plus accrued and unpaid dividends to the redemption date for a total cost of $82.1 million; and

- closed a public offering of 19,000,000 shares of its common stock, in addition to 2,850,000 shares sold as a result of the underwriters' exercise of their overallotment option in full at the closing, at a price of $25.70 per share, for gross proceeds of approximately $561.5 million and net proceeds of approximately $538.8 million after underwriting discounts and commissions and estimated offering expenses.

Credit Facilities

As of December 31, 2013 , we have secured credit facilities with Fannie Mae with an aggregate commitment of $838.1 million with $838.1 million outstanding. The Fannie Mae credit facilities are for terms of seven to ten years and bear interest at floating and fixed rates. We have $626.7 million of the funded balance fixed at a weighted average interest rate of 4.99% and the remaining balance of $211.4 million on these facilities is currently at a weighted average variable rate of 1.61% at December 31, 2013 . In June 2013, the Company refinanced $186 million of a Fannie Mae credit facility that carried an interest rate equal to LIBOR plus a spread of 284 basis points and was scheduled to mature in 2019. The new loans include a $90 million, 7-year fixed-rate loan that carries an interest rate of 3.95% and a $96 million, 10-year variable-rate loan that carries an interest rate equal to LIBOR plus a spread of 190 basis points. Three of the Company's communities were released from the facility and added to the Company's unencumbered asset pool in connection with the refinancing.

In June 2013, the Company amended its $900 million unsecured revolving credit facility. The amendment extended the maturity date from October 2015 to December 2017, includes a six month extension option, and contains an accordion feature that allows the Company to increase the facility to $1.45 billion. Based on the Company's current credit rating, the credit facility carries an interest rate equal to LIBOR plus a spread of 110 basis points and a facility fee of 20 basis points. As of December 31, 2013 , we had no outstanding borrowings under the credit facility, leaving $900 million of unused capacity (excluding $2.2 million of letters of credit at December 31, 2013).

The Fannie Mae credit facilities and the bank unsecured revolving credit facility are subject to customary financial covenants and limitations. As of December 31, 2013, we were in compliance with all financial covenants under these credit facilities.

Interest Rate Risk

We are exposed to interest rate risk associated with variable rate notes payable and maturing debt that has to be refinanced. We do not hold financial instruments for trading or other speculative purposes, but rather issue these financial

instruments to finance our portfolio of real estate assets. Interest rate sensitivity is the relationship between changes in market interest rates and the fair value of market rate sensitive assets and liabilities. Our earnings are affected as changes in short-term interest rates impact our cost of variable rate debt and maturing fixed rate debt. We had $404.7 million in variable rate debt that is not subject to interest rate swap contracts as of December 31, 2013 . If market interest rates for variable rate debt increased by 100 basis points, our interest expense would increase by $5.5 million based on the average balance outstanding during the year.

These amounts are determined by considering the impact of hypothetical interest rates on our borrowing cost. These analysis do not consider the effects of the adjusted level of overall economic activity that could exist in such an environment. Further, in the event of a change of such magnitude, management would likely take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, the sensitivity analysis assumes no change in our financial structure.

The Company also utilizes derivative financial instruments to manage interest rate risk and generally designates these financial instruments as cash flow hedges. See Note 13, *Derivatives and Hedging Activities* , in the Notes to the UDR Consolidated Financial Statements included in this Report for additional discussion of derivate instruments.

Funds from Operations, Funds from Operations as Adjusted, and Adjusted Funds from Operations

Funds from Operations

Funds from operations ("FFO") is defined as net income (computed in accordance with GAAP), excluding impairment write-downs of depreciable real estate or of investments in non-consolidated investees that are driven by measurable decreases in the fair value of depreciable real estate held by the investee, gains (or losses) from sales of depreciable property, plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. This definition conforms with the National Association of Real Estate Investment Trust's ("NAREIT") definition issued in April 2002. Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, many industry investors and analysts have considered the presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. Thus, NAREIT created FFO as a supplemental measure of a REIT's operating performance. In the computation of diluted FFO, OP Units, unvested restricted stock, stock options, and the shares of Series E Cumulative Convertible Preferred Stock are dilutive; therefore, they are included in the diluted share count.

Activities of taxable REIT subsidiary ("TRS"), RE [3,] include development and land entitlement. From time to time, we develop and subsequently sell a TRS property which results in a short-term use of funds that produces a profit that differs from the traditional long-term investment in real estate for REITs. We believe that the inclusion of these TRS gains in FFO is consistent with the standards established by NAREIT as the short-term investment is incidental to our main business. TRS gains on sales, net of taxes, are defined as net sales proceeds less a tax provision and the gross investment basis of the asset before accumulated depreciation.

We consider FFO a useful metric for investors as we use FFO in evaluating property acquisitions and our operating performance, and believe that FFO should be considered along with, but not as an alternative to, net income and cash flow as a measure of our activities in accordance with GAAP. FFO does not represent cash generated from operating activities in accordance with GAAP and is not necessarily indicative of funds available to fund our cash needs.

Funds from Operations as Adjusted

FFO as Adjusted is defined as FFO excluding the impact of acquisition-related costs and other non-comparable items including, but not limited to, prepayment costs/benefits associated with early debt retirement, gains on sales of marketable securities and TRS property, deferred tax valuation allowance increases and decreases, storm-related expenses and recoveries, severance costs and legal costs. Management believes that FFO as Adjusted is useful supplemental information regarding our operating performance as it provides a consistent comparison of our operating performance across time periods and allows investors to more easily compare our operating results with other REITs.

FFO as Adjusted is not intended to represent cash flow or liquidity for the period, and is only intended to provide an additional measure of our operating performance. We believe that net income attributable to UDR, Inc. is the most directly comparable GAAP financial measure to FFO as Adjusted. However, other REITs may use different methodologies for calculating FFO as Adjusted or similar FFO measures and, accordingly, our FFO as Adjusted may not always be comparable to FFO as Adjusted or similar FFO measures calculated by other REITs. FFO as Adjusted should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of financial performance, or as an alternative to cash flows from operating activities (determined in accordance with GAAP) as a measure of our liquidity.

Adjusted Funds from Operations

Adjusted FFO, or "AFFO", is a non-GAAP financial measure that management uses as a supplemental measure of our performance. AFFO is defined as FFO as Adjusted less recurring capital expenditures that are necessary to help preserve the value of and maintain functionality at our communities. Therefore, Management considers AFFO a useful supplemental performance metric for investors as it is more indicative of the Company's operational performance than FFO or FFO as Adjusted.

AFFO is not intended to represent cash flow or liquidity for the period, and is only intended to provide an additional measure of our operating performance. We believe that net income attributable to UDR, Inc. is the most directly comparable GAAP financial measure to AFFO. Management believes that AFFO is a widely recognized measure of the operations of REITs, and presenting AFFO will enable investors to assess our performance in comparison to other REITs. However, other REITs may use different methodologies for calculating AFFO and, accordingly, our AFFO may not always be comparable to AFFO calculated by other REITs. AFFO should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of financial performance, or as an alternative to cash flows from operating activities (determined in accordance with GAAP) as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make distributions.

The following table outlines our reconciliation of *Net Income/(Loss) Attributable to UDR, Inc* . to FFO, FFO as Adjusted, and AFFO for the years ended December 31, 2013 , 2012 , and 2011 (*dollars in thousands):*

	Years Ended December 31,		
	2013	**2012**	**2011**
Net income/(loss) attributable to UDR, Inc.	**$ 44,812**	$ 212,177	$ 20,023
Distributions to preferred stockholders	**(3,724)**	(6,010)	(9,311)
Real estate depreciation and amortization, including discontinued operations	**341,490**	350,400	370,343
Net income/(loss) attributable to noncontrolling interests	**1,470**	8,126	562
Real estate depreciation and amortization on unconsolidated joint ventures	**33,180**	32,531	11,631
Net (gain)/loss on the sale of depreciable property in discontinued operations, excluding TRS	**(40,450)**	(243,805)	(123,217)
Premium on preferred stock redemption or repurchases, net	**—**	(2,791)	(175)
Funds from operations ("FFO"), basic	**$ 376,778**	$ 350,628	$ 269,856
Distribution to preferred stockholders — Series E (Convertible)	**3,724**	3,724	3,724
FFO, diluted	**$ 380,502**	$ 354,352	$ 273,580
FFO per common share, basic	**$ 1.45**	$ 1.41	$ 1.29
FFO per common share, diluted	**$ 1.44**	$ 1.40	$ 1.28
Weighted average number of common shares and OP Units outstanding — basic	**259,306**	248,262	208,896
Weighted average number of common shares, OP Units, and common stock equivalents outstanding — diluted	**263,926**	252,659	214,086
Impact of adjustments to FFO:			
Acquisition-related costs (including joint ventures)	$ —	$ 2,762	$ 6,076
Joint venture financing and acquisition fee	**(254)**	—	(2,335)
Costs/(benefit) associated with debt extinguishment and tender offer	**178**	(277)	4,602
Redemption of preferred stock	**—**	2,791	175
Gains on sale of TRS property and marketable securities	**(2,651)**	(7,749)	(9,780)
Severance costs and other restructuring expense	**—**	733	1,342
Reversal of deferred tax valuation allowance	**—**	(21,530)	—
Hurricane-related (recoveries)/charges, net	**(9,665)**	9,262	—
	$ (12,392)	$ (14,008)	$ 80
FFO as Adjusted, diluted	**$ 368,110**	$ 340,344	$ 273,660
FFO as Adjusted per common share, diluted	**$ 1.39**	$ 1.35	$ 1.28
Recurring capital expenditures	**(42,707)**	(42,249)	(44,563)
AFFO	**$ 325,403**	$ 298,095	$ 229,097
AFFO per common share, diluted	**$ 1.23**	$ 1.18	$ 1.07

The following table is our reconciliation of FFO share information to weighted average common shares outstanding, basic and diluted, reflected on the Consolidated Statements of Operations for the years ended December 31, 2013 , 2012 , and 2011 *(shares in thousands):*

	Years Ended December 31,		
	2013	**2012**	**2011**
Weighted average number of common shares and OP Units outstanding — basic	**259,306**	248,262	208,896
Weighted average number of OP Units outstanding	**(9,337)**	(9,411)	(7,602)
Weighted average number of common shares outstanding — basic per the Consolidated Statements of Operations	**249,969**	238,851	201,294
Weighted average number of common shares, OP Units, and common stock equivalents outstanding — diluted	**263,926**	252,659	214,086
Weighted average number of OP Units outstanding	**(9,337)**	(9,411)	(7,602)
Weighted average incremental shares from assumed conversion of stock options	**(1,169)**	(1,213)	(1,297)
Weighted average incremental shares from unvested restricted stock	**(415)**	(148)	(857)
Weighted average number of Series E preferred shares outstanding	**(3,036)**	(3,036)	(3,036)
Weighted average number of common shares outstanding — diluted per the Consolidated Statements of Operations	**249,969**	238,851	201,294

A presentation of cash flow metrics based on GAAP is as follows (*dollars in thousands*):

	Years Ended December 31,		
	2013	**2012**	**2011**
Net cash provided by operating activities	**$ 339,902**	$ 327,187	$ 251,411
Net cash provided by/(used in) investing activities	**$ (123,209)**	$ (211,582)	$ (1,054,683)
Net cash provided by/(used in) financing activities	**$ (198,559)**	$ (115,993)	$ 806,289

Results of Operations

The following discussion explains the changes in results of operations that are presented in our Consolidated Statements of Operations for the years ended December 31, 2013, 2012, and 2011, and includes the results of both continuing and discontinued operations for the periods presented.

Net Income/(Loss) Attributable to Common Stockholders

2013 -vs- 2012

Net income attributable to common stockholders was $41.1 million ($0.16 per diluted share) for the year ended December 31, 2013 as compared to net income of $203.4 million ($0.85 per diluted share) for the comparable period in the prior year. The decrease in net income attributable to common stockholders for the year ended December 31, 2013 resulted primarily from the following items, all of which are discussed in further detail elsewhere within this Report:

- a decrease in net gains of $218.5 million on the sale of depreciable property related to the disposition of two communities in 2013 as compared to 21 communities in 2012; and
- a decrease of $12.8 million in tax benefit primarily due to the reversal of our tax valuation allowance during 2012.

This was partially offset by:

- an increase in total property NOI primarily due to higher occupancy and higher revenue per occupied home partially offset by the disposition of 21 communities in 2012;

- hurricane-related recoveries in 2013 resulting from the effects of Hurricane Sandy on three of our New York, New York communities in 2012 (see Note 16, *Hurricane-Related (Recoveries)/Charges* , in the Notes to the UDR Consolidated Financial Statements included in this Report for more details);

- a decrease in depreciation and amortization expense primarily from the disposition of assets in 2012 and intangible assets related to in place leases acquired in 2011 and 2012 becoming fully amortized in 2012, which was partially offset by the depreciation from developed and redeveloped units placed in service in 2012 and 2013;

- a decrease in loss from unconsolidated entities primarily due to an $8.3 million gain ($5.3 million net of tax expense) on the sale of our 95% interest in the Lodge at Stoughton; and

- a decrease in interest expense due to lower average debt balances, lower average interest rates, and higher capitalized interest from development and redevelopment activities.

2012 -vs- 2011

Net income attributable to common stockholders was $203.4 million ($0.85 per diluted share) for the year ended December 31, 2012 as compared to net income of $10.5 million ($0.05 per diluted share) for the comparable period in the prior year. The increase in net income attributable to common stockholders for the year ended December 31, 2012 resulted primarily from the following items, all of which are discussed in further detail elsewhere within this Report:

- an increase in total property NOI primarily due to higher occupancy and higher revenue per occupied home and the acquisition of operating communities partially offset by a higher level of dispositions in 2012;

- an increase in net gains of $126.3 million on the sale of depreciable property related to the disposition of 21 communities in 2012 as compared to 18 communities in 2011;

- an increase in tax benefit of $28.7 million primarily due to the reversal of our tax valuation allowance in 2012;

- a decrease in depreciation and amortization expense primarily from the disposition of assets in 2012 and 2011, partially offset by an increase in depreciation expense due to the acquisition of operating communities in 2012 and 2011 and depreciation from developed and redeveloped units placed in service in 2011 and 2012; and

- a decrease in interest expense due to early debt extinguishment during the year ended December 31, 2012, and the write off of $4.0 million of deferred financing costs related to prepayment of debt in 2011.

This was partially offset by:

- hurricane-related charges in 2012 resulting from the effects of Hurricane Sandy on three of our New York, New York communities in 2012 (see Note 16, *Hurricane-Related (Recoveries)/Charges* , in the Notes to the UDR Consolidated Financial Statements included in this Report for more details).

Apartment Community Operations

Our net income results are primarily from net operating income ("NOI") generated from the operation of our apartment communities. The Company defines NOI, which is a non-GAAP financial measure, as rental income less direct property rental expenses. Rental income represents gross market rent less adjustments for concessions, vacancy loss and bad debt. Rental expenses include real estate taxes, insurance, personnel, utilities, repairs and maintenance, administrative and marketing. Excluded from NOI is property management expense which is calculated as 2.75% of property revenue to cover the regional supervision and accounting costs related to consolidated property operations and land rent.

The following table summarizes the operating performance of our total property NOI (which includes discontinued operations) for each of the periods presented *(dollars in thousands):*

	Years Ended December 31, (a)			Years Ended December 31, (b)		
	2013	**2012**	**% Change**	**2012**	**2011**	**% Change**
Same-Store Communities:						
Same-store rental income	**$ 613,733**	$ 584,999	4.9 %	$ 516,828	$ 490,674	5.3 %
Same-store operating expense (c)	**(189,224)**	(184,393)	2.6 %	(166,087)	(161,569)	2.8 %
Same-store NOI	**424,509**	400,606	6.0 %	350,741	329,105	6.6 %
Non-Mature Communities/Other NOI:						
Acquired communities NOI	**19,291**	16,709	15.5 %	60,732	31,333	93.8 %
Sold or held for sale communities NOI	**7,932**	29,941	(73.5)%	19,750	67,239	(70.6)%
Developed communities NOI	**4,846**	(334)	(1,550.9)%	7,948	6,612	20.2 %
Redeveloped communities NOI	**44,991**	42,026	7.1 %	47,426	36,127	31.3 %
Commercial NOI and other	**12,472**	15,252	(18.2)%	17,603	14,344	22.7 %
Total non-mature communities/other NOI	**89,532**	103,594	(13.6)%	153,459	155,655	(1.4)%
Total Property NOI	**$ 514,041**	$ 504,200	2.0 %	$ 504,200	$ 484,760	4.0 %

(a) Same-store consists of 35,790 apartment homes.

(b) Same-store consists of 33,823 apartment homes.

(c) Excludes depreciation, amortization, and property management expenses.

The following table is our reconciliation of total property NOI to *Net Income/(Loss) Attributable to UDR , Inc* . as reflected, for both continuing and discontinued operations, for the periods presented (*dollars in thousands):*

	Years Ended December 31,		
	2013	**2012**	**2011**
Total property NOI	**$ 514,041**	$ 504,200	$ 484,760
Joint venture management and other fees	**12,442**	11,911	9,668
Property management	**(20,780)**	(20,465)	(20,101)
Other operating expenses	**(7,136)**	(5,718)	(6,118)
Real estate depreciation and amortization	**(341,490)**	(350,401)	(370,343)
General and administrative	**(42,238)**	(43,792)	(47,257)
Hurricane-related recoveries/(charges), net	**12,253**	(8,495)	—
Other depreciation and amortization	**(6,741)**	(4,105)	(3,931)
Income/(loss) from unconsolidated entities	**(415)**	(8,579)	(6,352)
Interest expense	**(126,083)**	(138,792)	(156,366)
Interest and other income/(expense), net	**4,681**	2,703	5,688
Tax benefit, net	**7,299**	30,282	5,647
Net (income)/loss attributable to redeemable noncontrolling interests in the Operating Partnership	**(1,530)**	(7,986)	(395)
Net (income)/loss attributable to noncontrolling interests	**60**	(140)	(167)
Net gain/(loss) on sale of depreciable property, net of impairment and tax	**40,449**	251,554	125,290
Net income/(loss) attributable to UDR, Inc.	**$ 44,812**	$ 212,177	$ 20,023

Same -Store Communities

2013 -vs- 2012

Our same-store community properties (those acquired, developed, and stabilized prior to January 1, 2012 and held on December 31, 2013) consisted of 35,790 apartment homes and provided 83% of our total NOI for the year ended December 31, 2013 .

NOI for our same-store community properties increased 6.0% or $23.9 million for the year ended December 31, 2013 compared to the same period in 2012 . The increase in property NOI was attributable to a 4.9% or $28.7 million increase in property rental income, which was partially offset by a 2.6% or $4.8 million increase in operating expenses. The increase in revenues was primarily driven by a 4.0% or $22.7 million increase in rental rates and a 7.7% or $3.6 million increase in reimbursement and fee income. Physical occupancy increased 0.2% to 96.0% and total monthly income per occupied home increased by 4.7% to $1,488.

The increase in operating expenses was primarily driven by a 6.7% or $3.9 million increase in real estate tax and a 4.6% or $2.0 million increase in personnel costs, which was partially offset by a 4.2% or $1.3 million decrease in repair and maintenance expense.

As a result of the percentage changes in property rental income and property operating expenses, the operating margin (property net operating income divided by property rental income) increased to 69.2% for the year ended December 31, 2013 as compared to 68.5% for the comparable period in 2012 .

2012 -vs- 2011

Our same store community properties (those acquired, developed, and stabilized prior to January 1, 2011 and held on December 31, 2012) consisted of 33,823 apartment homes and provided 70% of our total NOI for the year ended December 31, 2012.

NOI for our same-store community properties increased 6.6% or $21.6 million for the year ended December 31, 2012 compared to the same period in 2011. The increase in property NOI was attributable to a 5.3% or $26.2 million increase in property rental income partially offset by a 2.8% or $4.5 million increase in operating expenses. The increase in revenues was primarily driven by a 4.6% or $22.1 million increase in rental rates and a 7.2% or $3.0 million increase in reimbursement and fee income. Physical occupancy increased 0.1% to 95.7% and total monthly income per occupied home increased 5.2% to $1,331.

The increase in operating expenses was primarily driven by a 9.0% or $4.4 million increase in real estate tax and a 4.5% or $1.2 million increase in repairs and maintenance costs, which was partially offset by a 3.4% or $1.4 million decrease in personnel expense.

As a result of the percentage changes in property rental income and property operating expenses, the operating margin (property net operating income divided by property rental income) increased to 67.9% for the year ended December 31, 2012 as compared to 67.1% for the comparable period in 2011.

Non-Mature Communities/Other

2013 -vs- 2012

The remaining $89.5 million or 17% of our total NOI for the year ended December 31, 2013 was generated from our non-mature communities/other. UDR’s non-mature communities/other consist of communities that do not meet the criteria to be included in same-store communities, which includes communities developed or acquired, redevelopment properties, sold or held for sale properties, and non-apartment components of mixed use properties. NOI from non-mature communities/other decreased by 13.6% or $14.1 million for the year ended December 31, 2013 compared to the same period in 2012 . The decrease was primarily driven by a decrease in NOI of 73.5% or $22.0 million from communities sold in 2012, partially offset by an increase in NOI of $5.2 million from development communities completed in 2012 and 2013, an increase in NOI of 15.5% or $2.6 million from communities acquired in 2011 and 2012, and an increase in NOI of 7.1% or $3.0 million from communities redeveloped in 2012 and 2013.

2012 -vs- 2011

The remaining $153.5 million and $155.7 million of our total NOI for the year ended December 31, 2012 and 2011, respectively, was generated from our non-mature communities/other. NOI from non-mature communities decreased by 1.4% or $2.2 million for the year ended December 31, 2012 compared to the same period in 2011 . The decrease was primarily driven by a decrease in NOI of 70.6% or $47.5 million from communities sold in 2012 and 2011, partially offset by an increase in NOI of 93.8% or $29.4 million from communities acquired in 2011 and 2012 and an increase in NOI of 31.3% or $11.3 million from redeveloped communities completed in 2012 and 2011. In addition, during the year ended December 31, 2012, a $2.3 million increase to NOI was recognized to reflect the establishment of a receivable from former residents previously written off at move-out.

Real Estate Depreciation and Amortization

For the year ended December 31, 2013 , real estate depreciation and amortization on both continuing and discontinued operations decreased 2.5% or $8.9 million as compared to the comparable period in 2012. The decrease in depreciation and amortization for the year ended December 31, 2013 was primarily from the disposition of assets in 2012 and intangible assets related to in place leases acquired in 2011 and 2012 becoming fully amortized in 2012. The decrease was partially offset by the depreciation from developed and redeveloped units placed in service in 2012 and 2013.

For the year ended December 31, 2012 , real estate depreciation and amortization on both continuing and discontinued operations decreased 5.4% or $19.9 million as compared to the comparable periods in 2011 . The decrease in depreciation and amortization for the year ended December 31, 2012 was primarily from the disposition of assets in 2012. The decrease was partially offset by an increase in depreciation expense due to the acquisition of operating communities in 2012 and 2011 and depreciation from developed and redeveloped units placed in service in 2011 and 2012.

General and Administrative

For the year ended December 31, 2013 , general and administrative expense decreased 3.5% or $1.6 million from the comparable period in 2012. The decrease was primarily due to acquisition costs incurred in 2012.

For the year ended December 31, 2012 , general and administrative expense decreased 7.3% or $3.5 million from the comparable period in 2011. The decrease was primarily due to lower acquisition costs of $2.5 million in 2012, which was attributable to less acquisition activity in 2012 as compared to 2011.

Interest Expense

For the year ended December 31, 2013 , interest expense decreased by 9.2% or $12.7 million as compared to the comparable period in 2012 . The decrease in interest expense was primarily due to lower debt balances and lower interest rates and higher capitalized interest from development and redevelopment activities.

For the year ended December 31, 2012 , interest expense decreased 11.2% or $17.6 million as compared to 2011. This decrease in interest expense was primarily due to early debt extinguishment during the year ended December 31, 2012, and the write off of $4.0 million of deferred financing cost related to the prepayment of debt in 2011.

Tax Benefit, Net

UDR elected for RE [3] to be treated as a TRS. Income taxes for RE [3] are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rate is recognized in earnings in the period of the enactment date.

The Company recognized an income tax benefit from RE [3] of $8.3 million and $21.1 million and an income tax expense of $7.6 million for the years ended December 31, 2013, 2012 and 2011, respectively. Included in 2012 is an income tax benefit of $43.7 million from RE [3], which resulted from the reversal of a net deferred tax asset valuation allowance. Prior to 2012, RE [3] had a history of losses and, as a result, had historically recognized a valuation allowance for net deferred tax assets. Each quarter, the Company evaluates the need to retain all or a portion of the valuation allowance on its net deferred tax assets. In the first quarter of 2012, the Company determined that it is more likely than not that the deferred tax assets, including any remaining net operating losses, will be realized. In making this determination, the Company analyzed, among other things, its recent history of earnings, forecasts of future earnings from sales of depreciable property, and its cumulative earnings for the last twelve quarters.

Hurricane-Related (Recoveries)/Charges, Net

In October 2012, Hurricane Sandy hit the East Coast, affecting three of the Company's operating communities (1,706 apartment homes) located in New York City. The properties suffered some physical damage, and were closed to residents for a period following the hurricane. The Company has insurance policies that provide coverage for property damage and business interruption, subject to applicable retention.

Based on the claims filed and management's estimates, the Company recognized a $9.0 million impairment charge for the damaged assets' net book value and incurred $10.4 million of repair and cleanup costs during the year ended December 31, 2012. The impairment charge and the repair and cleanup costs incurred were reduced as of December 31, 2012 by $14.5 million of estimated insurance recovery, and were classified in *Hurricane-Related (Recoveries)/Charges, Ne* t on the Consolidated Statements of Operations. During the year ended December 31, 2013 , no material adjustments to the impairment charge and the repair and cleanup costs incurred were recognized. With the exception of one of the properties that is under redevelopment at December 31, 2013 , the rehabilitation of the remaining two properties was substantially completed as of December 31, 2013.

As of December 31, 2013, the Company had settled the Hurricane Sandy claims and received insurance proceeds in excess of the $14.5 million estimated insurance recovery receivable related to the impairment charge and the repair and cleanup costs incurred. As a result, the Company recognized a Hurricane-related recovery of approximately $4.8 million and a casualty gain of approximately $654,000 for the year ended December 31, 2013. Both the recovery and casualty gain were classified in *Hurricane-Related (Recoveries)/Charges, Ne* t on the Consolidated Statements of Operations.

Based on the claims filed and management's estimates, the Company recognized $4.4 million of business interruption losses for the year ended December 31, 2012, of which $3.6 million were related to rent concession rebates provided to residents during the period the properties were uninhabitable and were classified in *Hurricane-Related (Recoveries)/Charges, Ne* t on the Consolidated Statements of Operations, and $767,000 were related to rent that was not contractually receivable and were classified as a reduction to *Rental income* on the Consolidated Statements of Operations. As noted below, the Company recovered from the insurance carrier approximately $4.2 million of the $4.4 million of 2012 business interruption losses. The Company estimates that it incurred an additional $3.4 million of business interruption losses for the year ended December 31, 2013 . As noted below, the Company recovered from the insurance carrier approximately $2.6 million of the $3.4 million of 2013 business interruption losses.

During the year ended December 31, 2013, the Company received approximately $6.8 million of insurance proceeds for recovery of business interruption losses. Of the $6.8 million of insurance proceeds received in 2013, $4.2 million related to recovery of business interruption losses incurred in 2012 and the remaining $2.6 million related to recovery of business interruption losses incurred in 2013. The $6.8 million of recovery was classified in *Hurricane-Related (Recoveries)/Charges, Ne* t on the Consolidated Statements of Operations as of December 31, 2013 .

Income/(Loss) from Unconsolidated Entities

For the years ended December 31, 2013 , 2012 and 2011 , we recognized losses from unconsolidated entities of $415,000, $8.6 million, and $6.4 million, respectively. These losses relate to our investments in unconsolidated joint ventures and partnerships and are included in *Income/(Loss) from Unconsolidated Entities* on the UDR Consolidated Statements of Operations included in this Report. The decrease in loss in 2013 as compared to 2012 was primarily due to an $8.3 million gain ($5.3 million net of tax expense) on the sale of our 95% interest in the Lodge at Stoughton.

Net Gain/(Loss) on the Sale of Depreciable Properties

For the years ended December 31, 2013 , 2012 and 2011 , we recognized gains (before tax) of $41.9 million , $260.4 million , and $138.5 million , respectively. These gains are included in *Income/(Loss) from Discontinued Operations, Net of Tax*

on the Consolidated Statements of Operations of UDR included in this Report. Changes in the level of gains recognized from period to period reflect the changing level of our divestiture activity from period to period as well as the extent of gains related to specific properties sold.

Inflation

We believe that the direct effects of inflation on our operations have been immaterial. While the impact of inflation primarily impacts our results through wage pressures, utilities and material costs, the majority of our leases are for a term of fourteen months or less, which generally enables us to compensate for any inflationary effects by increasing rents on our apartment homes. Although an extreme escalation in energy and food costs could have a negative impact on our residents and their ability to absorb rent increases, we do not believe this has had a material impact on our results for the year ended December 31, 2013 .

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that are material.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2013 *(dollars in thousands):*

	Payments Due by Period				
Contractual Obligations	**2014**	**2015-2016**	**2017-2018**	**Thereafter**	**Total**
Long-term debt obligations	$ 359,609	$ 804,096	$ 1,118,527	$ 1,241,471	$ 3,523,703
Interest on debt obligations (a)	136,998	211,757	152,940	110,563	612,258
Letters of credit	2,215	—	—	—	2,215
Unfunded commitments on:					
Development projects (b)	133,192	138,698	—	—	271,890
Unconsolidated joint ventures (b)	1,373	128,809	—	—	130,182
Redevelopment projects (b)	46,787	—	—	—	46,787
Participating loan investments (c)	63,461	14,275			77,736
Operating lease obligations:					
Operating space	691	680	—	—	1,371
Ground leases (d)	5,270	10,540	10,540	314,501	340,851
	$ 749,596	$ 1,308,855	$ 1,282,007	$ 1,666,535	$ 5,006,993

(a) Interest payments on variable rate debt instruments are based on each debt instrument’s respective year-end interest rate at December 31, 2013 .

(b) Any unfunded costs at December 31, 2013 are shown in the year of estimated completion.

(c) Represents remainder of unfunded $92.0 million participating debt financing arrangement.

(d) For purposes of our ground lease contracts, the Company uses the minimum lease payment, if stated in the agreement. For ground lease agreements where there is a reset provision based on the communities appraised value or consumer price index but does not included a specified minimum lease payment, the Company uses the current rent over the remainder of the lease term.

During 2013 , we incurred gross interest costs of $155.5 million, of which $29.4 million was capitalized.

UNITED DOMINION REALTY, L.P.:

Business Overview

United Dominion Realty, L.P. (the "Operating Partnership" or "UDR, L.P."), is a Delaware limited partnership formed in February 2004 and organized pursuant to the provisions of the Delaware Revised Uniform Limited Partnership Act (as amended from time to time, or any successor to such statute, the "Act"). The Operating Partnership is the successor-in-interest to United Dominion Realty, L.P., a limited partnership formed under the laws of Virginia, which commenced operations on November 4, 1995. Our sole general partner is UDR, Inc., a Maryland corporation ("UDR" or the "General Partner"), which conducts a substantial amount of its business and holds a substantial amount of its assets through the Operating Partnership. At December 31, 2013 , the Operating Partnership's real estate portfolio included 68 communities located in nine states and the District of Columbia with a total of 20,746 apartment homes.

As of December 31, 2013 , UDR owned 110,883 units of our general limited partnership interests and 173,848,891 units of our limited partnership interests (the "OP Units"), or approximately 94.9% of our outstanding OP Units. By virtue of its ownership of our OP Units and being our sole general partner, UDR has the ability to control all of the day-to-day operations of the Operating Partnership. Unless otherwise indicated or unless the context requires otherwise, all references in this Report to the Operating Partnership or "we," "us" or "our" refer to UDR, L.P. together with its consolidated subsidiaries. We refer to our General Partner together with its consolidated subsidiaries (including us) and the General Partner's consolidated joint ventures as "UDR" or the "General Partner."

UDR is a self-administered real estate investment trust, or REIT, that owns, acquires, renovates, develops, and manages apartment communities. The General Partner was formed in 1972 as a Virginia corporation and changed its state of incorporation from Virginia to Maryland in September 2003. At December 31, 2013 , the General Partner's consolidated real estate portfolio included 141 communities located in 10 states and the District of Columbia with a total of 41,250 apartment homes. In addition, the General Partner had an ownership interest in 37 communities with 9,909 completed apartment homes through unconsolidated operating communities.

At December 31, 2013, the Operating Partnership is developing one wholly-owned community with 332 apartment homes, none of which have been completed.

At December 31, 2013, the Operating Partnership is redeveloping 748 apartment homes, 629 of which have been completed, at one wholly-owned community with 964 apartment homes. The scope of the redevelopment project changed in the fourth quarter. We tabled for the foreseeable future additional home interior renovations at our 27 Seventy Five Mesa Verde project in Orange County due to lower than expected demand in that particular submarket.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles ("GAAP") requires management to use judgment in the application of accounting policies, including making estimates and assumptions. A critical accounting policy is one that is both important to our financial condition and results of operations as well as involves some degree of uncertainty. Estimates are prepared based on management's assessment after considering all evidence available. Changes in estimates could affect our financial position or results of operations. Below is a discussion of the accounting policies that we consider critical to understanding our financial condition or results of operations where there is uncertainty or where significant judgment is required. A discussion of our significant accounting policies, including further discussion of the accounting policies described below, can be found in Note 2, *Significant Accounting Policies* , to the Notes to the Operating Partnership's Consolidated Financial Statements included in this Report.

Cost Capitalization

In conformity with GAAP, we capitalize those expenditures that materially enhance the value of an existing asset or substantially extend the useful life of an existing asset. Expenditures necessary to maintain an existing property in ordinary operating condition are expensed as incurred.

In addition, we capitalize costs directly related to the predevelopment, development, and redevelopment of a capital project, which include, but are not limited to, interest, real estate taxes, insurance, and allocated development and redevelopment overhead related to support costs for personnel working on the capital projects. We use our professional judgment in determining whether such costs meet the criteria for capitalization or must be expensed as incurred. These costs are capitalized only during the period in which activities necessary to ready an asset for its intended use are in progress and such costs are incremental and identifiable to a specific activity to get the asset ready for its intended use. As each home in a capital

project is completed and becomes available for lease-up, the Operating Partnership ceases capitalization on the related portion. The costs capitalized are reported on the Consolidated Balance Sheets as *Total Real Estate Owned, Net of Accumulated Depreciation.* Amounts capitalized during the years ended December 31, 2013, 2012, and 2011, were $8.4 million, $5.8 million, and $4.0 million, respectively.

Impairment of Long-Lived Assets

We record impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by the future operation and disposition of those assets are less than the net book value of those assets. Our cash flow estimates are based upon historical results adjusted to reflect our best estimate of future market and operating conditions and our estimated holding periods. The net book value of impaired assets is reduced to fair market value. Our estimates of fair market value represent our best estimate based primarily upon unobservable inputs related to rental rates, operating costs, growth rates, discount rates, capitalization rates, industry trends and reference to market rates and transactions.

Real Estate Investment Properties

We purchase real estate investment properties from time to time and record the fair value to various components, such as land, buildings, and intangibles related to in-place leases, based on the fair value of each component. In making estimates of fair values for purposes of allocating purchase price, we utilize various sources, including independent appraisals, our own analysis of recently acquired and existing comparable properties in our portfolio and other market data. The fair value of buildings is determined as if the buildings were vacant upon acquisition and subsequently leased at market rental rates. As such, the determination of fair value considers the present value of all cash flows expected to be generated from the property including an initial lease-up period. We determine the fair value of in-place leases by assessing the net effective rent and remaining term of the lease relative to market terms for similar leases at acquisition. In addition, we consider the cost of acquiring similar leases, the foregone rents associated with the lease-up period, and the carrying costs associated with the lease-up period. The fair value of in-place leases is recorded and amortized as amortization expense over the remaining average contractual lease period.

Summary of Real Estate Portfolio by Geographic Market

The following table summarizes our market information by major geographic markets as of and for the year ended December 31, 2013 .

		As of December 31, 2013			Year Ended December 31, 2013		
Same-Store Communities	**Number of Apartment Communities**	**Number of Apartment Homes**	**Percentage of Total Carrying Value**	**Total Carrying Value (in thousands)**	**Average Physical Occupancy**	**Monthly Income per Occupied Home (a)**	**Net Operating Income (in thousands)**
West Region							
Orange County, CA	8	2,935	12.6%	$ 517,427	94.9%	$ 1,641	$ 39,880
San Francisco, CA	7	1,777	10.9%	449,201	96.5%	2,487	38,461
Seattle, WA	5	932	5.1%	211,011	97.2%	1,451	11,066
Los Angeles, CA	3	463	3.1%	126,971	95.2%	1,931	6,759
Monterey Peninsula, CA	7	1,565	3.9%	159,277	93.6%	1,166	13,983
Inland Empire, CA	1	414	1.7%	70,196	94.9%	1,558	5,128
Portland, OR	3	716	1.8%	72,809	97.0%	1,105	6,293
San Diego, CA	2	366	1.4%	57,422	94.8%	1,522	4,384
Mid-Atlantic Region							
Metropolitan D.C.	7	2,378	13.5%	556,564	96.3%	1,900	35,584
Baltimore, MD	5	994	3.6%	149,883	95.5%	1,404	11,187
Northeast Region							
New York, NY	1	493	6.5%	267,087	96.8%	3,420	15,214
Boston, MA	2	833	4.3%	176,396	96.2%	1,771	11,936
Southeast Region							
Tampa, FL	3	1,154	2.8%	115,543	96.4%	1,147	9,747
Nashville, TN	6	1,612	3.2%	132,602	96.9%	978	12,257
Other Florida	1	636	1.9%	80,005	95.8%	1,306	6,101
Southwest Region							
Dallas, TX	2	1,348	4.5%	186,934	95.8%	1,362	13,293
Total/Average Same-Store Communities	63	18,616	80.8%	3,329,328	95.8%	$ 1,609	241,273
Non Matures, Commercial Properties & Other	5	2,130	17.3%	779,089			46,262
Total Real Estate Held for Investment	68	20,746	98.1%	4,108,417			$ 287,535
Real Estate Under Development (b)	—	—	1.9%	80,063			
Total Real Estate Owned	68	20,746	100%	4,188,480			
Total Accumulated Depreciation				(1,241,574)			
Total Real Estate Owned, Net of Accumulated Depreciation				$ 2,946,906			

(a) Monthly Income per Occupied Home represents total revenues divided by the product of occupancy and the number of mature apartment homes.

(b) As of December 31, 2013, the Operating Partnership was developing one wholly-owned community with 332 apartment homes, none of which have been completed.

We report in two segments: *Same-Store Communities* and *Non-Mature Communities/Other* .

Our *Same-Store Communities* segment represents those communities acquired, developed, and stabilized prior to January 1, 2012 and held as of December 31, 2013 . These communities were owned and had stabilized occupancy and operating expenses as of the beginning of the prior year, there is no plan to conduct substantial redevelopment activities, and

the communities are not held for disposition within the current year. A community is considered to have stabilized occupancy once it achieves 90% occupancy for at least three consecutive months.

Our *Non-Mature Communities/Other* segment represents those communities that were acquired or developed in 2011, 2012 or 2013, sold properties, redevelopment properties, and the non-apartment components of mixed use properties.

Liquidity and Capital Resources

Liquidity is the ability to meet present and future financial obligations either through operating cash flows, the sale of properties, and the issuance of debt. Both the coordination of asset and liability maturities and effective capital management are important to the maintenance of liquidity. The Operating Partnership's primary source of liquidity is cash flow from operations as determined by rental rates, occupancy levels, and operating expenses related to our portfolio of apartment homes and borrowings allocated to us under the General Partner's credit agreements. The General Partner will routinely use its unsecured credit facility to temporarily fund certain investing and financing activities prior to arranging for longer-term financing or the issuance of equity or debt securities. During the past several years, proceeds from the sale of real estate have been used for both investing and financing activities as we repositioned our portfolio.

We expect to meet our short-term liquidity requirements generally through net cash provided by operations and borrowings allocated to us under the General Partner's credit agreements. We expect to meet certain long-term liquidity requirements such as scheduled debt maturities and potential property acquisitions through borrowings and the disposition of properties. We believe that our net cash provided by operations and borrowings will continue to be adequate to meet both operating requirements and the payment of distributions. Likewise, the budgeted expenditures for improvements and renovations of certain properties are expected to be funded from property operations, and borrowings allocated to us under the General Partner's credit agreements.

Future Capital Needs

Future capital expenditures are expected to be funded with proceeds from the issuance of secured debt or unsecured debt, sales of properties, borrowings allocated to us under our General Partner's credit agreements, and to a lesser extent, from cash flows provided by operating activities.

As of December 31, 2013 , the Operating Partnership had approximately $8.9 million of principal payments on secured debt maturing in 2014 . We anticipate that we will repay that debt with operating cash flows or proceeds from borrowings allocated to us under our General Partner's credit agreements. The repayment of debt will be recorded as an offset to the *Payable/(Receivable) Due To/(From) General Partner* .

Statements of Cash Flows

The following discussion explains the changes in net cash provided by operating activities, net cash provided by/(used in) investing activities, and net cash provided by/(used in) financing activities that are presented in our Consolidated Statements of Cash Flows for the years ended December 31, 2013 , 2012 , and 2011 .

Operating Activities

For the year ended December 31, 2013 , net cash flow provided by operating activities was $208.3 million compared to $201.1 million for the comparable period in 2012 . The increase in net cash flow from operating activities was primarily due to improved income from continuing operations, offset by changes in operating assets and operating liabilities.

For the year ended December 31, 2012 , net cash flow provided by operating activities was $201.1 million compared to $156.1 million for the comparable period in 2011 . The increase in net cash flow from operating activities is primarily due to an increase in property net operating income from our apartment community portfolio and changes in operating assets and operating liabilities.

Investing Activities

For the year ended December 31, 2013 , net cash provided by/(used in) investing activities was $(64.0) million compared to $4.3 million for the comparable period in 2012 . The change was primarily due to the increase in development and redevelopment activities and a decrease in dispositions. Changes in the level of investment activities from period to period reflect our strategy as it relates to dispositions, development, redevelopment, and capital expenditures.

For the year ended December 31, 2012 , net cash provided by/(used in) investing activities was $4.3 million compared to $(227.0) million for the comparable period in 2011 . Changes in the level of investment activities from period to period reflect our strategy as it relates to acquisitions, dispositions, development, redevelopment, and capital expenditures.

Acquisitions

The Operating Partnership did not have any acquisitions during the year ended December 31, 2013 and 2012. During the year ended December 31, 2011, the Operating Partnership acquired four communities with 1,833 apartment homes for $761.2 million.

Real Estate Under Development and Redevelopment

At December 31, 2013 , the Operating Partnership was developing one wholly-owned community that totaled 332 homes, none of which have been completed, with a budget of $132.0 million, in which we had a carrying value of $80.1 million. The estimated completion date for this community will be through the third quarter of 2014.

At December 31, 2013 , the Operating Partnership was redeveloping 748 apartment homes, 629 of which have been completed, at one wholly-owned community with 964 apartment homes. The scope of the redevelopment project changed in the fourth quarter. We tabled for the foreseeable future additional home interior renovations at our 27 Seventy Five Mesa Verde project in Orange County due to lower than expected demand in that particular submarket. The estimated completion date for this community will be through the second quarter of 2014.

The following wholly-owned projects were under development and redevelopment as of December 31, 2013 *(dollars in thousands)* :

	Location	Number of Apartment Homes	Completed Apartment Homes	Cost to Date	Budgeted Cost	Estimated Cost Per Home	Expected Completion Date
Projects Under Development:							
DelRay Tower (a)	Alexandria, VA	332	—	$ 80,063	$ 132,000	$ 398	3Q14
Projects Under Redevelopment:							
27 Seventy Five Mesa Verde (b) (c)	Costa Mesa, CA	964	748	$ 72,581	$ 75,300	$ 101	2Q14

(a) Formerly known as The Calvert.
(b) Formerly known as Pine Brook Village I & II and Villa Venetia. These communities were combined in 2013.
(c) Of the 964 apartment homes, 748 are scheduled for redevelopment.

Disposition of Investments

In 2013, the Operating Partnership sold two apartment communities in the Sacramento market, consisting of 914 apartment homes for gross proceeds of $81.1 million. The Operating Partnership recognized a gain of $41.5 million , which is included in *Income/(Loss) from Discontinued Operations* on the Operating Partnership's Consolidated Statements of Operations included in this Report. Proceeds were used primarily to fund development and redevelopment activity and reduce debt.

Also in 2013, the Operating Partnership distributed the development property Los Alisos to the General Partner as a capital distribution. Upon the distribution of the property, the Operating Partnership redeemed 1,002,556 limited partnership units owned by UDR and affiliated entities and reduced its receivable from the General Partner by $53.7 million , resulting in a net capital reduction of $77.0 million .

In 2012, the Operating Partnership sold four communities with 1,314 apartment homes for a gain of $51.1 million.

In 2011, the Operating Partnership sold eight communities with 2,024 apartment homes, which included four communities with 984 homes sold in conjunction with an asset exchange, for a gain of $60.1 million.

Financing Activities

For the year ended December 31, 2013 , our net cash provided by/(used in) financing activities was $(145.3) million compared to $(203.3) million for the comparable period of 2012 . The decrease in cash used in financing activities was

primarily due to a decrease in payments on secured debt, a decrease in advances from the General Partner, and a decrease in proceeds from the issuance of secured debt.

For the year ended December 31, 2012, our net cash provided/(used in) by financing activities was $(203.3) million compared to net cash provided by/(used in) financing activities of $70.7 million for 2011. The change in cash provided by/(used in) financing activities was primarily due to an increase in payments on secured debt and a decrease in advances from the General Partner, partially offset by proceeds from issuance of secured debt.

Credit Facilities

As of December 31, 2013 , the General Partner had secured credit facilities with Fannie Mae with an aggregate commitment of $838.1 million with $838.1 million outstanding. The Fannie Mae credit facilities are for terms of seven to ten years and bear interest at floating and fixed rates. At December 31, 2013 , $626.7 million of the funded balance was fixed at a weighted average interest rate of 4.99% and the remaining balance of $211.4 million on these facilities was at a weighted average variable rate of 1.61% . In 2013, the General Partner reallocated an additional $13.7 million of the Fannie Mae credit facilities to the Operating Partnership. At December 31, 2013 , there was a total of $521.1 million of these credit facilities allocated to the Operating Partnership based on the ownership of the assets securing the debt.

The Operating Partnership is a guarantor on the General Partner's unsecured revolving credit facility with an aggregate borrowing capacity of $900 million , $250 million of term notes due June 2018 , $100 million of term notes due June 2018 , $300 million of medium-term notes due June 2018 , $300 million of medium-term notes due October 2020 , and $400 million of medium-term notes due January 2022 . As of December 31, 2013 , there was no outstanding borrowings under the unsecured revolving credit facility. As of December 31, 2012 , the outstanding balance under the unsecured revolving credit facility was $76.0 million .

The credit facilities are subject to customary financial covenants and limitations.

Interest Rate Risk

We are exposed to interest rate risk associated with variable rate notes payable and maturing debt that has to be refinanced. We do not hold financial instruments for trading or other speculative purposes, but rather issue these financial instruments to finance our portfolio of real estate assets. Interest rate sensitivity is the relationship between changes in market interest rates and the fair value of market rate sensitive assets and liabilities. Our earnings are affected as changes in short-term interest rates impact our cost of variable rate debt and maturing fixed rate debt. We had $169.1 million in variable rate debt that is not subject to interest rate swap contracts as of December 31, 2013 . If market interest rates for variable rate debt increased by 100 basis points, our interest expense would increase by $1.7 million based on the balance at December 31, 2013 .

These amounts are determined by considering the impact of hypothetical interest rates on our borrowing cost. These analyses do not consider the effects of the adjusted level of overall economic activity that could exist in such an environment. Further, in the event of a change of such magnitude, management would likely take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, the sensitivity analysis assumes no change in our financial structure.

The General Partner also utilizes derivative financial instruments allocated to the Operating Partnership to manage interest rate risk and generally designates these financial instruments as cash flow hedges. See Note 8, *Derivatives and Hedging Activity* , in the Notes to the Operating Partnership's Consolidated Financial Statements included in this Report for additional discussion of derivative instruments.

Results of Operations

The following discussion explains the changes in results of operations that are presented in our Consolidated Statements of Operations for the years ended December 31, 2013 , 2012 , and 2011 , and includes the results of both continuing and discontinued operations for the periods presented.

Net Income(Loss) Attributable to OP Unitholders

2013 -vs- 2012

Net income/(loss) attributable to OP unitholders was $73.4 million ($0.40 per OP Unit) for the year ended December 31, 2013 as compared to $44.0 million ($0.24 per OP Unit) for the comparable period in the prior year. The increase in net income

attributable to OP unitholders resulted primarily from the following items, all of which are discussed in further detail elsewhere within this Report:

- an increase in total property NOI primarily due to higher occupancy and higher revenue per occupied home, partially offset by a decrease in NOI due to the disposition of four communities in 2012;
- a decrease in depreciation and amortization expense primarily from the disposition of assets in 2012, partially offset by the depreciation from developed or redeveloped units placed in service in 2012 and 2013;
- hurricane-related recoveries in 2013 resulting from the effects of Hurricane Sandy on two of our New York, New York communities in 2012 (see Note 13, *Hurricane-Related (Recoveries)/Charges* , in the Notes to the Operating Partnership's Consolidated Financial Statements included in this Report for more details); and
- a decrease in interest expense due to lower average debt balances, lower average interest rates, and higher capitalized interest from development and redevelopment activities.

This was partially offset by:

- a decrease in net gains of $9.6 million on the sale of depreciable properties related to the disposition of two communities in 2013 as compared to four communities in 2012.

2012 -vs- 2011

Net income/(loss) attributable to OP unitholders was $44.0 million ($0.24 per OP Unit) for the year ended December 31, 2012 as compared to $30.2 million ($0.17 per OP Unit) for the comparable period in the prior year. The increase in net income attributable to OP unitholders resulted primarily from the following items, all of which are discussed in further detail elsewhere within this Report:

- an increase in total property NOI primarily due to higher revenue per occupied home and the acquisition of four communities in 2011; and
- a decrease in interest expense due to early debt extinguishment and an increase in capitalized interest in 2012.

This was partially offset by:

- a decrease in net gains of $9.0 million on the sale of depreciable property related to the disposition of four communities in 2012 as compared to eight communities in 2011; and
- hurricane-related charges in 2012 resulting from the effects of Hurricane Sandy on three of our New York, New York communities in 2012 (see Note 13, *Hurricane-Related (Recoveries)/Charges* , in the Notes to the Operating Partnership's Consolidated Financial Statements included in this Report for more details).

Apartment Community Operations

Our net income results primarily from net operating income ("NOI") generated from the operation of our apartment communities. The Operating Partnership defines NOI, which is a non-GAAP financial measure, as rental income less direct property rental expenses. Rental income represents gross market rent less adjustments for concessions, vacancy loss and bad debt. Rental expenses include real estate taxes, insurance, personnel, utilities, repairs and maintenance, administrative and marketing. Excluded from NOI is property management expense which is calculated as 2.75% of property revenue to cover regional supervision and accounting costs related to consolidated property operations and land rent.

The following table summarizes the operating performance of our total portfolio (which includes discontinued operations) for the years ended December 31, 2013 , 2012 , and 2011 *(dollars in thousands)* :

	Years Ended December 31, (a)			Years Ended December 31, (b)		
	2013	**2012**	**% Change**	**2012**	**2011**	**% Change**
Same-Store Communities:						
Same-store rental income	**$ 344,525**	$ 327,877	5.1 %	$ 294,522	$ 279,192	5.5 %
Same-store operating expense (c)	**(103,252)**	(99,944)	3.3 %	(91,844)	(88,956)	3.2 %
Same-store NOI	**241,273**	227,933	5.9 %	202,678	190,236	6.5 %
Non-Mature Communities/Other NOI:						
Acquired communities NOI	**14,997**	14,160	5.9 %	39,813	22,576	76.4 %
Sold communities NOI	**5,581**	10,296	(45.8)%	4,503	20,412	(77.9)%
Developed communities NOI	**(17)**	(2)	750.0 %	(9)	1,562	(100.6)%
Redeveloped communities NOI	**18,848**	20,093	(6.2)%	25,493	22,283	14.4 %
Commercial NOI and other	**6,853**	9,058	(24.3)%	9,060	7,189	26.0 %
Total non-mature communities/other NOI	**46,262**	53,605	(13.7)%	78,860	74,022	6.5 %
Total Property NOI	**$ 287,535**	$ 281,538	2.1 %	$ 281,538	$ 264,258	6.5 %

(a) Same-store consists of 18,616 apartment homes.
(b) Same-store consists of 17,880 apartment homes.
(c) Excludes depreciation, amortization, and property management expenses.

The following table is our reconciliation of total property NOI to *Net Income/(Loss) Attributable to OP unitholders* as reflected, for both continuing and discontinued operations, for the years ended December 31, 2013 , 2012 and 2011 *(dollars in thousands)* :

	Years Ended December 31,		
	2013	**2012**	**2011**
Total property NOI	**$ 287,535**	$ 281,538	$ 264,258
Property management	**(11,298)**	(11,019)	(10,644)
Other operating expenses	**(5,728)**	(5,272)	(5,484)
Real estate depreciation and amortization	**(181,302)**	(195,051)	(197,964)
General and administrative	**(24,808)**	(26,204)	(26,370)
Hurricane-related recoveries/(charges), net	**8,083**	(5,518)	—
Interest expense	**(36,058)**	(45,234)	(53,632)
Net gain/(loss) on sale of depreciable property	**41,518**	51,094	60,065
Net (income)/loss attributable to noncontrolling interests	**(4,566)**	(352)	(70)
Net income/(loss) attributable to OP unitholders	**$ 73,376**	$ 43,982	$ 30,159

Same-Store Communities

2013 -vs- 2012

Our same-store community properties (those acquired, developed, and stabilized prior to January 1, 2012 and held on December 31, 2013) consisted of 18,616 apartment homes and provided 84% of our total NOI for the year ended December 31, 2013 .

NOI for our same-store community properties increased 5.9% or $13.3 million for the year ended December 31, 2013 compared to the same period in 2012. The increase in property NOI was primarily attributable to a 5.1% or $16.6 million increase in property rental income, which was partially offset by a 3.3% or $3.3 million increase in operating expenses. The increase in revenues was primarily driven by a 4.3% or $13.7 million increase in rental rates and a 6.8% or $1.8 million increase in reimbursement and fee income. Physical occupancy increased 0.2% to 95.8% and total monthly income per occupied home increased by 4.8% to $1,609 for the year ended December 31, 2013 compared to the same period in 2012 .

The increase in operating expenses was primarily driven by a 7.0% or $2.3 million increase in real estate tax and a 5.2% or $1.2 million increase in personnel costs, which was partially offset by a 3.1% or $502,000 decrease in repairs and maintenance costs.

As a result of the percentage changes in property rental income and property operating expenses, the operating margin (property net operating income divided by property rental income) increased to 70.0% for the year ended December 31, 2013 as compared to 69.5% for the comparable period in 2012 .

2012 -vs- 2011

Our same-store community properties (those acquired, developed, and stabilized prior to January 1, 2011 and held on December 31, 2012) consisted of 17,880 apartment homes and provided 72% of our total NOI for the year ended December 31, 2012 .

NOI for our same-store community properties increased 6.5% or $12.4 million for the year ended December 31, 2012 compared to the same period in 2011. The increase in property NOI was primarily attributable to a 5.5% or $15.3 million increase in property rental income, partially offset by a 3.2% or $2.9 million increase in operating expenses. The increase in revenues was primarily driven by a 5.2% or $14.0 million increase in rental rates and a 7.7% or $1.9 million increase in reimbursement and fee income. Physical occupancy remained the same at 95.4% and total monthly income per occupied home increased 5.5% to $1,439 for the year ended December 31, 2012 compared to the same period in 2011.

The increase in operating expenses was primarily driven by a 7.2% or $2.1 million increase in real estate tax and a 6.5% or $906,000 increase in repairs and maintenance costs, partially offset by a 2.2% or $474,000 decrease in personnel costs.

As a result of the percentage changes in property rental income and property operating expenses, the operating margin (property net operating income divided by property rental income) increased to 68.8% for the year ended December 31, 2012 as compared to 68.1% for the comparable period in 2011.

Non-Mature Communities/Other

2013 -vs- 2012

The remaining $46.3 million or 16% of our total NOI during the year ended December 31, 2013 was generated from our non-mature communities/other. The Operating Partnership’s non-mature communities/other consist of communities that do not meet the criteria to be included in same-store communities, which includes communities developed or acquired, redevelopment properties, sold or held for sale properties, and non-apartment components of mixed use properties. NOI from non-mature communities/other decreased 13.7% or $(7.3) million for the year ended December 31, 2013 compared to the same period in 2012 . The decrease was primarily driven by a decrease in NOI of 45.8% or $4.7 million from properties sold during 2013 and 2012 , a decrease in NOI of 24.3% or $2.2 million from commercial/other properties, and a decrease of 6.2% or $1.2 million from redevelopment properties.

2012 -vs- 2011

The remaining $78.9 million or 28% of our NOI during the year ended December 31, 2012 was generated from our non-mature communities/other. NOI from non-mature communities/other increased 6.5% or $4.8 million for the year ended December 31, 2012 compared to the same period in 2011. The increase was primarily driven by an increase in NOI of 76.4% or $17.2 million from communities acquired in 2011 and an increase of 14.4% or $3.2 million from redevelopment properties, including communities completed in 2012. The increase in NOI was partially offset by a decrease in NOI of 77.9% or $15.9 million from properties sold during 2012 and 2011. During the year ended December 31, 2012, a $1.2 million increase to NOI was recognized to reflect the establishment of a receivable from former residents previously written off at move out.

Real Estate Depreciation and Amortization

For the year ended December 31, 2013 , real estate depreciation and amortization from continuing and discontinued operations decreased by 7.0% or $13.7 million as compared to the comparable period in 2012 . The decrease in depreciation and amortization for the year ended December 31, 2013 was primarily from the disposition of assets in 2012.

For the year ended December 31, 2012, real estate depreciation and amortization from continuing and discontinued operations decreased by 1.5% or $2.9 million as compared to the comparable period in 2011. The decrease in depreciation and amortization for the year ended December 31, 2012 was primarily the result of acquisitions in 2011 and dispositions of assets in 2011 and 2012. As part of the Operating Partnership's acquisition activity, a portion of the purchase price was attributable to the fair value of intangible assets, which are typically amortized over a period of less than one year.

Hurricane-Related Recoveries/(Charges), Net

In October 2012, Hurricane Sandy hit the East Coast, affecting two of the Operating Partnership's operating communities (1,001 apartment homes) located in New York City. The properties suffered some physical damage, and were closed to residents for a period following the hurricane. The Operating Partnership has insurance policies that provide coverage for property damage and business interruption, subject to applicable retention.

Based on the claims filed and management's estimates, the Operating Partnership recognized a $7.1 million impairment charge for the damaged assets' net book value and incurred $7.0 million of repair and cleanup costs during the year ended December 31, 2012. The impairment charge and the repair and cleanup costs incurred were reduced as of December 31, 2012 by $10.8 million of estimated insurance recovery, and were classified in *Hurricane Related (Recoveries)/Charges, Net* on the Consolidated Statements of Operations. During the year ended December 31, 2013 , no material adjustments to the impairment charge and the repair and cleanup costs incurred were recognized. The rehabilitation of these two properties was substantially completed as of December 31, 2013.

As of December 31, 2013 , the Operating Partnership had settled the Hurricane Sandy claims and received insurance proceeds in excess of the $10.8 million estimated insurance recovery receivable related to the impairment charge and the repair and cleanup costs incurred. As a result, the Company recognized a Hurricane-related recovery of approximately $3.3 million and a casualty gain of approximately $582,000 for the year ended December 31, 2013 . Both the recovery and casualty gain were classified in *Hurricane Related (Recoveries)/Charges, Net* on the Consolidated Statements of Operations.

Based on the claims filed and management's estimates, the Operating Partnership recognized $2.2 million of business interruption losses for the year ended December 31, 2012, of which $1.8 million were related to rent concession rebates provided to residents during the period the properties were uninhabitable and were classified in *Hurricane-Related (Recoveries)/Charges, Net* on the Consolidated Statements of Operations, and $400,000 were related to rent that was not contractually receivable and were classified as a reduction to *Rental Income* on the Consolidated Statements of Operations. The Company estimates that it incurred an additional $2.1 million of business interruption losses for the year ended December 31, 2013 . As noted, the Company settled the Hurricane Sandy claims as of December 31, 2013 .

During the year ended December 31, 2013 , the Operating Partnership received approximately $4.2 million of insurance proceeds for recovery of business interruption losses. Of the $4.2 million of insurance proceeds received during the year ended December 31, 2013 , $2.1 million related to recovery of business interruption losses incurred in 2012 and the remaining $2.1 million related to recovery of business interruption losses incurred in 2013. The $4.2 million of recovery was included in *Hurricane-Related (Recoveries)/Charges, Net* on the Operating Partnership's Consolidated Statements of Operations included in this Report.

Interest Expense

For the year ended December 31, 2013 , interest expense decreased by 20.3% or $9.2 million as compared to the same period in 2012 , which was primarily due to lower average debt balances and lower average interest rates, and higher capitalized interest from development and redevelopment activities.

For the year ended December 31, 2012, interest expense decreased by 15.7% or $8.4 million as compared to the same period in 2011, which was primarily due to lower debt balances from the pay off of certain fixed rate mortgage notes payable and lower average borrowings on secured credit facilities and an increase in capitalized interest due to increased development and redevelopment activity.

Net Gain/(Loss) on the Sale of Depreciable Properties

For the years ended December 31, 2013 , 2012 , and 2011 , we recognized gains on sale of depreciable property of $41.5 million, $51.1 million, and $60.1 million, respectively. These gains are included in *Income/(Loss) from Discontinued Operations* on the Operating Partnership's Consolidated Statements of Operations included in this Report. Changes in the level of gains recognized from period to period reflect the changing level of our divestiture activity from period to period as well as the extent of gains related to specific properties sold.

Net (Income)/Loss Attributable to Noncontrolling Interests

For the year ended December 31, 2013, net income attributable to noncontrolling interests was $4.6 million as compared to $352,000 for the comparable period in 2012. The increase of $4.2 million was primarily due to the Operating Partnership correcting an error in the General Partner's ownership interest in one of the consolidated subsidiaries resulting in a cumulative adjustment recorded in 2013 of $3.3 million. Management believes the impact of the cumulative adjustment in 2013 is immaterial to the financial statements taken as a whole.

Inflation

We believe that the direct effects of inflation on our operations have been immaterial. While the impact of inflation primarily impacts our results through wage pressures, utilities and material costs, substantially all of our leases are for a term of one year or less, which generally enables us to compensate for any inflationary effects by increasing rents on our apartment homes. Although an extreme escalation in energy and food costs could have a negative impact on our residents and their ability to absorb rent increases, we do not believe this has had a material impact on our results for the year ended December 31, 2013 .

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that are material.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2013 (*dollars in thousands*):

	Payments Due by Period				
Contractual Obligations	**2014**	**2015-2016**	**2017-2018**	**Thereafter**	**Total**
Long-term debt obligations	$ 8,934	$ 325,642	$ 233,613	$ 366,676	$ 934,865
Interest on debt obligations (a)	41,637	67,862	45,580	22,925	178,004
Unfunded commitments on:					
Development projects (b)	59,870	—	—	—	59,870
Redevelopment projects (b)	5,136	—	—	—	5,136
Operating lease obligations — ground leases (c)	5,166	10,332	10,332	314,310	340,140
	$ 120,743	$ 403,836	$ 289,525	$ 703,911	$ 1,518,015

(a) Interest payments on variable rate debt instruments are based on each debt instruments respective year-end interest rate at December 31, 2013 .

(b) Any unfunded costs at December 31, 2013 are shown in the year of estimated completion.

(c) For purposes of our ground lease contracts, the Operating Partnership uses the minimum lease payment, if stated in the agreement. For ground lease agreements where there is a reset provision based on the communities appraised value or consumer price index but does not include a specified minimum lease payment, the Operating Partnership uses the current rent over the remainder of the lease term.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information required by this item is included in and incorporated by reference from Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of this Report.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements and related financial information required to be filed are attached to this Report. Reference is made to page F-1 of this Report for the Index to Consolidated Financial Statements and Schedules of UDR, Inc. and United Dominion Realty, L.P.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The disclosure controls and procedures of the Company and the Operating Partnership are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. As a result, our disclosure controls and procedures are designed to provide reasonable assurance that such disclosure controls and procedures will meet their objectives.

As of December 31, 2013 , we carried out an evaluation, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer of the Company, which is the sole General Partner of the Operating Partnership of the effectiveness of the design and operation of the disclosure controls and procedures of the Company and the Operating Partnership. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer of the Company concluded that the disclosure controls and procedures of the Company and the Operating Partnership are effective at the reasonable assurance level described above.

Management's Report on Internal Control over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act for the Company and the Operating Partnership. Under the supervision and with the participation of the management, the Chief Executive Officer and Chief Financial Officer of the Company, which is the sole General Partner of the Operating Partnership, conducted an evaluation of the effectiveness of the internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations (1992 Framework) (COSO). Based on such evaluation, management concluded that the Company's and the Operating Partnership's internal control over financial reporting was effective as of December 31, 2013 .

Ernst & Young LLP, the independent registered public accounting firm that audited our consolidated financial statements included in this Report, has audited UDR, Inc.'s internal control over financial reporting as of December 31, 2013 . The report of Ernst & Young LLP, which expresses an unqualified opinion on UDR, Inc.'s internal control over financial reporting as of December 31, 2013 , is included under the heading "Report of Independent Registered Public Accounting Firm" of UDR, Inc. contained in this Report. Further, an attestation report of the registered public accounting firm of United Dominion Realty, L.P. will not be required as long as United Dominion Realty, L.P. is a non-accelerated filer.

Changes in Internal Control Over Financial Reporting

There have not been any changes in either the Company's or the Operating Partnership's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth fiscal quarter to which this report relates that materially affected, or are reasonably likely to materially affect, the internal control over financial reporting of either the Company or the Operating Partnership.

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference to the information set forth under the headings "Election of Directors," "Corporate Governance Matters," "Audit Committee Report," "Corporate Governance Matters-Board Leadership Structure and Committees-Audit Committee Financial Expert," "Corporate Governance Matters-Identification and Selection of Nominees for Directors," "Corporate Governance Matters-Board of Directors and Committee Meetings" and "Section 16(a) Beneficial Ownership Reporting Compliance" in UDR, Inc.'s definitive proxy statement (our "definitive proxy statement") for its 2014 Annual Meeting of Stockholders. UDR is the sole general partner of the Operating Partnership.

Information required by this item regarding our executive officers is included in Part I of this Report in the section entitled "Business-Executive Officers of the Company".

We have a code of ethics for senior financial officers that applies to our principal executive officer, all members of our finance staff, including the principal financial officer, the principal accounting officer, the treasurer and the controller, our director of investor relations, our corporate secretary, and all other Company officers. We also have a code of business conduct and ethics that applies to all of our employees. Information regarding our codes is available on our website, *www.udr.com* , and is incorporated by reference to the information set forth under the heading "Corporate Governance Matters" in our definitive proxy statement for UDR's 2014 Annual Meeting of Stockholders. We intend to satisfy the disclosure requirements under Item 10 of Form 8-K regarding an amendment to, or a waiver from, a provision of our codes by posting such amendment or waiver on our website.

Item 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to the information set forth under the headings "Security Ownership of Certain Beneficial Owners and Management," "Corporate Governance Matters-Board Leadership Structure and Committees-Compensation Committee Interlocks and Insider Participation," "Executive Compensation," "Compensation of Directors" and "Compensation Committee Report" in the definitive proxy statement for UDR's 2014 Annual Meeting of Stockholders. UDR is the sole general partner of the Operating Partnership.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to the information set forth under the headings "Security Ownership of Certain Beneficial Owners and Management," "Executive Compensation" and "Equity Compensation Plan Information" in the definitive proxy statement for UDR's 2014 Annual Meeting of Stockholders. UDR is the sole general partner of the Operating Partnership.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to the information set forth under the heading "Security Ownership of Certain Beneficial Owners and Management," "Corporate Governance Matters-Corporate Governance Overview," "Corporate Governance Matters-Director Independence," "Corporate Governance Matters-Board Leadership Structure and Committees-Independence of the Audit, Compensation and Governance Committees," and "Executive Compensation" in the definitive proxy statement for UDR's 2014 Annual Meeting of Stockholders. UDR is the sole general partner of the Operating Partnership.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to the information set forth under the headings "Audit Matters-Audit Fees" and "Audit Matters-Pre-Approval Policies and Procedures" in the definitive proxy statement for UDR's 2014 Annual Meeting of Stockholders. UDR is the sole general partner of the Operating Partnership.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Report:

1. *Financial Statements.* See Index to Consolidated Financial Statements and Schedules of UDR, Inc. and United Dominion Realty, L.P. on page F-1 of this Report.

2. *Financial Statement Schedules.* See Index to Consolidated Financial Statements and Schedules of UDR, Inc. and United Dominion Realty, L.P. on page S-1 of this Report. All other schedules are omitted because they are not required, are inapplicable, or the required information is included in the financial statements or notes thereto.

3. *Exhibits.* The exhibits filed with this Report are set forth in the Exhibit Index.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

UDR, INC.

Date: February 25, 2014

By: /s/ Thomas W. Toomey

Thomas W. Toomey

Chief Executive Officer and President (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on February 25, 2014 by the following persons on behalf of the registrant and in the capacities indicated.

/s/ Thomas W. Toomey

Thomas W. Toomey

Chief Executive Officer, President, and Director (Principal Executive Officer)

/s/ Thomas M. Herzog

Thomas M. Herzog

Senior Vice President and Chief Financial Officer (Principal Financial Officer)

/s/ Mark A. Schumacher

Mark A. Schumacher

Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)

/s/ James D. Klingbeil

James D. Klingbeil

Chairman of the Board

/s/ Lynne B. Sagalyn

Lynne B. Sagalyn

Vice Chair of the Board

/s/ Katherine A. Cattanach

Katherine A. Cattanach

Director

/s/ Eric J. Foss

Eric J. Foss

Director

/s/ Robert P. Freeman

Robert P. Freeman

Director

/s/ Jon A. Grove

Jon A. Grove

Director

/s/ Mark J. Sandler

Mark J. Sandler

Director

/s/ Mark R. Patterson

Mark R. Patterson

Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNITED DOMINION REALTY, L.P.

By: UDR, INC., its sole general partner

Date: February 25, 2014

By: /s/ Thomas W. Toomey

Thomas W. Toomey

Chief Executive Officer and President (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on February 25, 2014 by the following persons on behalf of the registrant and in the capacities indicated.

/s/ Thomas W. Toomey

Thomas W. Toomey

Chief Executive Officer, President, and

Director of the General Partner (Principal Executive Officer)

/s/ Katherine A. Cattanach

Katherine A. Cattanach

Director of the General Partner

/s/ Thomas M. Herzog

Thomas M. Herzog

Senior Vice President and Chief Financial

Officer of the General Partner (Principal Financial Officer)

/s/ Eric J. Foss

Eric J. Foss

Director of the General Partner

/s/ Mark A. Schumacher

Mark A. Schumacher

Senior Vice President and Chief Accounting

Officer of the General Partner (Principal Accounting Officer)

/s/ Robert P. Freeman

Robert P. Freeman

Director of the General Partner

/s/ James D. Klingbeil

James D. Klingbeil

Chairman of the Board of the General Partner

/s/ Jon A. Grove

Jon A. Grove

Director of the General Partner

/s/ Lynne B. Sagalyn

Lynne B. Sagalyn

Vice Chair of the Board of the General Partner

/s/ Mark J. Sandler

Mark J. Sandler

Director of the General Partner

/s/ Mark R. Patterson

Mark R. Patterson

Director of the General Partner

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All other schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of UDR, Inc.

We have audited the accompanying consolidated balance sheets of UDR, Inc. (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income/(loss), changes in equity, and cash flows for each of the three years in the period ended December 31, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of UDR, Inc. at December 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), UDR, Inc.'s internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) and our report dated February 25, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Denver, Colorado
February 25, 2014

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of UDR, Inc.

We have audited UDR, Inc.'s internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) (the COSO criteria). UDR, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting included in Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, UDR, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of UDR, Inc. as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income/(loss), changes in equity, and cash flows for each of the three years in the period ended December 31, 2013 and our report dated February 25, 2014 , expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Denver, Colorado
February 25, 2014

UDR, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	December 31, 2013	December 31, 2012
ASSETS		
Real estate owned:		
Real estate held for investment	**$ 7,723,844**	$ 7,475,771
Less: accumulated depreciation	**(2,200,815)**	(1,884,039)
Real estate held for investment, net	**5,523,029**	5,591,732
Real estate under development (net of accumulated depreciation of $1,411 and $1,253, respectively)	**466,002**	489,795
Real estate sold or held for disposition (net of accumulated depreciation of $6,568 and $39,390, respectively)	**10,152**	49,619
Total real estate owned, net of accumulated depreciation	**5,999,183**	6,131,146
Cash and cash equivalents	**30,249**	12,115
Restricted cash	**22,796**	23,561
Deferred financing costs, net	**26,924**	24,990
Notes receivable, net	**83,033**	64,006
Investment in and advances to unconsolidated joint ventures, net	**507,655**	477,631
Other assets	**137,882**	125,654
Total assets	**$ 6,807,722**	$ 6,859,103
LIABILITIES AND EQUITY		
Liabilities:		
Secured debt	**$ 1,442,077**	$ 1,430,135
Unsecured debt	**2,081,626**	1,979,198
Real estate taxes payable	**13,847**	14,076
Accrued interest payable	**32,279**	30,937
Security deposits and prepaid rent	**27,203**	25,025
Distributions payable	**61,907**	57,915
Accounts payable, accrued expenses, and other liabilities	**118,682**	104,567
Total liabilities	**3,777,621**	3,641,853
Commitments and contingencies (Note 14)		
Redeemable noncontrolling interests in the Operating Partnership	**217,597**	223,418
Equity:		
Preferred stock, no par value; 50,000,000 shares authorized		
2,803,812 shares of 8.00% Series E Cumulative Convertible issued and outstanding (2,803,812 shares at December 31, 2012)	**46,571**	46,571
Common stock, $0.01 par value; 350,000,000 shares authorized 250,749,665 shares issued and outstanding (250,139,408 shares at December 31, 2012)	**2,507**	2,501
Additional paid-in capital	**4,109,765**	4,098,882
Distributions in excess of net income	**(1,342,070)**	(1,143,781)
Accumulated other comprehensive income/(loss), net	**(5,125)**	(11,257)
Total stockholders' equity	**2,811,648**	2,992,916
Noncontrolling interests	**856**	916
Total equity	**2,812,504**	2,993,832
Total liabilities and equity	**$ 6,807,722**	$ 6,859,103

See accompanying notes to consolidated financial statements.

UDR, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Years Ended December 31,		
	2013	**2012**	**2011**
REVENUES:			
Rental income	**$ 746,484**	$ 704,701	$ 613,689
Joint venture management and other fees	**12,442**	11,911	9,668
Total revenues	**758,926**	716,612	623,357
OPERATING EXPENSES:			
Property operating and maintenance	**144,319**	139,784	127,091
Real estate taxes and insurance	**93,765**	86,154	75,007
Property management	**20,528**	19,378	16,875
Other operating expenses	**7,136**	5,718	6,118
Real estate depreciation and amortization	**339,532**	341,926	324,630
General and administrative	**42,238**	43,792	47,257
Hurricane-related (recoveries)/charges, net	**(12,253)**	8,495	—
Other depreciation and amortization	**6,741**	4,105	3,931
Total operating expenses	**642,006**	649,352	600,909
Operating income	**116,920**	67,260	22,448
Income/(loss) from unconsolidated entities	**(415)**	(8,579)	(6,352)
Interest expense	**(126,083)**	(138,792)	(156,366)
Interest and other income/(expense), net	**4,619**	3,524	7,754
Income/(loss) before income taxes and discontinued operations	**(4,959)**	(76,587)	(132,516)
Tax benefit, net	**7,299**	30,282	5,647
Income/(loss) from continuing operations	**2,340**	(46,305)	(126,869)
Income/(loss) from discontinued operations, net of tax	**43,942**	266,608	147,454
Net income/(loss)	**46,282**	220,303	20,585
Net (income)/loss attributable to redeemable noncontrolling interests in the Operating Partnership	**(1,530)**	(7,986)	(395)
Net (income)/loss attributable to noncontrolling interests	**60**	(140)	(167)
Net income/(loss) attributable to UDR, Inc.	**44,812**	212,177	20,023
Distributions to preferred stockholders — Series E (Convertible)	**(3,724)**	(3,724)	(3,724)
Distributions to preferred stockholders — Series G	**—**	(2,286)	(5,587)
Premium on preferred stock redemption or repurchases, net	**—**	(2,791)	(175)
Net income/(loss) attributable to common stockholders	**$ 41,088**	$ 203,376	$ 10,537
Income/(loss) per weighted average common share — basic and diluted:			
Income/(loss) from continuing operations attributable to common stockholders	**$ (0.01)**	$ (0.22)	$ (0.65)
Income/(loss) from discontinued operations attributable to common stockholders	**$ 0.17**	$ 1.07	$ 0.71
Net income/(loss) attributable to common stockholders	**$ 0.16**	$ 0.85	$ 0.05
Weighted average number of common shares outstanding — basic and diluted	**249,969**	238,851	201,294

See accompanying notes to consolidated financial statements.

UDR, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(In thousands)

	Years Ended December 31,		
	2013	**2012**	**2011**
Net income/(loss)	**$ 46,282**	$ 220,303	$ 20,585
Other comprehensive income/(loss), including portion attributable to noncontrolling interests:			
Other comprehensive income/(loss) - derivative instruments:			
Unrealized holding gain/(loss)	**(469)**	(4,924)	(16,477)
(Gain)/loss reclassified into earnings from other comprehensive income	**6,851**	7,649	9,132
Other comprehensive income/(loss) - marketable securities:			
(Gain)/loss reclassified into earnings from other comprehensive income	**—**	—	(3,492)
Other comprehensive income/(loss), including portion attributable to noncontrolling interests	**6,382**	2,725	(10,837)
Comprehensive income/(loss)	**52,664**	223,028	9,748
Comprehensive income/(loss) attributable to noncontrolling interests	**1,720**	8,206	158
Comprehensive income/(loss) attributable to UDR, Inc.	**$ 50,944**	$ 214,822	$ 9,590

See accompanying notes to consolidated financial statements.

UDR, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In thousands, except share and per share data)

	Preferred Stock		Common Stock		Paid-in Capital	Distributions in Excess of Net Income	Accumulated Other Comprehensive Income/(Loss), net	Noncontrolling Interests	Total
	Shares	Amount	Shares	Amount					
Balance at December 31, 2010	6,029,374	$ 131,710	182,496,330	$ 1,825	$ 2,450,141	$ (973,864)	$ (3,469)	$ 3,687	$ 1,610,030
Net income/(loss) attributable to UDR, Inc.	—	—	—	—	—	20,023	—	—	20,023
Net income/(loss) attributable to noncontrolling interests	—	—	—	—	—	—	—	167	167
Other comprehensive income/(loss)	—	—	—	—	—	—	(10,433)	—	(10,433)
Issuance/(forfeiture) of common and restricted shares, net	—	—	615,752	6	10,996	—	—	—	11,002
Issuance of common shares through public offering	—	—	36,525,632	366	879,388	—	—	—	879,754
Redemption of 141,200 shares of 6.75% Series G Cumulative Redeemable Shares	(141,200)	(3,530)	—	—	108	(175)	—	—	(3,597)
Adjustment for conversion of noncontrolling interest of unitholders in the Operating Partnership	—	—	12,511	—	287	—	—	—	287
Acquisition of noncontrolling interests	—	—	—	—	(450)	—	—	—	(450)
Increase in noncontrolling interests from business combination, net	—	—	—	—	—	—	—	880	880
Common stock distributions declared ($0.80 per share)	—	—	—	—	—	(165,590)	—	—	(165,590)
Preferred stock distributions declared-Series E ($1.3288 per share)	—	—	—	—	—	(3,724)	—	—	(3,724)
Preferred stock distributions declared-Series G ($1.6875 per share)	—	—	—	—	—	(5,587)	—	—	(5,587)
Adjustment to reflect redemption value of redeemable noncontrolling interests	—	—	—	—	—	(13,978)	—	—	(13,978)
Balance at December 31, 2011	6,068,174	128,180	219,650,225	2,197	3,340,470	(1,142,895)	(13,902)	4,734	2,318,784
Net income/(loss) attributable to UDR, Inc.	—	—	—	—	—	212,177	—	—	212,177
Net income/(loss) attributable to noncontrolling interests	—	—	—	—	—	—	—	140	140
Other comprehensive income/(loss)	—	—	—	—	—	—	2,645	—	2,645
Issuance/(forfeiture) of common and restricted shares, net	—	—	(22,224)	—	(742)	—	—	—	(742)
Issuance of common shares through public offering	—	—	30,490,969	305	755,833	—	—	—	756,138
Redemption of 3,264,362 shares of 6.75% Series G Cumulative Redeemable Shares	(3,264,362)	(81,609)	—	—	2,791	(2,791)	—	—	(81,609)
Adjustment for conversion of noncontrolling interest of unitholders in the. Operating Partnership	—	—	20,438	(1)	530	—	—	—	529
Acquisition of noncontrolling interests	—	—	—	—	—	—	—	(4,871)	(4,871)
Increase in noncontrolling interests from business combination, net	—	—	—	—	—	—	—	913	913
Common stock distributions declared ($0.88 per share)	—	—	—	—	—	(215,654)	—	—	(215,654)
Preferred stock distributions declared-Series E ($1.3288 per share)	—	—	—	—	—	(3,724)	—	—	(3,724)
Preferred stock distributions declared-Series G ($0.5671875 per share)	—	—	—	—	—	(2,286)	—	—	(2,286)
Adjustment to reflect redemption value of redeemable noncontrolling interests	—	—	—	—	—	11,392	—	—	11,392

UDR, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
(In thousands, expect share and per share data)

	Preferred Stock		Common Stock		Paid-in Capital	Distributions in Excess of Net Income	Accumulated Other Comprehensive Income/(Loss), net	Noncontrolling Interests	Total
	Shares	Amount	Shares	Amount					
Balance at December 31, 2012	2,803,812	46,571	250,139,408	2,501	4,098,882	(1,143,781)	(11,257)	916	2,993,832
Net income/(loss) attributable to UDR, Inc.	—	—	—	—	—	44,812	—	—	44,812
Net income/(loss) attributable to noncontrolling interests	—	—	—	—	—	—	—	(60)	(60)
Other comprehensive income/(loss)	—	—	—	—	—	—	6,132	—	6,132
Issuance/(forfeiture) of common and restricted shares, net	—	—	533,966	5	9,067	—	—	—	9,072
Adjustment for conversion of noncontrolling interest of unitholders in Operating Partnership	—	—	76,291	1	1,816	—	—	—	1,817
Common stock distributions declared ($0.94 per share)	—	—	—	—	—	(235,721)	—	—	(235,721)
Preferred stock distributions declared-Series E ($1.3288 per share)	—	—	—	—	—	(3,724)	—	—	(3,724)
Adjustment to reflect redemption value of redeemable noncontrolling interests	—	—	—	—	—	(3,656)	—	—	(3,656)
Balance at December 31, 2013	**2,803,812**	**$ 46,571**	**250,749,665**	**$ 2,507**	**$ 4,109,765**	**$ (1,342,070)**	**$ (5,125)**	**$ 856**	**$ 2,812,504**

See accompanying notes to consolidated financial statements.

UDR, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, except for share data)

	Years Ended December 31,		
	2013	**2012**	**2011**
Operating Activities			
Net income/(loss)	**$ 46,282**	$ 220,303	$ 20,585
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:			
Depreciation and amortization	**348,231**	354,505	374,274
Net gain on the sale of depreciable property, net of tax	**(41,919)**	(251,554)	(125,928)
Impairment loss, net of tax	**1,470**	—	—
Tax benefit, net	**(7,299)**	(30,282)	(5,647)
Loss from unconsolidated entities	**415**	8,579	6,352
Hurricane-related (recoveries)/charges, net	**(270)**	8,495	—
Other	**24,826**	26,009	22,457
Changes in operating assets and liabilities:			
(Increase)/decrease in operating assets	**(15,135)**	12,647	(38,282)
Increase/(decrease) in operating liabilities	**(16,699)**	(21,515)	(2,400)
Net cash provided by operating activities	**339,902**	327,187	251,411
Investing Activities			
Acquisition of real estate assets (net of liabilities assumed) and initial capital expenditures	**—**	(108,215)	(989,029)
Proceeds from sales of real estate investments, net	**250,043**	593,167	321,803
Development and redevelopment of real estate assets	**(372,744)**	(246,923)	(98,683)
Capital expenditures and other major improvements — real estate assets, net of escrow reimbursement	**(61,535)**	(144,877)	(91,476)
Capital expenditures — non-real estate assets	**(7,639)**	(7,947)	(13,267)
Investment in unconsolidated joint ventures	**(43,291)**	(283,369)	(104,311)
Distributions received from unconsolidated joint ventures	**130,984**	50,580	11,202
(Issuance)/repayment of notes receivable	**(19,027)**	(63,998)	7,800
Purchase deposits on pending real estate acquisitions	**—**	—	(80,397)
Cash paid in nonmonetary asset exchange	**—**	—	(28,124)
Proceeds from sales of marketable securities	**—**	—	9,799
Net cash provided by/(used in) investing activities	**(123,209)**	(211,582)	(1,054,683)
Financing Activities			
Payments on secured debt	**(46,564)**	(491,885)	(332,546)
Proceeds from the issuance of secured debt		250	30,728
Payments on unsecured debt	**(122,500)**	(100,000)	(264,829)
Proceeds from the issuance of unsecured debt	**299,943**	396,400	296,964
Net proceeds/(repayment) of revolving bank debt	**(76,000)**	(345,000)	389,250
Proceeds from the issuance of common shares through public offering, net	**—**	756,138	879,754
Payments for the repurchase of Series G preferred stock, net	**—**	(81,609)	(3,597)
Distributions paid to redeemable noncontrolling interests	**(9,348)**	(9,033)	(10,947)
Acquisition of nonredeemable noncontrolling interests	**—**	(4,871)	—

UDR, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(In thousands, except for share data)

	Years Ended December 31,		
	2013	**2012**	**2011**
Distributions paid to preferred stockholders	**(3,724)**	(6,954)	(9,311)
Distributions paid to common stockholders	**(231,822)**	(207,470)	(150,446)
Other	**(8,544)**	(21,959)	(18,731)
Net cash provided by/(used in) financing activities	**(198,559)**	(115,993)	806,289
Net increase/(decrease) in cash and cash equivalents	**18,134**	(388)	3,017
Cash and cash equivalents, beginning of year	**12,115**	12,503	9,486
Cash and cash equivalents, end of year	**$ 30,249**	$ 12,115	$ 12,503
Supplemental Information:			
Interest paid during the period, net of amounts capitalized	**$ 127,877**	$ 133,133	$ 155,598
Non-cash transactions:			
Real estate acquired in asset exchange or upon consolidation of joint ventures	**129,437**	—	268,853
Real estate disposed in asset exchange	**—**	—	192,576
Transfer of real estate owned to investment in and advances to unconsolidated ventures	**175,951**	—	—
Secured debt assumed in the acquisitions of properties, including asset exchange and consolidation of joint ventures	**63,595**	34,412	278,657
Secured debt transferred in asset exchange	**—**	—	55,356
Fair market value adjustment of secured debt assumed in acquisitions of properties, including asset exchange	**—**	2,617	26,880
Development costs and capital expenditures incurred but not yet paid	**37,220**	24,551	2,009
Contribution of purchase deposit made in 2011 to unconsolidated joint venture	**—**	80,397	—
Conversion of operating partnership noncontrolling interests to common stock (76,291 shares in 2013, 20,438 shares in 2012; and 12,511 shares in 2011)	**1,817**	529	287
OP Units issued in partial consideration for property acquisition	**—**	—	111,034

See accompanying notes to consolidated financial statements.

1. CONSOLIDATION AND BASIS OF PRESENTATION

Organization and Formation

UDR, Inc. ("UDR," the "Company," "we," or "our") is a self-administered real estate investment trust, or REIT, that owns, operates, acquires, renovates, develops, redevelops, and manages apartment communities generally in high barrier-to-entry markets located in the United States. The high barrier-to-entry markets are characterized by limited land for new construction, difficult and lengthy entitlement process, expensive single-family home prices and significant employment growth potential. At December 31, 2013 , our consolidated apartment portfolio consisted of 141 consolidated communities located in 21 markets consisting of 41,250 apartment homes. In addition, the Company has an ownership interest in 9,909 apartment homes through unconsolidated joint ventures.

Basis of Presentation

The accompanying consolidated financial statements of UDR include its wholly-owned and/or controlled subsidiaries (see the "Consolidated Joint Ventures" section of Note 5, *Joint Ventures and Partnerships* , for further discussion). All significant intercompany accounts and transactions have been eliminated in consolidation. Certain previously reported amounts have been reclassified to conform to the current financial statement presentation.

The accompanying consolidated financial statements include the accounts of UDR and its subsidiaries, including United Dominion Realty, L.P. (the "Operating Partnership" or the "OP"). As of December 31, 2013 and 2012 , there were 183,278,698 and 184,281,253 units, respectively, in the Operating Partnership outstanding, of which 173,959,774 units or 94.9% and 174,886,035 or 94.9% , respectively, were owned by UDR and 9,318,924 units or 5.1% and 9,395,218 or 5.1% , respectively, were owned by limited partners. The consolidated financial statements of UDR include the noncontrolling interests of the unitholders in the Operating Partnership.

The Company evaluated subsequent events through the date its financial statements were issued. No significant recognized or non-recognized subsequent events were noted other than those mentioned in Note 3, *Real Estate Owned* , and Note 6 , *Secured and Unsecured Debt* .

2. SIGNIFICANT ACCOUNTING POLICIES

Recent Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-10, *Disclosures about Offsetting Assets and Liabilities.* The objective of this update is to provide enhanced disclosures that will enable users of its financial statements to evaluate the effect or potential effect of netting arrangements on an entity's financial position. This included the effect or potential effect of rights of setoff associated with an entity's recognized assets and recognized liabilities within the scope of this update. The amendments require enhanced disclosures by requiring improved information about financial instruments and derivative instruments that are either 1) offset on the balance sheet in accordance with the "Offsetting Guidance" in ASC 210-20-45 or ASC 815-10-45 (collectively, the offsetting guidance) or 2) subject to an enforceable master netting arrangement or similar agreement, regardless of whether they are offset in accordance with the "Offsetting Guidance". The amendments, which were adopted by the Company on January 1, 2013, impacted the Company's disclosures related to its derivative activities. (See Note 13, *Derivatives and Hedging Activity* .) The new guidance did not have any impact on the Company's consolidated financial position, results of operations, or cash flows.

In February 2012, the FASB issued ASU No. 2013-02 , *Other Comprehensive Income (Topic 220)* to require preparers to report, in one place, information about reclassifications out of accumulated other comprehensive income ("AOCI"). For significant items reclassified out of AOCI to net income in their entirety in the same reporting period, reporting (either on the face of the statement where net income is presented or in the notes thereto) is required about the effect of the reclassifications on the respective line items in the statement where net income is presented. For items that are not reclassified to net income in their entirety in the same reporting period, a cross reference to other existing disclosures is required in the notes. The amendments, which were adopted by the Company on January 1, 2013, did not have any impact on the Company's consolidated financial position, results of operations, or cash flows. The accompanying consolidated financial statements include the required disclosures in the Consolidated Statements of Comprehensive Income/(Loss) or in the notes thereto for each of the three years in the period ended December 31, 2013.

Real Estate

Real estate assets held for investment are carried at historical cost and consist of land, buildings and improvements, furniture, fixtures and equipment and other costs incurred during their development, acquisition and redevelopment.

Expenditures for ordinary repair and maintenance costs are charged to expense as incurred. Expenditures for improvements, renovations, and replacements related to the acquisition and/or improvement of real estate assets are capitalized and depreciated over their estimated useful lives if the expenditures qualify as a betterment or the life of the related asset will be substantially extended beyond the original life expectancy.

UDR purchases real estate investment properties and records the tangible and identifiable intangible assets and liabilities acquired based on their estimated fair value. The primary, although not only, identifiable intangible asset associated with our portfolio is the value of existing lease agreements. When recording the acquisition of a community, we first assign fair value to the estimated intangible value of the existing lease agreements and then to the estimated value of the land, building and fixtures assuming the community is vacant. The Company estimates the intangible value of the lease agreements by determining the lost revenue associated with a hypothetical lease-up. Depreciation on the building is based on the expected useful life of the asset and the in-place leases are amortized over their remaining average contractual life. Property acquisition costs are expensed as incurred.

Quarterly or when changes in circumstances warrant, UDR will assess our real estate properties for indicators of impairment. In determining whether the Company has indicators of impairment in our real estate assets, we assess whether the long-lived asset's carrying value exceeds the community's undiscounted future cash flows, which is representative of projected net operating income ("NOI") plus the residual value of the community. Our future cash flow estimates are based upon historical results adjusted to reflect our best estimate of future market and operating conditions and our estimated holding periods. If such indicators of impairment are present and the carrying value exceeds the undiscounted cash flows of the community, an impairment loss is recognized equal to the excess of the carrying amount of the asset over its estimated fair value. Our estimates of fair market value represent our best estimate based primarily upon unobservable inputs related to rental rates, operating costs, growth rates, discount rates, capitalization rates, industry trends and reference to market rates and transactions.

For long-lived assets to be disposed of, impairment losses are recognized when the fair value of the asset less estimated cost to sell is less than the carrying value of the asset. Properties classified as real estate held for sale generally represent properties that are actively marketed or contracted for sale with the closing expected to occur within the next twelve months. Real estate held for sale is carried at the lower of cost, net of accumulated depreciation, or fair value, less the cost to sell, determined on an asset-by-asset basis. Expenditures for ordinary repair and maintenance costs on held for sale properties are charged to expense as incurred. Expenditures for improvements, renovations, and replacements related to held for sale properties are capitalized at cost. Depreciation is not recorded on real estate held for sale.

Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets which are 35 to 55 years for buildings, 10 to 35 years for major improvements, and 3 to 10 years for furniture, fixtures, equipment, and other assets. As of December 31, 2013 and 2012 , the amount of our net intangible assets, which are reflected in *Other Assets* in the Consolidated Balance Sheets , was $9.0 million and $11.9 million , respectively. As of December 31, 2013 and 2012 , the amount of our net intangible liabilities, which are reflected in *Accounts Payable, Accrued Expenses, and Other Liabilities* in the Consolidated Balance Sheets, was $4.4 million and $5.2 million . The balances are being amortized over the remaining life of the respective intangible.

Predevelopment, development, and redevelopment projects and related costs are capitalized and reported on the Consolidated Balance Sheets as *Total Real Estate Owned, Net of Accumulated Depreciation* . The Company capitalizes costs directly related to the predevelopment, development, and redevelopment of a capital project, which include, but are not limited to, interest, real estate taxes, insurance, and allocated development and redevelopment overhead related to support costs for personnel working on the capital projects. We use our professional judgment in determining whether such costs meet the criteria for capitalization or must be expensed as incurred. These costs are capitalized only during the period in which activities necessary to ready an asset for its intended use are in progress and such costs are incremental and identifiable to a specific activity to get the asset ready for its intended use. These costs, excluding the direct costs of development and redevelopment and capitalized interest, for the years ended December 31, 2013, 2012, and 2011 were $11.1 million , $10.0 million and $10.0 million , respectively. During the years ended December 31, 2013, 2012, and 2011, total interest capitalized was $29.4 million , $26.4 million , and $13.0 million , respectively. As each home in a capital project is completed and becomes available for lease-up, the Company ceases capitalization on the related portion and depreciation commences over the estimated useful life.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits with financial institutions and short-term, highly liquid investments. We consider all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. The majority of the Company's cash and cash equivalents are held at major commercial banks.

Restricted Cash

Restricted cash consists of escrow deposits held by lenders for real estate taxes, insurance and replacement reserves, and security deposits.

Revenue and Real Estate Sales Gain Recognition

Rental income related to leases is recognized on an accrual basis when due from residents and tenants in accordance with GAAP. Rental payments are generally due on a monthly basis and recognized when earned. The Company recognizes interest income, management and other fees and incentives when earned, and the amounts are fixed and determinable.

For sale transactions meeting the requirements for full accrual profit recognition, we remove the related assets and liabilities from our Consolidated Balance Sheets and record the gain or loss in the period the transaction closes. For sale transactions that do not meet the full accrual sale criteria due to our continuing involvement, we evaluate the nature of the continuing involvement and account for the transaction under an alternate method of accounting. Unless certain limited criteria are met, non-monetary transactions, including property exchanges, are accounted for at fair value.

Sales to entities in which we retain or otherwise own an interest are accounted for as partial sales. If all other requirements for recognizing profit under the full accrual method have been satisfied and no other forms of continuing involvement are present, we recognize profit proportionate to the outside interest in the buyer and defer the gain on the interest we retain. The Company recognizes any deferred gain when the property is sold to a third party. In transactions accounted for by us as partial sales, we determine if the buyer of the majority equity interest in the venture was provided a preference as to cash flows in either an operating or a capital waterfall. If a cash flow preference has been provided, we recognize profit only to the extent that proceeds from the sale of the majority equity interest exceed costs related to the entire property.

Notes Receivable

The following table summarizes our notes receivable, net as of December 31, 2013 and 2012 (*dollars in thousands*):

	Interest rate at December 31, 2013	December 31, 2013	December 31, 2012
Note due March 2014 (a)	3.67%	$ 40,800	$ —
Note due October 2014 - related party (b)	—	—	24,481
Note due February 2017 (c)	10.00%	14,580	13,200
Note due July 2017 (d)	8.00%	1,400	100
Note due June 2022 (net of discount of $247 and $275) (e)	7.00%	26,253	26,225
Total notes receivable, net		$ 83,033	$ 64,006

(a) In conjunction with the sale of its 95% interest in the Lodge at Stoughton, one of its unconsolidated joint ventures, the Company provided the buyer with a $40.8 million three -month bridge loan at LIBOR plus a spread of 350 basis points with two three -month extension options at increased rates. For additional information on this transaction see Note 5, *Joint Ventures and Partnerships.*

(b) As of December 31, 2012, the Company had a $24.5 million unsecured note receivable with one of its unconsolidated joint ventures. In December 2013, the outstanding balance was paid off in connection with the sale of the Company's 95% interest in the joint venture. (See footnote (a) above and Note 5, *Joint Ventures and Partnerships*, for additional information on this transaction.)

(c) The Company has a secured note receivable with an unaffiliated third party with an aggregate commitment of $14.6 million , which bears an interest rate of 10.00% per annum. During the year ended December 31, 2013, the Company loaned an additional $1.4 million under this note. Interest payments are due monthly. The note matures at the earliest of the following: (a)

the closing of any private or public capital raising in the amount of $5.0 million or greater; (b) an acquisition; (c) acceleration in the event of default; or (d) the fifth anniversary of the date of the note (February 2017).

(d) The Company has a secured note receivable with an unaffiliated third party with an aggregate commitment of $2.5 million , which bears an interest rate of 8.00% per annum. During the year ended December 31, 2013 , the Company loaned an additional $1.3 million under the note. Interest payments are due monthly. The note matures at the earliest of the following: (a) the closing of any private or public capital raising in the amount of $5.0 million or greater; (b) an acquisition; (c) acceleration in the event of default; or (d) the fifth anniversary of the date of the note (July 2017).

(e) In 2012, the Company purchased mezzanine debt securing a mortgage on a class A community in West Los Angeles, California. The $26.5 million loan was purchased at a yield of 7.25% and bears a coupon rate of 7.00% . Interest payments are due monthly and the note is due June 2022 . The discount is amortized using the effective interest method.

During the years ended December 31, 2013 , 2012 and 2011, the Company recognized $4.1 million , $2.7 million and $646,000 of interest income, net of accretion, from these notes receivable, of which $765,000 , $281,000 and $0 , respectively, were related party interest income. Interest income is included in *Interest and Other Income/(Expense), Net* on the Consolidated Statements of Operations.

Marketable Securities

During the year ended December 31, 2011, the Company sold marketable securities for $3.5 million , resulting in a realized gain of $3.1 million , which is included in *Interest and Other Income/(Expense), Net* on the Consolidated Statements of Operations. The cost of securities sold was based on the specific identification method. Unrealized gains of $3.5 million were reclassified out of accumulated other comprehensive income/(loss) into earnings during the year ended December 31, 2011. The marketable securities, which represented common stock in a publicly held company, were classified as “available-for-sale,” and were carried at fair value with unrealized gains and losses reported as a component of other comprehensive income/(loss).

Investment in Joint Ventures and Partnerships

We use the equity method to account for investments in joint ventures and partnerships that qualify as variable interest entities where we are not the primary beneficiary and entities that we do not control or where we do not own a majority of the economic interest but have the ability to exercise significant influence over the operating and financial policies of the investee. Throughout these financial statements we use the term “joint venture” or “partnership” when referring to investments in entities in which we do not have a 100% ownership interest. The Company also uses the equity method when we function as the managing partner and our venture partner has substantive participating rights or where we can be replaced by our venture partner as managing partner without cause. For a joint venture or partnership accounted for under the equity method, our share of net earnings or losses is reflected as income/loss when earned/incurred and distributions are credited against our investment in the joint venture or partnership as received.

In determining whether a joint venture or partnership is a variable interest entity, the Company considers: the form of our ownership interest and legal structure; the size of our investment; the financing structure of the entity, including necessity of subordinated debt; estimates of future cash flows; ours and our partner’s ability to participate in the decision making related to acquisitions, disposition, budgeting and financing of the entity; obligation to absorb losses and preferential returns; nature of our partner’s primary operations; and the degree, if any, of disproportionality between the economic and voting interests of the entity. As of December 31, 2013 , the Company did not determine any of our joint ventures or partnerships to be variable interest entities.

We evaluate our investments in unconsolidated joint ventures for events or changes in circumstances that indicate there may be an other-than-temporary decline in value. We consider various factors to determine if a decrease in the value of the investment is other-than-temporary. These factors include, but are not limited to, age of the venture, our intent and ability to retain our investment in the entity, the financial condition and long-term prospects of the entity, the fair value of the property of the joint venture, and the relationships with the other joint venture partners and its lenders. The amount of loss recognized is the excess of the investment’s carrying amount over its estimated fair value. If we believe that the decline in fair value is temporary, no impairment is recorded. The aforementioned factors are taken into consideration as a whole by management in determining the valuation of our equity method investments. Should the actual results differ from management’s judgment, the valuation could be negatively affected and may result in a negative impact to our Consolidated Financial Statements.

Derivative Financial Instruments

The Company utilizes derivative financial instruments to manage interest rate risk and generally designates these financial instruments as cash flow hedges. Derivative financial instruments are recorded on our Consolidated Balance Sheets as either an asset or liability and measured quarterly at their fair value. The changes in fair value for cash flow hedges that are deemed effective are reflected in other comprehensive income/(loss) and for non-designated derivative financial instruments in earnings. The ineffective component of cash flow hedges, if any, is recorded in earnings.

Redeemable Noncontrolling Interests in the Operating Partnership

Interests in the Operating Partnership held by limited partners are represented by Operating Partnership units ("OP Units"). The income is allocated to holders of OP Units based upon net income available to common stockholders and the weighted average number of OP Units outstanding to total common shares plus OP Units outstanding during the period. Capital contributions, distributions, and profits and losses are allocated to noncontrolling interests in accordance with the terms of the partnership agreement.

Limited partners have the right to require the Operating Partnership to redeem all or a portion of the OP Units held by the limited partner at a redemption price equal to and in the form of the Cash Amount as defined in the Amended and Restated Agreement of Limited Partnership of the Operating Partnership (the "Operating Partnership Agreement"), provided that such OP Units have been outstanding for at least one year. UDR, as the general partner of the Operating Partnership may, in its sole discretion, purchase the OP Units by paying to the limited partner either the Cash Amount or the REIT Share Amount (generally one share of Common Stock of the Company for each OP Unit), as defined in the Operating Partnership Agreement. Accordingly, the Company records the OP Units outside of permanent equity and reports the OP Units at their redemption value using the Company's stock price at each balance sheet date.

Income Taxes

Due to the structure of the Company as a REIT and the nature of the operations for the operating properties, no provision for federal income taxes has been provided for at UDR. Historically, the Company has generally incurred only state and local excise and franchise taxes. UDR has elected for certain consolidated subsidiaries to be treated as taxable REIT subsidiaries ("TRS"), primarily those engaged in development activities.

Income taxes for our TRS, RE [3], are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rate is recognized in earnings in the period of the enactment date. The Company's deferred tax assets are generally the result of differing depreciable lives on capitalized assets and timing of expense recognition for certain accrued liabilities. As of December 31, 2013 , UDR recorded a net income tax receivable of $1.3 million and a net deferred tax asset of $32.3 million (net of a valuation allowance of $1.3 million), which are classified in *Other Assets* on the Consolidated Balance Sheets.

Prior to 2012, RE [3] had a history of losses and, as a result, historically recognized a valuation allowance for net deferred tax assets. Each quarter, the Company evaluates the need to retain all or a portion of the valuation allowance on its net deferred tax assets. In 2012, the Company determined that it was more likely than not that the deferred tax assets, including any remaining net operating loss carry forward, would be realized. In making this determination, the Company analyzed, among other things, its recent history of earnings from sales of depreciable property, forecasts of future earnings and its cumulative earnings for the last twelve quarters. The reversal of the valuation allowance resulted in an income tax benefit of $44.4 million during the year ended December 31, 2012 , $21.5 million of which is reported in continuing operations and included within *Tax Benefit, Net* in the Consolidated Statements of Operations, and $22.9 million of which is included within *Income/(Loss) from Discontinued Operations, Net of Tax* in the Consolidated Statements of Operations.

GAAP defines a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. GAAP also provides guidance on derecognition, classification, interest and penalties, accounting for interim periods, disclosure and transition.

The Company recognizes its tax positions and evaluates them using a two-step process. First, UDR determines whether a tax position is more likely than not (greater than 50 percent probability) to be sustained upon examination, including resolution

of any related appeals or litigation processes, based on the technical merits of the position. The Company will determine the amount of benefit to recognize and record the amount that is more likely than not to be realized upon ultimate settlement.

UDR had no material unrecognized tax benefit, accrued interest or penalties at December 31, 2013 . UDR and its subsidiaries are subject to federal income tax as well as income tax of various state and local jurisdictions. The tax years 2010 through 2012 remain open to examination by tax jurisdictions to which we are subject. When applicable, UDR recognizes interest and/or penalties related to uncertain tax positions in income tax expense.

Discontinued Operations

Under GAAP, the results of operations for those properties sold during the year or classified as held for sale at the end of the current year are classified as discontinued operations in the current and prior periods. Further, to meet the discontinued operations criteria, the Company will not have any significant continuing involvement in the ownership or operation of the property after the sale or disposition. Once a property is classified as held for sale, depreciation is no longer recorded. However, if the Company determines that the property no longer meets the criteria for held for sale, the Company will recapture any unrecorded depreciation on the property. The assets and liabilities, if any, of properties classified as held for sale are presented separately on the Consolidated Balance Sheets at the lower of their carrying amount or their estimated fair value less the costs to sell the assets. (See Note 4, *Discontinued Operations and Assets Held for Sale,* for further discussion).

Stock-Based Employee Compensation Plans

The Company measures the cost of employee services received in exchange for an award of an equity instrument based on the award's fair value on the grant date and recognizes the cost over the period during which the employee is required to provide service in exchange for the award, which is generally the vesting period. The fair value for stock options issued by the Company is calculated utilizing the Black-Scholes-Merton formula. For performance based awards, the Company remeasures the fair value each balance sheet date with adjustments made on a cumulative basis until the award is settled and the final compensation is known. The fair value for market based awards issued by the Company is calculated utilizing a Monte Carlo simulation. For further discussion, see Note 9, *Employee Benefit Plans.*

Advertising Costs

All advertising costs are expensed as incurred and reported on the Consolidated Statements of Operations within the line item *General and Administrative* . During the years ended December 31, 2013 , 2012 , and 2011 , total advertising expense was $5.7 million , $6.2 million , and $5.4 million , respectively.

Cost of Raising Capital

Costs incurred in connection with the issuance of equity securities are deducted from stockholders' equity. Costs incurred in connection with the issuance or renewal of debt are recorded based on the terms of the debt issuance or renewal. Accordingly, if the terms of the renewed or modified debt instrument are deemed to be substantially different (i.e. a 10 percent or greater difference in the cash flows between instruments), all unamortized financing costs associated with the extinguished debt are charged to earnings in the current period and certain costs of new debt issuances are capitalized and amortized over the term of the debt. When the cash flows are not substantially different, the lender costs associated with the renewal or modification are capitalized and amortized into interest expense over the remaining term of the related debt instrument and other related costs are expensed. The balance of any unamortized financing costs associated with retired debt is expensed upon retirement. Deferred financing costs for new debt instruments include fees and costs incurred by the Company to obtain financing. Deferred financing costs are generally amortized on a straight-line basis, which approximates the effective interest method, over a period not to exceed the term of the related debt.

Preferred Share Redemption and Repurchases

During the year ended December 31, 2012, the Company completed the redemption of all outstanding shares of its 6.75% Series G Cumulative Redeemable Preferred Stock. A total of 3,264,362 shares of the Series G Preferred Stock was redeemed at a redemption price of $25 per share in cash, plus accrued and unpaid dividends to the redemption date for a total cost of $82.1 million .

When redeeming or repurchasing preferred stock, the Company recognizes share issuance costs as a charge to the preferred stock on a pro rata basis to the total costs incurred for the preferred stock as well as any premium or discount on the

redemption or repurchase. In connection with the redemption of the Series G Preferred Stock, the Company recognized a (decrease)/increase in net income/(loss) attributable to common stockholders of $(2.8) million , and $(175,000) for the years ended December 31, 2012 , and 2011 , respectively, which is reported in *Premium on Preferred Stock Redemption or Repurchases, Net* on the Consolidated Statements of Operations.

Comprehensive Income/(Loss)

Comprehensive income/(loss), which is defined as the change in equity during each period from transactions and other events and circumstances from nonowner sources, including all changes in equity during a period except for those resulting from investments by or distributions to stockholders, is displayed in the accompanying Consolidated Statements of Comprehensive Income/(Loss). For the years ended December 31, 2013 , 2012 , and 2011 , the Company's other comprehensive income/(loss) consisted of the gain/(loss) (effective portion) on derivative instruments that are designated as and qualify as cash flow hedges, (gain)/loss on derivative instruments and marketable securities reclassified from other comprehensive income/(loss) into earnings, and the allocation of other comprehensive income/(loss) to redeemable noncontrolling interests. The (gain)/loss on derivative instruments reclassified from other comprehensive income/(loss) is included in interest expense in the accompanying Consolidated Statements of Operations. See Note 13, *Derivatives and Hedging Activity*, for further discussion. The (gain)/loss on marketable securities reclassified from other comprehensive income/(loss) is included in *Interest and Other Income/(Expense), Net* on the Consolidated Statements of Operations. The allocation of other comprehensive income/(loss) to redeemable noncontrolling interests during the years ended December 31, 2013 , 2012 , and 2011 was $250,000 , $80,000 , and $(404,000) , respectively.

Use of Estimates

The preparation of these financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the dates of the financial statements and the amounts of revenues and expenses during the reporting periods. Actual amounts realized or paid could differ from those estimates.

Market Concentration Risk

The Company is subject to increased exposure from economic and other competitive factors specific to markets where the Company holds a significant percentage of the carrying value of its real estate portfolio. At December 31, 2013 , the Company held greater than 10% of the carrying value of its real estate portfolio in the Orange County, California; Metropolitan D.C.; and New York, New York markets.

3. REAL ESTATE OWNED

Real estate assets owned by the Company consist of income producing operating properties, properties under development, land held for future development, and sold or held for sale properties. As of December 31, 2013 , the Company owned and consolidated 141 communities in 10 states plus the District of Columbia totaling 41,250 apartment homes. The following table summarizes the carrying amounts for our real estate owned (at cost) as of December 31, 2013 and 2012 *(dollars in thousands):*

	December 31, 2013	December 31, 2012
Land	**$ 1,847,127**	$ 1,884,403
Depreciable property — held and used:		
Building, improvements, and furniture, fixtures and equipment	**5,876,717**	5,591,368
Under development:		
Land	**110,769**	151,154
Construction in progress	**356,644**	339,894
Real estate sold or held for sale:		
Land	**10,751**	22,766
Building, improvements, and furniture, fixtures and equipment	**5,969**	66,243
Real estate owned	**8,207,977**	8,055,828
Accumulated depreciation	**(2,208,794)**	(1,924,682)
Real estate owned, net	**$ 5,999,183**	$ 6,131,146

In June 2013, the Company sold a 50% interest in five partnerships (the "UDR/MetLife Vitruvian Park ® Partnerships") to MetLife for approximately $141.3 million , before transaction costs of $936,000 . The properties held by the UDR/MetLife Vitruvian Park ® Partnerships are located in Addison, Texas and consist of two operating communities with 739 apartment homes, one recently completed development community in lease-up with 391 apartment homes, and 28.4 acres of developable land parcels. The transaction resulted in a gain of approximately $436,000 which the Company has deferred until the terms of the construction completion guarantee have been met. The UDR/MetLife Vitruvian Park ® Partnerships are accounted for under the equity method of accounting and are included in *Investment In and Advances To Unconsolidated Joint Ventures, Net* on the Consolidated Balance Sheets. See further discussion of this transaction in Note 5, *Joint Ventures and Partnerships* .

The operations of the UDR/MetLife Vitruvian Park ® Partnerships' assets, prior to the sale of a 50% interest, have been classified as a component of continuing operations on the Consolidated Statements of Operations, as UDR has continuing involvement over the duration of the partnership.

In December 2013, the Company sold a 49% interest to MetLife in the Company's fully-entitled 399 Fremont land parcel located in San Francisco, California for approximately $29.9 million . In conjunction with the sale, the Company formed a new unconsolidated joint venture, UDR/MetLife 399 Fremont, to develop a $318 million , 447 -home, luxury high-rise tower on the site. As the Company recently acquired the 399 Fremont land parcel, the sale price was equivalent to the cost basis resulting in no gain or loss on the transaction. For more information on this transaction see Note 5, *Joint Ventures and Partnerships* .

In December 2013, the Company became the managing partner of two joint ventures resulting in consolidation of both and increasing the real estate owned by $129.4 million . See Note 5, J *oint Ventures and Partnerships,* for further details.

In January 2014, the Company acquired a fully-entitled land parcel for future development located in Huntington Beach, California for $78.0 million .

In 2012, the Company acquired the remaining 80% ownership interests in two apartment communities (633 homes) for $11.7 million from one of our joint ventures. Also the Company acquired our partners' interests in two development joint ventures and two joint ventures, which owned parcels of land for future development. Total acquisition value of these communities and land parcels at the acquisition date was recorded as $102.1 million to land; $38.8 million to buildings, improvements and furniture, fixtures, and equipment; $1.5 million to intangible assets; and $38.1 million to assumed debt and liabilities.

The Company incurred $59,000 , $2.3 million and $4.8 million of acquisition-related costs during the years ended December 31, 2013 , 2012 , and 2011 , respectively. These expenses are reported within the line item *General and Administrative* on the Consolidated Statements of Operations.

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

The results of operations for properties sold during the year or designated as held for sale at the end of the year are classified as discontinued operations for all periods presented. Properties classified as real estate held for sale generally represent properties that are actively marketed or contracted for sale with the closing expected to occur within the next twelve months. The presentation of discontinued operations does not have an impact on net income/(loss) attributable to common stockholders, and results in the reclassification of the operating results of all properties sold or classified as held for sale through December 31, 2013 , within the Consolidated Statements of Operations for the years ended December 31, 2013, 2012, and 2011 , and the reclassification of the assets and liabilities within the Consolidated Balance Sheets as of December 31, 2013 and 2012 , if applicable. The gain/(loss) on the sale of depreciable properties, net of tax and the income/(loss) attributable to disposed properties are reported within the line item *Income/(Loss) from Discontinued Operations, Net of Tax* on the Consolidated Statements of Operations.

During the year ended December 31, 2013 , the Company sold two communities in the Sacramento market with 914 apartment homes for gross proceeds of $81.1 million . During the year ended December 31, 2012 , the Company sold 21 communities with 6,507 apartment homes for gross proceeds of $609.4 million . During the year ended December 31, 2011 , the Company sold 18 communities with 4,488 apartment homes, which included six communities with 1,418 apartment homes sold in conjunction with an asset exchange, for gross proceeds of $593.4 million .

The Company had one commercial operating property under contract to sell for approximately $10.8 million that met the criteria to be classified as held for sale and included in *Income/(Loss) from Discontinued Operations, Net of Tax* on the Consolidated Statements of Operations at December 31, 2013 . In December 2013, the Company recognized an impairment loss of $1.5 million , net of tax, on this property under a Level 3 assessment as the purchase price less estimated cost of sale was less than the carrying value.

During the years ended December 31, 2013, 2012, and 2011 , UDR recognized net gain/(loss) on the sale of depreciable properties, before tax of $41.9 million , $260.4 million , and $138.5 million , respectively, which are included in *Income/(Loss) from Discontinued Operations, Net of Tax o* n the Consolidated Statements of Operations .

The following is a summary of income/(loss) from discontinued operations, net of tax for the years ended December 31, 2013, 2012, and 2011 (*dollars in thousands*):

	Years Ended December 31,		
	2013	**2012**	**2011**
Rental income	**$ 9,152**	$ 39,543	$ 117,269
Rental expenses	**3,511**	14,106	44,100
Property management	**252**	1,087	3,226
Real estate depreciation	**1,958**	8,475	45,713
Interest and other (income)/expense, net	**(62)**	821	2,066
Income/(loss) attributable to disposed properties and assets held for sale	**3,493**	15,054	22,164
Net gain/(loss) on the sale of depreciable property	**41,919**	260,404	138,508
Impairment charges	**(2,355)**	—	—
Income tax benefit/(expense)	**885**	(8,850)	(13,218)
Income/(loss) from discontinued operations, net of tax	**$ 43,942**	$ 266,608	$ 147,454
Income/(loss) from discontinued operations attributable to UDR, Inc.	**$ 42,364**	$ 256,533	$ 142,122

5. JOINT VENTURES AND PARTNERSHIPS

UDR has entered into joint ventures and partnerships with unrelated third parties to acquire real estate assets that are either consolidated and included in *Real Estate Owned* on the Consolidated Balance Sheets or are accounted for under the equity method of accounting, and are included in *Investment in and Advances to Unconsolidated Joint Ventures, Net* on the Consolidated Balance Sheets. The Company consolidates an entity in which we own less than 100% but control the joint venture or partnership as well as any variable interest entity where we are the primary beneficiary. In addition, the Company consolidates any joint venture or partnership in which we are the general partner or managing partner and the third party does not have the ability to substantively participate in the decision-making process nor the ability to remove us as general partner or managing partner without cause.

UDR's joint ventures and partnerships are funded with a combination of debt and equity. Our losses are limited to our investment and except as noted below, the Company does not guarantee any debt, capital payout or other obligations associated with our joint ventures and partnerships.

Consolidated Joint Ventures

In December 2013, the Company consolidated its 95% / 5% development joint ventures 13 th and Market in San Diego, CA and Domain College Park in Metropolitan, D.C. The consolidation was due to the Company becoming the managing partner of each of the joint ventures pursuant to amendments to the LLC Agreements. In connection with the amendments, our partner received equity distributions reducing its capital account balances to zero , the Company replaced our partner as the managing partner, and our partner no longer has the ability to substantively participate in the decision-making process, with only protective rights remaining. We accounted for the consolidations as asset acquisitions since the joint ventures were under development and not complete at the time of consolidation resulting in no gain or loss upon consolidation and increasing our real estate owned by $129.4 million and our debt owed by $63.6 million . In addition pursuant to the amendments, the Company paid a non-refundable deposit to our partner in January 2014 of $2.0 million for each joint venture, or $4.0 million in total, for the right to exercise options in 2014 to acquire our partner's upside participation in the joint ventures. The non-refundable deposits will be applied towards the future purchase price, which will be equivalent to our partner's right to receive certain upside participation from the developments.

In May 2012, the Company formed a joint venture with an unaffiliated third party to acquire Pier 4 (land for future development) in Boston, Massachusetts. At closing, UDR owned a 98.0% interest in the joint venture. The Company's total investment of $26.6 million consisted of our initial investment and the acquisition of its partner's 2.0% ownership interest in the joint venture in 2012.

In September 2012, the Company formed a joint venture with an unaffiliated third party to acquire 3032 Wilshire (land for future development) in Santa Monica, California. At closing and at December 31, 2013, UDR owned a controlling interest of 95% in the joint venture for an initial investment of $10.3 million .

In October 2012, the Company formed a joint venture with an unaffiliated third party to acquire 2919 Wilshire (land for future development) in Santa Monica, California. At closing and at December 31, 2013, UDR owned a controlling interest of 95% in the joint venture for an initial investment of $7.0 million .

In 2011, the Company invested in a joint venture with an unaffiliated third party to acquire and redevelop Beach Walk, an existing commercial property, into a 173 apartment home community in Huntington Beach, California. At closing, the Company contributed $9.0 million and owned a 90% controlling interest in the investment. Under the terms of the operating agreement, our partner was required to achieve certain criteria as it relates to the entitlement process. If the criteria were met on or before 730 days after the site plan application was deemed complete by the City of Huntington Beach, the Company was obligated to contribute an additional $3.0 million to the joint venture for distribution to our partner. At the acquisition date, the Company accrued and capitalized $3.0 million related to the contingent consideration, which represented the difference between fair value of the property of $9.8 million on the formation date and the estimated fair value of the underlying property upon completion of the entitlement process of $12.8 million . The Company estimated the fair value based on Level 3 inputs utilized in a third party valuation. In 2012, the Company paid the joint venture partner a total of $4.1 million for its 10% noncontrolling interest and settlement of the contingent consideration.

Unconsolidated Joint Ventures and Partnerships

The Company recognizes earnings or losses from our investments in unconsolidated joint ventures and partnerships consisting of our proportionate share of the net earnings or losses of the joint ventures and partnerships. In addition, we may earn fees for providing management services to the unconsolidated joint ventures and partnerships.

The following table summarizes the Company's investment in and advances to unconsolidated joint ventures and partnerships, net which are accounted for under the equity method of accounting as of December 31, 2013 and 2012 *(dollars in thousands)* :

Joint Venture	Location of Properties	Number of Properties 2013	Number of Apartment Homes 2013	Investment at 2013	Investment at 2012	UDR's Ownership Interest 2013	UDR's Ownership Interest 2012
Operating and development:							
UDR/MetLife I (a)	Various	8 operating communities	1,641	$ 47,497	$ 74,964	13.2%	13.3%
		7 land parcels	N/A			4.0%	4.3%
UDR/MetLife II (a)	Various	15 operating communities	3,119	327,926	326,600	50.0%	50.0%
UDR/MetLife Vitruvian Park ® (b)	Addison, TX	2 operating communities	739	79,318	—	50.0%	—
		1 non-stabilized community	391				
		6 land parcels	N/A				
UDR/MetLife 399 Fremont (c)	San Francisco, CA	1 development community (*)	447	36,313	—	51.0%	—
UDR/KFH (d)	Washington, D.C.	3 operating communities	660	25,919	29,589	30.0%	30.0%
Texas (e)	Texas	8 operating communities	3,359	(23,591)	(25,309)	20.0%	20.0%
Lodge at Stoughton (f)	Stoughton, MA	—	—	—	16,311	—	95.0%
13th & Market (g)	San Diego, CA	—	—	—	29,930	—	95.0%
Domain College Park (g)	College Park, MD	—	—	—	25,546	—	95.0%
Investment in and advances to unconsolidated joint ventures, net, before participating loan investment				493,382	477,631		

	Location	Preferred Return	Years To Maturity	Investment at 2013	Investment at 2012	Income From Participating Loan Investment For The Years Ended 2013	2012	2011
Participating loan investment:								
Steele Creek (h)	Denver, CO	6.5%	3.8	14,273	—	$156	$—	$—
Total investment in and advances to unconsolidated joint ventures, net				$ 507,655	$ 477,631			

(*) The number of apartment homes for the communities under development presented in the table above is based on the projected number of total homes. The number of apartment homes completed as of December 31, 2013 for one development community at UDR/MetLife 399 Fremont was zero .

(a) In June 2013 and within UDR/MetLife I, the Company exchanged with MetLife its approximately 10% ownership interest in four operating communities and paid MetLife an additional $15.6 million in cash for an increased ownership interest of approximately 35% in two high-rise operating communities, bringing UDR's ownership interest in the two high-rise operating communities to 50% each. The two high-rise operating communities are located in Denver, Colorado and San Diego, California and were subsequently contributed to UDR/MetLife II. The four operating communities in which UDR exchanged its ownership interest are located in Washington D.C.; San Francisco, California; Dallas, Texas; and Charlotte, North Carolina. At 50% ownership, the Company's pro-rata share of the undepreciated book value of the UDR/MetLife II joint venture assets and outstanding debt was $796.4 million and $444.6 million , respectively, at June 30, 2013. UDR continues to fee manage the four operating communities in which UDR exchanged its ownership interests.

In November 2012, the Company exchanged its 12% ownership interest in four operating communities and 3.1% ownership in two land parcels in UDR/MetLife I, and paid MetLife $10.0 million in cash for an additional 41% ownership interest in The Olivian, a high-rise building located in downtown Seattle, bringing UDR’s ownership interest in The Olivian to 50% . The community was contributed to UDR/MetLife II. The properties and land parcels, in which UDR exchanged its ownership interest, are located in Houston, Texas; Tampa, Florida; Charlotte, North Carolina; and Chicago, Illinois. UDR continued to fee manage the four operating communities.

In January 2012, the Company formed a new real estate joint venture, UDR/MetLife II, with MetLife, in which each party owned a 50% interest. The 12 communities in the joint venture included seven from UDR/MetLife I, while the remaining five operating communities were newly acquired by UDR/MetLife II. The newly acquired communities, collectively known as Columbus Square, were recently developed, high-rise apartment buildings located on the Upper West Side of Manhattan and were purchased for $637.5 million . The Company serves as the general partner with significant participating rights held by our partner. The Company earns property management, asset management and financing fees. Our initial investment was $327.1 million , which consisted of $293.5 million of cash paid and $33.6 million of our equity in the seven communities transferred from UDR/MetLife I.

(b) In June 2013, the Company sold a 50% interest in five partnerships (the “UDR/MetLife Vitruvian Park ® Partnerships”) to MetLife for approximately $141.3 million . The transaction resulted in a gain of approximately $436,000 which the Company has deferred until the terms of the construction completion guarantee have been met. Under the terms of the UDR/MetLife Vitruvian Park ® Partnerships, the Company serves as the general partner with significant participating rights held by our partner, and earns fees for property management, asset management, and financing transactions. The UDR/MetLife Vitruvian Park ® Partnerships are accounted for under the equity method of accounting. Our initial investment was approximately $80.2 million , which consisted of approximately $140.0 million (50 % of our net book value of the real estate at the time of the transaction) reduced by our share of the net proceeds received upon encumbering the assets of approximately $58.7 million and other operating adjustments.

At closing, a total of $118.3 million of secured debt was placed on the two operating communities and the community under development. The debt on the two operating communities carries an interest rate of 4.0% with a term of ten years and the non-recourse construction loan on the community under development carries an interest rate of LIBOR plus 175 basis points with a term of two years and two one -year extension options. The Company has guaranteed the completion of the construction of the development. Proceeds from the construction loan will be used for completion of construction of the development. Upon completion, at its 50% ownership, the Company's pro-rata share of the undepreciated book value of the UDR/MetLife Vitruvian Park ® Partnerships' real estate assets and outstanding debt will be approximately $145.0 million and $62.8 million , respectively.

(c) In January 2012, the Company formed a joint venture with an unaffiliated third party to acquire 399 Fremont (land for future development) in San Francisco, California. At closing, UDR owned a noncontrolling interest of 92.5% in the joint venture. The Company’s total investment was $55.5 million , which consists of its initial investment of $37.3 million and an option to exercise its right to acquire its partner’s 7.5% ownership interest in the joint venture. In October 2012, the Company exercised its option and paid $13.5 million . In January 2013, the Company subsequently acquired its partner’s 7.5% ownership interest for $4.7 million . In December 2013, the Company sold a 49% interest to MetLife in the fully-entitled 399 Fremont land parcel for approximately $29.9 million . In conjunction with the sale, the Company formed a new unconsolidated real estate joint venture with MetLife, UDR/MetLife 399 Fremont, to develop a $318 million , 447 -home, luxury high-rise tower on the site. Construction commenced in the first quarter 2014. As the Company recently acquired the 399 Fremont land parcel, the sale price was equivalent to the cost basis resulting in no gain or loss on the transaction. Under the terms of the partnership, the Company serves as the general partner with significant participating rights held by our partner, and has the ability to earn fees for development management, property management, asset management, and financing transactions. The UDR/MetLife 399

Fremont Partnership is accounted for under the equity method of accounting. Our initial investment was approximately $31.1 million .

(d) UDR is a partner with an unaffiliated third party, which formed a joint venture for the investment of up to $450 million in multifamily properties located in key, high barrier to entry markets. The partners will contribute equity of $180 million of which the Company's maximum equity will be 30% or $54 million when fully invested.

(e) During the year ended December 31, 2012 , the Company acquired the remaining 80% ownership interests in two apartment communities (633 homes) in Austin, Texas for $11.7 million from the joint venture. The Company's investment in the joint venture at December 31, 2013 and 2012 was net of deferred profits on the sale of depreciable properties to the joint venture of $24.0 million and $28.5 million , respectively.

(f) In December 2013, the Company sold its 95% interest in the Lodge at Stoughton, a recently developed unconsolidated joint venture community located in the greater Boston area, for approximately $48.5 million based on our 95% ownership, which resulted in a gain (before tax) of approximately $8.3 million . In conjunction with the sale, the Company provided the buyer with a $40.8 million three-month bridge loan at LIBOR plus a spread of 350 basis points with two three-month extension options at increased rates.

(g) In December 2013, the Company consolidated its 95% / 5% development joint ventures 13 th and Market in San Diego, CA and Domain College Park in Metropolitan, D.C. The consolidation was due to the Company becoming the managing partner of each of the joint ventures. For additional information, see the "Consolidated Joint Ventures" section above.

(h) In October 2013, the Company entered into a participating debt financing arrangement with a third party that is developing a $108 million , 218 -home, high-rise luxury community located adjacent to the Cherry Creek Mall in Denver, Colorado. Per the terms of the agreement, UDR will finance up to 85% , or approximately $92.0 million , of the development cost at an interest rate of 6.5% per annum on the outstanding debt balance. In addition, the Company has the option to purchase the community upon completion of construction and has a 50% participating interest in the profit upon the acquisition of the community or sale to a third party. The Company will account for the arrangement consistent with an investment in real estate under the equity method of accounting. As of December 31, 2013, our loan receivable balance was $14.3 million which was included in *Investment In and Advances To Unconsolidated Joint Ventures* on the Consolidated Balance Sheets. Also we recognized $156,000 of interest income included in *Income/(Loss) from Unconsolidated Entities* on the Consolidated Statements of Operations.

As of December 31, 2013 and 2012 , the Company had deferred fees and deferred profit from the sale of properties to joint ventures or partnerships of $25.4 million and $29.4 million , respectively, which will be recognized through earnings over the weighted average life of the related properties, upon the disposition of the properties to a third party, or upon completion of certain development obligations.

The Company recognized $11.2 million , $11.8 million , and $9.6 million of management fees during the years ended December 31, 2013, 2012, and 2011 , respectively, for our management of the joint ventures and partnerships. The management fees are included in *Joint Venture Management and Other Fees* on the Consolidated Statements of Operations.

The Company may, in the future, make additional capital contributions to certain of our joint ventures and partnerships should additional capital contributions be necessary to fund acquisitions or operations.

We evaluate our investments in unconsolidated joint ventures and partnerships when events or changes in circumstances indicate that there may be an other-than-temporary decline in value. We consider various factors to determine if a decrease in the value of the investment is other-than-temporary. The Company did not recognize any other-than-temporary decrease in the value of its other investments in unconsolidated joint ventures or partnerships during the years ended December 31, 2013, 2012, and 2011 .

Combined summary financial information relating to all of the unconsolidated joint ventures and partnerships operations (not just our proportionate share), is presented below for the years ended December 31, 2013, 2012, and 2011 (*dollars in thousands):*

As of and For the Year Ended December 31, 2013	UDR/MetLife I	UDR/MetLife II	UDR/MetLife Vitruvian Park ®	Texas	UDR/KFH	Other joint ventures	Total
Condensed Statements of Operations:							
Total revenues	$ 52,532	$ 109,926	$ 7,680	$ 39,273	$ 19,221	$ 5,324	$ 233,956
Property operating expenses	24,191	33,809	4,633	18,279	7,035	3,292	91,239
Real estate depreciation and amortization	14,150	30,122	3,830	17,911	14,199	3,564	83,776
Operating income/(loss)	14,191	45,995	(783)	3,083	(2,013)	(1,532)	58,941
Interest expense	(15,162)	(37,055)	(1,886)	(12,667)	(5,872)	(913)	(73,555)
Other income/(expense)	3	1	—	—	—	—	4
Income/(loss) from discontinued operations	(21,465)	—	—	—	—	—	(21,465)
Net income/(loss)	$ (22,433)	$ 8,941	$ (2,669)	$ (9,584)	$ (7,885)	$ (2,445)	$ (36,075)
UDR recorded income (loss) from unconsolidated entities	$ (4,675)	$ 4,471	$ (2,851)	$ (1,218)	$ (2,366)	$ 6,224	$ (415)
Condensed Balance Sheets:							
Total real estate, net	$ 830,813	$ 1,476,588	$ 283,878	$ 218,669	$ 249,097	$ 65,133	$ 3,124,178
Cash and cash equivalents	7,817	16,454	3,498	11,734	2,289	—	41,792
Other assets	10,855	16,666	1,578	1,578	1,474	83	32,234
Total assets	849,485	1,509,708	288,954	231,981	252,860	65,216	3,198,204
Amount due to UDR	5,941	2,275	1,352	1,063	420	1,136	12,187
Third party debt	339,365	877,799	120,999	219,588	165,209	—	1,722,960
Accounts payable and accrued liabilities	6,113	14,508	7,152	9,742	1,234	2,813	41,562
Total liabilities	351,419	894,582	129,503	230,393	166,863	3,949	1,776,709
Total equity	$ 498,066	$ 615,126	$ 159,451	$ 1,588	$ 85,997	$ 61,267	$ 1,421,495
UDR's investment in unconsolidated joint ventures	$ 47,497	$ 327,926	$ 79,318	$ (23,591)	$ 25,919	$ 50,586	$ 507,655

As of and For the Year Ended December 31, 2012	UDR/MetLife I	UDR/MetLife II	UDR/MetLife Vitruvian Park ® (a)	Texas	UDR/KFH	Other joint ventures (a)	Total
Condensed Statements of Operations:							
Total revenues	$ 56,099	$ 87,386	$ —	$ 37,090	$ 18,670	$ 2,724	$ 201,969
Property operating expenses	25,084	25,737	—	17,053	6,831	1,368	76,073
Real estate depreciation and amortization	16,310	32,553	—	18,448	16,546	1,897	85,754
Operating income/(loss)	14,705	29,096	—	1,589	(4,707)	(541)	40,142
Interest expense	(16,725)	(29,170)	—	(12,704)	(5,890)	(561)	(65,050)
Other income/(expense)	(5)	(9)	—	—	—	—	(14)
Income/(loss) from discontinued operations	10,890	—	—	10,075	—	—	20,965
Net income/(loss)	$ 8,865	$ (83)	$ —	$ (1,040)	$ (10,597)	$ (1,102)	$ (3,957)
UDR recorded income/(loss) from unconsolidated entities	$ (1,750)	$ 15	$ —	$ (2,399)	$ (3,221)	$ (1,224)	$ (8,579)
Condensed Balance Sheets:							
Real estate held for sale, net	$ 243,755	$ —	$ —	$ —	$ —	$ —	$ 243,755
Total real estate, net	945,784	1,346,698	—	232,733	260,911	105,800	2,891,926
Cash and cash equivalents	13,496	13,002	—	11,002	2,697	1,212	41,409
Other assets	9,497	14,216	—	3,487	1,794	1,884	30,878
Total assets	1,212,532	1,373,916	—	247,222	265,402	108,896	3,207,968
Amount due to UDR	1,456	3,979	—	1,150	443	201	7,229
Third party debt	385,391	775,444	—	219,588	165,209	—	1,545,632
Third party debt related to real estate held for sale	89,640	—	—	—	—	30,637	120,277
Accounts payable and accrued liabilities	12,327	15,615	—	11,056	1,492	6,700	47,190
Total liabilities	488,814	795,038	—	231,794	167,144	37,538	1,720,328
Total equity, inclusive of noncontrolling interest	$ 723,718	$ 578,878	$ —	$ 15,428	$ 98,258	$ 71,358	$ 1,487,640
UDR's investment in unconsolidated joint ventures	$ 74,964	$ 326,600	$ —	$ (25,309)	$ 29,589	$ 71,787	$ 477,631

For the Year Ended December 31, 2011	UDR/MetLife I	UDR/MetLife II (a)	UDR/MetLife Vitruvian Park ® (a)	Texas	UDR/KFH	Other joint ventures	Total
Condensed Statements of Operations:							
Total revenues	$ 48,628	$ —	$ —	$ 35,130	$ 5,741	$ —	$ 89,499
Property operating expenses	25,297	—	—	16,202	7,775	—	49,274
Real estate depreciation and amortization	15,699	—	—	18,040	4,310	—	38,049
Operating income/(loss)	7,632	—	—	888	(6,344)	—	2,176
Interest expense	(15,416)	—	—	(12,651)	(1,918)	—	(29,985)
Other income/(expense)	(154)	—	—	—	—	—	(154)
Income/(loss) from discontinued operations	7,246	—	—	(1,868)	—	(436)	4,942
Net income/(loss)	$ (692)	$ —	$ —	$ (13,631)	$ (8,262)	$ (436)	$ (23,021)
UDR recorded income/(loss) from unconsolidated entities	$ (904)	$ —	$ —	$ (2,726)	$ (2,437)	$ (285)	$ (6,352)

(a) These joint ventures or partnerships were formed in 2012 or 2013 resulting in no activity in prior periods. For further information on these ventures and partnerships see the section "Unconsolidated Joint Ventures and Partnerships" above.

6. SECURED AND UNSECURED DEBT

The following is a summary of our secured and unsecured debt at December 31, 2013 and 2012 (*dollars in thousands*):

	Principal Outstanding		For the Year Ended December 31, 2013		
	December 31,		Weighted Average Interest Rate	Weighted Average Years to Maturity	Number of Communities Encumbered
	2013	2012			
Secured Debt:					
Fixed Rate Debt					
Mortgage notes payable (a)	**$ 445,706**	$ 455,533	5.44%	2.5	8
Fannie Mae credit facilities (b)	**626,667**	631,078	4.99%	5.0	22
Total fixed rate secured debt	**1,072,373**	1,086,611	5.18%	4.0	30
Variable Rate Debt					
Mortgage notes payable	**63,595**	37,415	2.34%	2.1	2
Tax-exempt secured notes payable (c)	**94,700**	94,700	0.84%	9.2	2
Fannie Mae credit facilities (b)	**211,409**	211,409	1.61%	6.5	7
Total variable rate secured debt	**369,704**	343,524	1.54%	6.5	11
Total Secured Debt	**1,442,077**	1,430,135	4.24%	4.6	41
Unsecured Debt:					
Commercial Banks					
Borrowings outstanding under an unsecured credit facility due December 2017 (d), (i)	**—**	76,000	—	3.9	
Senior Unsecured Notes					
3.70% Medium-Term Notes due October 2020 (net of discount of $54) (g), (i)	**299,946**	—	3.70%	6.8	
4.63% Medium-Term Notes due January 2022 (net of discount of $2,882 and $3,241) (i)	**397,118**	396,759	4.63%	8.0	
1.42% Term Notes due June 2018 (e), (i)	**35,000**	35,000	1.42%	4.4	
2.50% Term Notes due June 2018 (e), (i)	**65,000**	65,000	2.50%	4.4	
6.05% Medium-Term Notes due June 2013	**—**	122,500	—	—	
5.13% Medium-Term Notes due January 2014 (h)	**184,000**	184,000	5.13%	0.0	
5.50% Medium-Term Notes due April 2014 (net of discount of $20 and $89)	**128,480**	128,411	5.50%	0.3	
5.25% Medium-Term Notes due January 2015 (net of discount of $134 and $262)	**325,041**	324,913	5.25%	1.0	
5.25% Medium-Term Notes due January 2016	**83,260**	83,260	5.25%	2.0	
2.73% Term Notes due June 2018 (f) (i)	**250,000**	250,000	2.73%	4.4	
8.50% Debentures due September 2024	**15,644**	15,644	8.50%	10.7	
4.25% Medium-Term Notes due June 2018 (net of discount of $1,893 and $2,322) (i)	**298,107**	297,678	4.25%	4.4	
Other	**30**	33	N/A	N/A	
Total Unsecured Debt	**2,081,626**	1,979,198	4.35%	4.2	
Total Debt	**$ 3,523,703**	$ 3,409,333	4.31%	4.4	

Our secured debt instruments generally feature either monthly interest and principal or monthly interest-only payments with balloon payments due at maturity. For purposes of classification of the above table, variable rate debt with a derivative financial instrument designated as a cash flow hedge is deemed as fixed rate debt due to the Company having effectively established a fixed interest rate for the underlying debt instrument. As of December 31, 2013 , secured debt encumbered $2.3 billion or 28.2% of UDR's total real estate owned based upon gross book value ($5.9 billion or 71.8% of UDR's real estate owned based on gross book value is unencumbered).

(a) At December 31, 2013 , fixed rate mortgage notes payable are generally due in monthly installments of principal and interest and mature at various dates from December 2014 through May 2019 and carry interest rates ranging from 3.43% to 5.94% .

The Company will from time to time acquire properties subject to fixed rate debt instruments. In those situations, management will record the secured debt at its estimated fair value and amortize any difference between the fair value and par to interest expense over the life of the underlying debt instrument. During the years ended December 31, 2013, 2012, and 2011 , the Company had $5.1 million , $4.9 million , and $3.5 million of amortization expense on the fair market adjustment of debt assumed in acquisition of properties, respectively, which was included in *Interest Expense* on the Consolidated Statements of Operations. The unamortized fair market adjustment was a net premium of $11.8 million and $16.9 million at December 31, 2013 and 2012 , respectively.

(b) UDR has three secured credit facilities with Fannie Mae with an aggregate commitment of $838.1 million at December 31, 2013 . The Fannie Mae credit facilities are for terms of seven to ten years (maturing at various dates from May 2017 through July 2023) and bear interest at floating and fixed rates. At December 31, 2013 , we have $626.7 million of the outstanding balance fixed at a weighted average interest rate of 4.99% and the remaining balance of $211.4 million on these facilities is currently at a weighted average variable interest rate of 1.61% .

On June 28, 2013, the Company refinanced $186 million of a Fannie Mae credit facility that carried an interest rate equal to LIBOR plus a spread of 284 basis points and was scheduled to mature in 2019 . The new loans include a $90 million , 7 -year fixed-rate loan that carries an interest rate of 3.95% and a $96 million , 10 -year variable-rate loan that carries an interest rate equal to LIBOR plus a spread of 190 basis points. Three of the Company's communities were released from the facility and added to the Company's unencumbered asset pool in connection with the refinancing.

Further information related to these credit facilities is as follows *(dollars in thousands)* :

	December 31, 2013	December 31, 2012
Borrowings outstanding	**$ 838,076**	$ 842,487
Weighted average borrowings during the period ended	**839,597**	903,817
Maximum daily borrowings during the period ended	**841,494**	1,054,735
Weighted average interest rate during the period ended	**4.2%**	4.3%
Weighted average interest rate at the end of the period	**4.1%**	4.4%

(c) The variable rate mortgage notes payable that secure tax-exempt housing bond issues mature on August 2019 and March 2032 , respectively. Interest on these notes is payable in monthly installments. The variable mortgage notes have interest rates of 0.79% and 0.95% , respectively as of December 31, 2013 .

(d) The Company has a $900 million unsecured revolving credit facility. In June 2013, the Company amended its unsecured revolving credit facility. The amendment extended the maturity date to December 2017 , includes a six month extension option, and contains an accordion feature that allows the Company to increase the facility to $1.45 billion . Based on the Company's current credit rating, the credit facility carries an interest rate equal to LIBOR plus a spread of 110 basis points and a facility fee of 20 basis points. In the third quarter of 2013, the Company paid off the balance outstanding under the revolving credit facility. As of December 31, 2013, the Company had no balance outstanding under the revolving credit facility.

The following is a summary of short-term bank borrowings under UDR's bank credit facility at December 31, 2013 and 2012 *(dollars in thousands):*

	December 31, 2013	December 31, 2012
Total revolving credit facility	**$ 900,000**	$ 900,000
Borrowings outstanding at end of period (1)	**—**	76,000
Weighted average daily borrowings during the period ended	**169,844**	167,038
Maximum daily borrowings during the period ended	**372,000**	788,000
Weighted average interest rate during the period ended	**1.2%**	1.5%
Interest rate at end of the period	**1.3%**	1.4%

(1) Excludes $2.2 million and $3.9 million of letters of credit at December 31, 2013 and 2012 , respectively.

(e) In June 2013, the Company amended and re-priced its $100 million unsecured term notes due in January 2016. The loan was re-priced from LIBOR plus 142.5 basis points to LIBOR plus 125 basis points, and the maturity date was extended to June 2018 .

(f) In June 2013, the Company amended and re-priced its $250 million unsecured term notes due in January 2016. The loan was re-priced from LIBOR plus 142.5 basis points to LIBOR plus 125 basis points, and the maturity date was extended to June 2018 .

(g) On September 26, 2013, the Company issued $300 million of 3.70% senior unsecured medium-term notes due October 2020 . Interest is payable semiannually beginning in April 2014 . The notes were priced at 99.981% of the principal amount at issuance and had a discount of $54,000 at December 31, 2013. We used the net proceeds to repay the borrowings outstanding on our $900 million unsecured credit facility and for general corporate purposes. The notes are fully and unconditionally guaranteed by the Operating Partnership.

(h) In January 2014, we paid off $184 million of 5.13% medium-term notes due January 2014 with the borrowings under the Company's $900 million unsecured revolving credit facility.

(i) The Operating Partnership is a guarantor at December 31, 2013 and 2012 .

The aggregate maturities, including amortizing principal payments of secured debt, of total debt for the next five years subsequent to December 31, 2013 are as follows *(dollars in thousands):*

Year	Total Fixed Secured Debt	Total Variable Secured Debt	Total Secured Debt	Total Unsecured Debt (a)	Total Debt
2014	$ 48,035	$ —	$ 48,035	$ 311,574	$ 359,609
2015	197,210	—	197,210	324,382	521,592
2016	136,431	63,595	200,026	82,478	282,504
2017	178,398	65,000	243,398	—	243,398
2018	176,483	50,000	226,483	648,646	875,129
Thereafter	335,816	191,109	526,925	714,546	1,241,471
Total	$ 1,072,373	$ 369,704	$ 1,442,077	$ 2,081,626	$ 3,523,703

(a) With the exception of the 1.42% Term Notes due June 2018 and revolving credit facility which carry a variable interest rate, all unsecured debt carries fixed interest rates.

We were in compliance with the covenants of our debt instruments at December 31, 2013 .

7. INCOME/(LOSS) PER SHARE

The following table sets forth the computation of basic and diluted income/(loss) per share for the periods presented *(dollars and shares in thousands, except per share data):*

	Years Ended December 31,		
	2013	**2012**	**2011**
Numerator for income/(loss) per share:			
Income/(loss) from continuing operations	**$ 2,340**	$ (46,305)	$ (126,869)
(Income)/loss from continuing operations attributable to redeemable noncontrolling interests in the Operating Partnership	**48**	2,089	4,937
(Income)/loss from continuing operations attributable to noncontrolling interests	**60**	(140)	(167)
Income/(loss) from continuing operations attributable to UDR, Inc.	**2,448**	(44,356)	(122,099)
Distributions to preferred stockholders - Series E (Convertible)	**(3,724)**	(3,724)	(3,724)
Distributions to preferred stockholders - Series G	**—**	(2,286)	(5,587)
Premium on preferred stock redemption or repurchases, net	**—**	(2,791)	(175)
Income/(loss) from continuing operations attributable to common stockholders	**$ (1,276)**	$ (53,157)	$ (131,585)
Income/(loss) from discontinued operations, net of tax	**$ 43,942**	$ 266,608	$ 147,454
(Income)/loss from discontinued operations attributable to redeemable noncontrolling interests in the Operating Partnership	**(1,578)**	(10,075)	(5,332)
Income/(loss) from discontinued operations attributable to common stockholders	**$ 42,364**	$ 256,533	$ 142,122
Net income/(loss) attributable to common stockholders	**$ 41,088**	$ 203,376	$ 10,537
Denominator for income/(loss) per share - basic and diluted:			
Weighted average common shares outstanding	**250,684**	239,482	202,573
Non-vested restricted stock awards	**(715)**	(631)	(1,279)
Denominator for income/(loss) per share - basic and diluted	**249,969**	238,851	201,294
Income/(loss) per weighted average common share - basic and diluted:			
Income/(loss) from continuing operations attributable to common stockholders	**$ (0.01)**	$ (0.22)	$ (0.65)
Income/(loss) from discontinued operations attributable to common stockholders	**$ 0.17**	$ 1.07	$ 0.71
Net income/(loss) attributable to common stockholders	**$ 0.16**	$ 0.85	$ 0.05

Basic income/(loss) per common share is computed based upon the weighted average number of common shares outstanding. Diluted income/(loss) per share is computed based upon the common shares issuable from the assumed conversion of the OP Units, convertible preferred stock, stock options, and restricted stock. Only those instruments having a dilutive impact on our basic income/(loss) per share are included in diluted income/(loss) per share during the periods.

During the years ended December 31, 2013, 2012 and 2011 , the effect of the conversion of the OP Units, convertible preferred stock, stock options and restricted stock is not dilutive, and is therefore not included in the above calculations as the Company reported a loss from continuing operations attributable to common stockholders.

The following table sets forth the additional shares of Common Stock outstanding by equity instrument if converted to Common Stock for each of the years ended December 31, 2013 , 2012 , and 2011 *(shares in thousands)* :

	Years Ended December 31,		
	2013	**2012**	**2011**
OP Units	**9,337**	9,411	7,602
Preferred Stock	**3,036**	3,036	3,036
Stock options and unvested restricted stock	**1,584**	1,361	2,154

8. STOCKHOLDERS' EQUITY

UDR has an effective registration statement that allows the Company to sell an undetermined number of debt and equity securities as defined in the prospectus. The Company has the ability to issue 350,000,000 shares of common stock and 50,000,000 shares of preferred shares as of December 31, 2013 .

During the year ended December 31, 2013 , the Company entered into the following equity transactions for our common stock:

- Issued 577,316 shares of common stock through the Company's 1999 Long-Term Incentive Plan (the "LTIP"), net of forfeitures of 27,161 ; and
- Converted 76,291 OP Units into Company common stock.

Distributions are subject to the approval of the Board of Directors and are dependent upon our strategy, financial condition and operating results. UDR's common distributions for the years ended December 31, 2013, 2012, and 2011 totaled $0.94 , $0.88 , and $0.80 per share, respectively. For taxable years ending on or before December 31, 2013 , the Internal Revenues Service ("IRS") allowed REITs to distribute up to 90% of total distributions in common shares with the residual distributed in cash as a means of enhancing liquidity.

Preferred Stock

The Series E Cumulative Convertible Preferred Stock ("Series E") has no stated par value and a liquidation preference of $16.61 per share. Subject to certain adjustments and conditions, each share of the Series E is convertible at any time and from time to time at the holder's option into one share of our common stock prior to a "Special Dividend" declared in 2008 ($1.083 shares after the Special Dividend). The holders of the Series E are entitled to vote on an as-converted basis as a single class in combination with the holders of common stock at any meeting of our stockholders for the election of directors or for any other purpose on which the holders of common stock are entitled to vote. The Series E has no stated maturity and is not subject to any sinking fund or any mandatory redemption.

Distributions declared on the Series E for the years ended December 31, 2013, 2012, and 2011 were $1.33 per share. The Series E is not listed on any exchange. At December 31, 2013 and 2012 , a total of 2,803,812 shares of the Series E were outstanding.

UDR is authorized to issue up to 20,000,000 shares of the Series F Preferred Stock ("Series F"). The Series F may be purchased by holders of UDR's operating partnership units, or OP Units, at a purchase price of $0.0001 per share. OP Unitholders are entitled to subscribe for and purchase one share of UDR's Series F for each OP Unit held. At December 31, 2013 and 2012 , a total of 2,464,183 and 2,529,194 shares, respectively, of the Series F were outstanding with an aggregate purchase value of $246 and $253 , respectively. Holders of the Series F are entitled to one vote for each share of the Series F they hold, voting together with the holders of our common stock, on each matter submitted to a vote of security holders at a meeting of our stockholders. The Series F does not entitle its holders to any other rights, privileges or preferences.

In May 2007, UDR issued 5,400,000 shares of the 6.75% Series G Cumulative Redeemable Preferred Stock ("Series G"). On May 31, 2012, the Company completed the redemption of all outstanding shares of its Series G. A total of 3,264,362 shares of the Series G was redeemed at a redemption price of $25 per share in cash, plus accrued and unpaid dividends to the redemption date for a total cost of $82.1 million . As a result of this redemption, the write off of additional paid in capital of $2.8 million related to the issuance of the Series G is recognized as a decrease to our net income/(loss) attributable to common stockholders. During the year ended December 31, 2011, the Company repurchased 141,200 shares of the Series G for more than the liquidation preference of $25 per share, resulting in a loss of $175,000 to our net income/(loss) attributable to common stockholders.

Distributions declared on the Series G for the years ended December 31, 2013, 2012, and 2011 were $0.00 , $0.57 and $1.69 per share, respectively. At December 31, 2013 and 2012, there were no shares of the Series G outstanding.

Distribution Reinvestment and Stock Purchase Plan

UDR's Distribution Reinvestment and Stock Purchase Plan (the "Stock Purchase Plan") allows common and preferred stockholders the opportunity to purchase, through the reinvestment of cash dividends, additional shares of UDR's common stock. From inception through December 31, 2008, shareholders have elected to utilize the Stock Purchase Plan to reinvest their distribution for the equivalent of 9,957,233 shares of Company common stock. Shares in the amount of 10,963,730 were reserved for issuance under the Stock Purchase Plan as of December 31, 2013 . During the year ended December 31, 2013 , UDR acquired all shares issued through the open market.

9. EMPLOYEE BENEFIT PLANS

In May 2001, the stockholders of UDR approved the long term incentive plan ("LTIP"), which supersedes the 1985 Stock Option Plan. The LTIP authorizes the granting of awards which may take the form of options to purchase shares of common stock, stock appreciation rights, restricted stock, dividend equivalents, other stock-based awards, and any other right or interest relating to common stock or cash incentive awards to Company directors, employees and outside trustees to promote the success of the Company by linking individual's compensation via grants of share based payment. During the year ended December 31, 2009, the stockholders of UDR voted to amend and restate the LTIP to increase the number of shares reserved from 4,000,000 shares to 16,000,000 shares on an unadjusted basis for issuance upon the grant or exercise of awards under the LTIP, which all can be for incentive stock option grants. The LTIP generally provides, among other things, that options are granted at exercise prices not lower than the market value of the shares on the date of grant and that options granted must be exercised within 10 years. As of December 31, 2013 , there were 7,928,182 common shares available for issuance under the LTIP.

The LTIP contains change of control provisions allowing for the immediate vesting of an award upon certain events such as a merger where UDR is not the surviving entity. Upon the death or disability of an award recipient all outstanding instruments will vest and all restrictions will lapse. Unless otherwise specified in the agreement, upon the retirement of an award recipient, all outstanding instruments will vest and all restrictions will lapse. The LTIP specifies that in the event of a capital transaction, which includes but is not limited to stock dividends, stock splits, extraordinary cash dividends and spin-offs, the number of shares available for grant in totality or to a single individual is to be adjusted proportionately. The LTIP specifies that when a capital transaction occurs that would dilute the holder of the stock award, prior grants are to be adjusted such that the recipient is no worse as a result of the capital transaction.

A summary of UDR's stock option and restricted stock activities during the year ended December 31, 2013 is as follows:

	Option Outstanding		Option Exercisable		Restricted Stock	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of shares	Weighted Average Fair Value Per Restricted Stock
Balance, December 31, 2012	2,430,127	$ 12.63	2,430,127	$ 12.63	328,223	$ 23.35
Granted	—	—			604,477	23.71
Exercised	—	—			—	—
Vested	—	—			(146,794)	21.95
Forfeited	—	—			(27,161)	23.91
Balance, December 31, 2013	2,430,127	$ 12.63	2,430,127	$ 12.63	758,745	$ 23.89

As of December 31, 2013, the Company had issued 3,632,305 shares of restricted stock under the LTIP.

Stock Option Plan

UDR has granted stock options to our employees, subject to certain conditions. Each stock option is exercisable into one common share.

There is no remaining compensation cost related to unvested stock options as of December 31, 2013 .

The weighted average remaining contractual life on all options outstanding as of December 31, 2013 is 4.4 years . 1,994,957 of share options had exercise prices at $10.06 ; 404,291 of share options had exercise prices at $24.38 ; and 30,879 of share options had exercise prices at $25.10 .

During the years ended December 31, 2013 , 2012 , and 2011 , respectively, we recognized $0.0 , $95,000 , and $1.1 million of net compensation expense related to outstanding stock options.

Restricted Stock Awards

Restricted stock awards are granted to Company employees, officers, and directors. The restricted stock awards are valued based upon the closing sales price of UDR common stock on the date of grant. Compensation expense is recorded under the straight-line method over the vesting period, which is generally three to four years. Restricted stock awards earn dividends payable in cash. Some of the restricted stock grants are based on the Company's performance and are subject to adjustment during the initial one year performance period. For the years ended December 31, 2013 , 2012 , and 2011 , we recognized $3.6 million , $3.7 million , and $4.2 million of compensation expense related to the amortization of restricted stock awards, respectively. The total remaining compensation cost on unvested restricted stock awards was $3.4 million and has a weighted average remaining contractual life of 1.5 years as of December 31, 2013 .

Long-Term Incentive Compensation

In February 2013, certain officers of the Company were awarded a restricted stock grant under the 2013 Long-Term Incentive Program ("2013 LTI"). Fifty percent of the 2013 LTI award is based upon FFO and fifty percent is based on Total Shareholder Return ("TSR") as measured relative to comparable apartment REITs. The actual amount that vests was determined in February 2014 based upon the actual achievement of the metrics. Each award vests pro rata over three years commencing with the establishment of the award and continuing for two years following determination of the amount of the award at the end of the annual performance period. The portion of the restricted stock grant based upon FFO was valued based upon the closing sales price of UDR common stock on the date of grant. The portion of the restricted stock grant based upon TSR was valued at $21.97 per share on the grant date as determined by a lattice-binomial option-pricing model based on a Monte Carlo simulation using a volatility factor of 15.8% . Compensation expense is recorded under the accelerated method over the vesting period. For the year ended December 31, 2013, we recognized $5.9 million of compensation expense related to the amortization of 2013 LTI awards. The total remaining compensation cost on unvested 2013 LTI awards was $5.3 million and has a weighted average remaining contractual life of approximately 2 years as of December 31, 2013.

During 2010, certain officers of the Company were awarded a restricted stock grant under the 2010-2012 Long-Term Incentive Program ("2010-2012 LTI"). The actual amount of the awards that vested in 2012 was determined based upon the Company's achievement of the specified performance metrics during the three-year performance period. The grants were valued on the grant date based upon the market price of UDR common stock on the date of grant. Compensation expense was recorded pro rata over the three-year performance period. For the years ended December 31, 2012 and 2011, we recognized $4.9 million and $4.5 million of compensation expense related to the amortization of the awards, respectively.

Profit Sharing Plan

Our profit sharing plan (the "Plan") is a defined contribution plan covering all eligible full-time employees. Under the Plan, UDR makes discretionary profit sharing and matching contributions to the Plan as determined by the Compensation Committee of the Board of Directors. Aggregate provisions for contributions, both matching and discretionary, which are included in UDR's Consolidated Statements of Operations for the years ended December 31, 2013 , 2012 , and 2011 , was $919,000 , $631,000 , and $700,000 , respectively.

10. INCOME TAXES

For 2013 , 2012 , and 2011 , UDR believes that we have complied with the REIT requirements specified in the Code. As such, the REIT would generally not be subject to federal income taxes.

For income tax purposes, distributions paid to common stockholders may consist of ordinary income, qualified dividends, capital gains, unrecaptured section 1250 gains, return of capital, or a combination thereof. Distributions that exceed our current and accumulated earnings and profits constitute a return of capital rather than taxable income and reduce the stockholder's basis in their common shares. To the extent that a distribution exceeds both current and accumulated earnings and profits and the stockholder's basis in the common shares, it generally will be treated as a gain from the sale or exchange of that stockholder's common shares. Taxable distributions paid per common share were taxable as follows for the years ended December 31, 2013 , 2012 , and 2011 :

	Years Ended December 31,		
	2013	**2012**	**2011**
Ordinary income	**$ 0.744**	$ 0.174	$ 0.491
Long-term capital gain	**0.114**	0.186	0.074
Unrecaptured section 1250 gain	**0.067**	0.515	0.205
	$ 0.925	$ 0.875	$ 0.770

We have taxable REIT subsidiaries ("TRS") that are subject to state and federal income taxes. A TRS is a C-corporation which has not elected REIT status and as such is subject to United States federal and state income tax. The components of the provision for income taxes are as follows for the years ended December 31, 2013 , 2012 , and 2011 *(dollars in thousands)* :

	Years Ended December 31,		
	2013	**2012**	**2011**
Income tax (benefit)/expense			
Current			
Federal	**$ (1,030)**	$ 1,961	$ 463
State	**846**	1,463	552
Total current	**(184)**	3,424	1,015
Deferred			
Federal	**(6,907)**	(21,479)	6,646
State	**(1,190)**	(3,021)	(90)
Total deferred	**(8,097)**	(24,500)	6,556
Total income tax (benefit)/expense	**$ (8,281)**	$ (21,076)	$ 7,571
Classification of income tax (benefit)/expense			
Continuing operations	**$ (7,299)**	$ (30,717)	$ (5,647)
Discontinued operations	**(982)**	9,641	13,218

Deferred income taxes are provided for the change in temporary differences between the basis of certain assets and liabilities for financial reporting purposes and income tax reporting purposes. The expected future tax rates are based upon enacted tax laws. The components of our TRS deferred tax assets and liabilities are as follows for the years ended December 31, 2013 , 2012 , and 2011 *(dollars in thousands):*

	Years Ended December 31,		
	2013	**2012**	**2011**
Deferred tax assets:			
Federal and state tax attributes	**$ 13,069**	$ 1,464	$ 24,524
Book/tax depreciation	**19,354**	12,345	10,045
Construction capitalization differences	**—**	6,635	5,948
Investment in partnerships	**—**	3,112	3,618
Debt and interest deductions	**10,311**	—	—
Other	**—**	2,009	999
Total deferred tax assets	**42,734**	25,565	45,134
Valuation allowance	**(1,310)**	(1,390)	(45,134)
Net deferred tax assets	**41,424**	24,175	—
Deferred tax liabilities:			
Construction capitalization differences	**(3,766)**	—	—
Investment in partnerships	**(5,080)**	—	—
Other	**(305)**	—	—
Total deferred tax liabilities	**(9,151)**	**—**	**—**
Net deferred tax asset	**$ 32,273**	$ 24,175	$ —

Income tax benefit/(expense) differed from the amounts computed by applying the U.S. statutory rate of 35% to pretax income/(loss) for the years ended December 31, 2013 , 2012 , and 2011 as follows *(dollars in thousands):*

	Years Ended December 31,		
	2013	**2012**	**2011**
Income tax (benefit)/expense			
U.S. federal income tax (benefit)/expense	**$ (8,493)**	$ 21,853	$ 11,715
State income tax provision	**46**	2,497	2,099
Other items	**246**	(1,682)	1,227
Valuation allowance	**(80)**	(43,744)	(7,470)
Total income tax (benefit)/expense	**$ (8,281)**	$ (21,076)	$ 7,571

As of December 31, 2013 , the Company, through our TRS, had federal net operating loss carryovers ("NOL") of $25.9 million expiring in 2032 through 2033 . As of December 31, 2013 , the TRS had state NOLs of approximately $61.2 million expiring in 2020 through 2031 . As of December 31, 2013 , the Company had a valuation allowance of $1.3 million against its state NOL. During the year ended December 31, 2013 , the Company had a net change of $80,000 in the valuation allowance.

GAAP defines a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The financial statements reflect expected future tax consequences of income tax positions presuming the taxing authorities' full knowledge of the tax position and all relevant facts, but without considering time values. GAAP also provides guidance on derecognition, classification, interest and penalties, accounting for interim periods, disclosure and transition.

The Company evaluates our tax position using a two-step process. First, we determine whether a tax position is more likely than not (greater than 50 percent probability) to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Company will then determine the amount of benefit to recognize and record the amount of the benefit that is more likely than not to be realized upon ultimate settlement.

When applicable, UDR recognizes interest and/or penalties related to uncertain tax positions in income tax expense. As of December 31, 2013 and 2012 , UDR has no material unrecognized income tax benefits.

The Company files income tax returns in federal and various state and local jurisdictions. With few exceptions, the Company is no longer subject to federal, state and local income tax examination by tax authorities for years prior to 2009. The tax years 2009 through 2012 remain open to examination by the major taxing jurisdictions to which the Company is subject.

11. NONCONTROLLING INTERESTS

Redeemable Noncontrolling Interests in the Operating Partnership

Interests in the Operating Partnership held by limited partners are represented by OP Units. The income is allocated to holders of OP Units based upon net income attributable to common stockholders and the weighted average number of OP Units outstanding to total common shares plus OP Units outstanding during the period. Capital contributions, distributions, and profits and losses are allocated to noncontrolling interests in accordance with the terms of the individual partnership agreements.

Limited partners have the right to require the Operating Partnership to redeem all or a portion of the OP Units held by the limited partner at a redemption price equal to and in the form of the Cash Amount as defined in the Amended and Restated Agreement of Limited Partnership of the Operating Partnership (the "Operating Partnership Agreement"), provided that such OP Units have been outstanding for at least one year. UDR, as the general partner of the Operating Partnership may, in its sole discretion, purchase the OP Units by paying to the limited partner either the Cash Amount or the REIT Share Amount (generally one share of common stock of the Company for each OP Unit), as defined in the Operating Partnership Agreement. Accordingly, the Company records the OP Units outside of permanent equity and reports the OP Units at their redemption value using the Company's stock price at each balance sheet date.

The following table sets forth redeemable noncontrolling interests in the Operating Partnership for the years ended December 31, 2013 and 2012 (*dollars in thousands*):

	Years Ended December 31,	
	2013	**2012**
Redeemable noncontrolling interests in the Operating Partnership, December 31, 2012	**$ 223,418**	**$ 236,475**
Mark to market adjustment to redeemable noncontrolling interests in the Operating Partnership	**3,656**	**(11,392)**
Conversion of OP Units to Common Stock	**(1,817)**	**(529)**
Net income/(loss) attributable to redeemable noncontrolling interests in the Operating Partnership	**1,530**	**7,986**
Distributions to redeemable noncontrolling interests in the Operating Partnership	**(9,440)**	**(9,202)**
Allocation of other comprehensive income/(loss)	**250**	**80**
Redeemable noncontrolling interests in the Operating Partnership, December 31, 2013	**$ 217,597**	**$ 223,418**

The following sets forth net income/(loss) attributable to common stockholders and transfers from redeemable noncontrolling interests in the Operating Partnership for the following periods *(dollars in thousands)* :

	Years Ended December 31,		
	2013	**2012**	**2011**
Net income/(loss) attributable to common stockholders	**$ 41,088**	$ 203,376	$ 10,537
Conversion of OP units to UDR Common Stock	**1,817**	529	287
Change in equity from net income/(loss) attributable to common stockholders and conversion of OP units to UDR Common Stock	**$ 42,905**	$ 203,905	$ 10,824

Noncontrolling Interests

Noncontrolling interests represent interests of unrelated partners in certain consolidated affiliates, and is presented as part of equity in the Consolidated Balance Sheets since these interests are not redeemable. During the years ended December 31, 2013 , 2012 , and 2011 , net (income)/loss attributable to noncontrolling interests was $60,000 , $(140,000) , and $(167,000) , respectively.

During the year ended December 31, 2012, the Company acquired all of the noncontrolling interests in two consolidated affiliates for $4.9 million , one of which owns a 434 apartment home community for $4.0 million and the other is a development project for $900,000 . See the "Consolidated Joint Ventures" section of Note 5, *Unconsolidate* d *Joint Ventures and Partnerships*, for additional information on the consolidated development joint venture.

12. FAIR VALUE OF DERIVATIVES AND FINANCIAL INSTRUMENTS

Fair value is based on the price that would be received to sell an asset or the exit price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level valuation hierarchy prioritizes observable and unobservable inputs used to measure fair value. The fair value hierarchy consists of three broad levels, which are described below:

- Level 1 — Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.
- Level 2 — Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The estimated fair values of the Company's financial instruments either recorded or disclosed on a recurring basis as of December 31, 2013 and 2012 are summarized as follows *(dollars in thousands)* :

			Fair Value at December 31, 2013, Using		
	Total Carrying Amount in Statement of Financial Position at December 31, 2013	Fair Value Estimate at December 31, 2013	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Description:					
Notes receivable (a)	**$ 83,033**	**$ 83,833**	**$ —**	**$ —**	**$ 83,833**
Total assets	**$ 83,033**	**$ 83,833**	**$ —**	**$ —**	**$ 83,833**
Derivatives - Interest rate contracts (b)	**$ 4,965**	**$ 4,965**	**$ —**	**$ 4,965**	**$ —**
Secured debt instruments - fixed rate: (c)					
Mortgage notes payable	**445,706**	**466,375**	**—**	**—**	**466,375**
Fannie Mae credit facilities	**626,667**	**661,094**	**—**	**—**	**661,094**
Secured debt instruments- variable rate: (c)					
Mortgage notes payable	**63,595**	**63,595**	**—**	**—**	**63,595**
Tax-exempt secured notes payable	**94,700**	**94,700**	**—**	**—**	**94,700**
Fannie Mae credit facilities	**211,409**	**211,409**	**—**	**—**	**211,409**
Unsecured debt instruments (c):					
Senior unsecured notes	**2,081,626**	**2,149,003**	**—**	**—**	**2,149,003**
Total liabilities	**$ 3,528,668**	**$ 3,651,141**	**$ —**	**$ 4,965**	**$ 3,646,176**
Redeemable noncontrolling interests in the Operating Partnership (d)	**$ 217,597**	**$ 217,597**	**$ —**	**$ 217,597**	**$ —**

			Fair Value at December 31, 2012, Using		
	Total Carrying Amount in Statement of Financial Position at December 31, 2012	Fair Value Estimate at December 31, 2012	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Description:					
Notes receivable (a)	$ 64,006	$ 64,930	$ —	$ —	64,930
Derivatives- Interest rate contracts (b)	2	2	—	2	—
Total assets	$ 64,008	$ 64,932	$ —	$ 2	$ 64,930
Derivatives- Interest rate contracts (b)	$ 11,022	$ 11,022	$ —	$ 11,022	$ —
Secured debt instruments- fixed rate: (c)					
Mortgage notes payable	455,533	494,728	—	—	494,728
Fannie Mae credit facilities	631,078	689,295	—	—	689,295
Secured debt instruments- variable rate: (c)					
Mortgage notes payable	37,415	37,415	—	—	37,415
Tax-exempt secured notes payable	94,700	94,700	—	—	94,700
Fannie Mae credit facilities	211,409	211,409	—	—	211,409
Unsecured debt instruments: (c)					
Commercial bank	76,000	76,000	—	—	76,000
Senior unsecured notes	1,903,198	2,039,736	—	—	2,039,736
Total liabilities	$ 3,420,355	$ 3,654,305	$ —	$ 11,022	$ 3,643,283
Redeemable noncontrolling interests in the Operating Partnership (d)	$ 223,418	$ 223,418	$ —	$ 223,418	$ —

(a) See Note 2 , *Significant Accounting Policies.*
(b) See Note 13, *Derivatives and Hedging Activity.*
(c) See Note 6, *Secured Debt and Unsecured Debt.*
(d) See Note 11, *Noncontrolling Interests.*

There were no transfers into or out of each of the levels of the fair value hierarchy.

Financial Instruments Carried at Fair Value

The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. The fair values of interest rate options are determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates rise above the strike rate of the caps. The variable interest rates used in the calculation of projected receipts on the cap are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities.

The Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of December 31, 2013 and 2012 , the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Company has determined that its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy. In conjunction with the FASB's fair value measurement guidance, the Company made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Redeemable noncontrolling interests in the Operating Partnership have a redemption feature and are marked to their redemption value. The redemption value is based on the fair value of the Company's common stock at the redemption date, and therefore, is calculated based on the fair value of the Company's common stock at the balance sheet date. Since the valuation is based on observable inputs such as quoted prices for similar instruments in active markets, redeemable noncontrolling interests in the Operating Partnership are classified as Level 2.

Financial Instruments Not Carried at Fair Value

At December 31, 2013 , the fair values of cash and cash equivalents, restricted cash, accounts receivable, prepaids, real estate taxes payable, accrued interest payable, security deposits and prepaid rent, distributions payable and accounts payable approximated their carrying values because of the short term nature of these instruments. The estimated fair values of other financial instruments were determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is necessary to interpret market data and develop estimated fair values. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company would realize on the disposition of the financial instruments. The use of different market assumptions or estimation methodologies may have a material effect on the estimated fair value amounts.

We estimate the fair value of our notes receivable and debt instruments by discounting the remaining cash flows of the debt instrument at a discount rate equal to the replacement market credit spread plus the corresponding treasury yields. Factors considered in determining a replacement market credit spread include general market conditions, borrower specific credit spreads, time remaining to maturity, loan-to-value ratios and collateral quality, where applicable (Level 3).

We record impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by the future operation and disposition of those assets are less than the net book value of those assets. Our cash flow estimates are based upon historical results adjusted to reflect our best estimate of future market and operating conditions and our estimated holding periods. The net book value of impaired assets is reduced to fair value. Our estimates of fair value represent our best estimate based upon Level 3 inputs such as industry trends and reference to market rates and transactions.

We consider various factors to determine if a decrease in the value of our investment in and advances to unconsolidated joint ventures, net is other-than-temporary. These factors include, but are not limited to, age of the venture, our intent and ability to retain our investment in the entity, the financial condition and long-term prospects of the entity, and the relationships with the other joint venture partners and its lenders. Based on the significance of the unobservable inputs, we classify these fair value measurements within Level 3 of the valuation hierarchy. The Company did not incur any other-than-temporary decrease in the value of its investments in unconsolidated joint ventures during the years ended December 31, 2013 and 2012 , respectively.

After determining an other-than-temporary decrease in the value of an equity method investment has occurred, we estimate the fair value of our investment by estimating the proceeds we would receive upon a hypothetical liquidation of the investment at the date of measurement. Inputs reflect management's best estimate of what market participants would use in pricing the investment giving consideration to the terms of the joint venture agreement and the estimated discounted future cash flows to be generated from the underlying joint venture assets. The inputs and assumptions utilized to estimate the future cash flows of the underlying assets are based upon the Company's evaluation of the economy, market trends, operating results, and other factors, including judgments regarding costs to complete any construction activities, lease up and occupancy rates, rental rates, inflation rates, capitalization rates utilized to estimate the projected cash flows at the disposition, and discount rates.

13. DERIVATIVES AND HEDGING ACTIVITY

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its debt funding and through the use of derivative financial instruments. Specifically, the Company may enter into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's investments and borrowings.

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps and caps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate caps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an up front premium.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in *Accumulated Other Comprehensive Income/(Loss), Net* in the Consolidated Balance Sheets and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During the years ended December 31, 2013, 2012, and 2011 , such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. During the years ended December 31, 2013, 2012, and 2011 , the Company recorded less than a $1,000 loss from ineffectiveness in earnings attributable to reset date and index mismatches between the derivative and the hedged item, and the fair value of interest rate swaps that were not zero at inception of the hedging relationship. During the year ended December 31, 2011, the Company reclassified a $58,000 loss from Other Comprehensive Income/(Loss) to earnings due to forecasted transactions that were no longer probable of occurring, which was the result of the sale of an operating apartment community.

Amounts reported in *Accumulated Other Comprehensive Income/(Loss), Net* in the Consolidated Balance Sheets related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. Through December 31, 2014 , the Company estimates that an additional $4.4 million will be reclassified as an increase to interest expense.

As of December 31, 2013 , the Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk (*dollars in thousands*):

Interest Rate Derivative	Number of Instruments	Notional
Interest rate swaps	11	$ 419,787
Interest rate caps	5	$ 274,291

Derivatives not designated as hedges are not speculative and are used to manage the Company's exposure to interest rate movements and other identified risks but do not meet the strict hedge accounting requirements of GAAP. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings and resulted in a gain/(loss) of $271,000 , $290,000 , and $(23,000) for the years ended December 31, 2013, 2012, and 2011 , respectively.

As of December 31, 2013 , the Company had the following outstanding derivatives that were not designated as hedges in qualifying hedging relationships (*dollars in thousands*):

Product	Number of Instruments	Notional
Interest rate caps	2	$ 155,197

Tabular Disclosure of Fair Values of Derivative Instruments on the Balance Sheet

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the Consolidated Balance Sheets as of December 31, 2013 and 2012 (*dollars in thousands*):

	Asset Derivatives			Liability Derivatives		
		Fair Value at:			Fair Value at:	
	Balance Sheet Location	December 31, 2013	December 31, 2012	Balance Sheet Location	December 31, 2013	December 31, 2012
Derivatives designated as hedging instruments:						
Interest rate products	Other assets	**$ —**	$ 2	Other liabilities	**$ 4,965**	$ 11,022
Total		**$ —**	$ 2		**$ 4,965**	$ 11,022
Derivatives **not** designated as hedging instruments:						
Interest rate products	Other assets	**$ —**	$ —	Other liabilities	**$ —**	$ —
Total		**$ —**	$ —		**$ —**	$ —

Tabular Disclosure of the Effect of Derivative Instruments on the Consolidated Statements of Operations

The tables below present the effect of the Company's derivative financial instruments on the Consolidated Statements of Operations for the years ended December 31, 2013, 2012, and 2011 (*dollars in thousands*):

Derivatives in Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion)			Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)			Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)		
	2013	2012	2011		2013	2012	2011		2013	2012	2011
Interest rate products	**$ (469)**	$ (4,924)	$ (16,477)	Interest expense	**$ (6,851)**	$ (7,649)	$ (9,132)	Interest expense	**$ —**	$ —	$ (58)
Total	**$ (469)**	$ (4,924)	$ (16,477)		**$ (6,851)**	$ (7,649)	$ (9,132)		**$ —**	$ —	$ (58)

Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income on Derivative	Amount of Gain or (Loss) Recognized in Income on Derivative		
		2013	2012	2011
Interest rate products	Interest and other income/ (expense), net	**$ 271**	$ 290	$ (23)
Total		**$ 271**	$ 290	$ (23)

Credit-risk-related Contingent Features

The Company has agreements with some of its derivative counterparties that contain a provision where (1) if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations; or (2) the Company could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the Company's default on the indebtedness.

Certain of the Company's agreements with its derivative counterparties contain provisions where if there is a change in the Company's financial condition that materially changes the Company's creditworthiness in an adverse manner, the Company may be required to fully collateralize its obligations under the derivative instrument. At December 31, 2013 and 2012, no cash collateral was posted or required to be posted by the Company or by a counterparty.

The Company also has an agreement with a derivative counterparty that incorporates the loan and financial covenant provisions of the Company's indebtedness with a lender affiliate of the derivative counterparty. Failure to comply with these covenant provisions would result in the Company being in default on any derivative instrument obligations covered by the agreement.

The Company has certain agreements with some of its derivative counterparties that contain a provision where, in the event of default by the Company or the counterparty, the right of setoff may be exercised. Any amount payable to one party by the other party may be reduced by its setoff against any amounts payable by the other party. Events that give rise to default by either party may include, but are not limited to, the failure to pay or deliver payment under the derivative contract, the failure to

comply with or perform under the derivative agreement, bankruptcy, a merger without assumption of the derivative agreement, or in a merger, a surviving entity's creditworthiness is materially weaker than the original party to the derivative agreement.

As of December 31, 2013 , the fair value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was $5.5 million . If the Company had breached any of these provisions at December 31, 2013 , it would have been required to settle its obligations under the agreements at their termination value of $5.5 million .

The Company has elected not to offset derivative positions in the consolidated financial statements. The tables below present the effect on its financial position had the Company made the election to offset its derivative positions as of December 31, 2013 and December 31, 2012 :

Offsetting of Derivative Assets

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts of Assets Presented in the Consolidated Balance Sheets (a)	Gross Amounts Not Offset in the Consolidated Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received	
December 31, 2013	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
December 31, 2012	$ 2	$ —	$ 2	$ —	$ —	$ 2

(a) Amounts reconcile to the aggregate fair value of derivative assets in the “Tabular Disclosure of Fair Values of Derivative Instruments on the Balance Sheet” located in this footnote.

Offsetting of Derivative Liabilities

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts of Liabilities Presented in the Consolidated Balance Sheets (b)	Gross Amounts Not Offset in the Consolidated Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Posted	
December 31, 2013	**$ 4,965**	**$ —**	**$ 4,965**	**$ —**	**$ —**	**$ 4,965**
December 31, 2012	$ 11,022	$ —	$ 11,022	$ —	$ —	$ 11,022

(b) Amounts reconcile to the aggregate fair value of derivative liabilities in the “Tabular Disclosure of Fair Values of Derivative Instruments on the Balance Sheet” located in this footnote.

14. COMMITMENTS AND CONTINGENCIES

Commitments

Real Estate Under Development

The following summarizes the Company's real estate commitments at December 31, 2013 (*dollars in thousands*):

	Number of Properties	Costs Incurred to Date		Expected Costs to Complete (unaudited)		Average Ownership Stake
Wholly-owned — under development	6	$ 467,413	(a)	$ 230,137		100%
Wholly-owned — redevelopment	2	134,261	(a)	39,039		100%
Joint ventures:						
Unconsolidated joint ventures	2	160,738		130,182	(b)	51%
Participating loan investments	1	14,273		77,736	(c)	0%
		$ 776,685		$ 477,094		

(a) Costs incurred to date include $41.8 million and $7.7 million of accrued fixed assets for development and redevelopment, respectively.
(b) Represents UDR's remaining equity commitment of unconsolidated joint ventures.
(c) Represents UDR's remaining participating loan commitment for Steele Creek.

Ground and Other Leases

UDR owns six communities which are subject to ground leases expiring between 2019 and 2103 . In addition, UDR is a lessee to various operating leases related to office space rented by the Company with expiration dates through 2016 . Future minimum lease payments as of December 31, 2013 are as follows *(dollars in thousands):*

	Ground Leases (a)	Office Space
2014	$ 5,270	$ 691
2015	5,270	633
2016	5,270	47
2017	5,270	—
2018	5,270	—
Thereafter	314,501	—
	$ 340,851	$ 1,371

(a) For purposes of our ground lease contracts, the Company uses the minimum lease payment, if stated in the agreement. For ground lease agreements where there is a reset provision based on the communities appraised value or consumer price index but does not include a specified minimum lease payment, the Company uses the current rent over the remainder of the lease term.

UDR incurred $5.2 million , $5.1 million , $4.9 million of ground rent expense for the years ended December 31, 2013 , 2012 , and 2011 , respectively. These costs are reported within the line item *Other Operating Expenses* on the Consolidated Statements of Operations. The Company incurred $1.3 million , $1.1 million , $1.2 million of rent expense related to office space for the years ended December 31, 2013 , 2012 , and 2011 , respectively. These costs are included in *General and Administrative* on the Consolidated Statements of Operations.

Contingencies

Litigation and Legal Matters

The Company is subject to various legal proceedings and claims arising in the ordinary course of business. The Company cannot determine the ultimate liability with respect to such legal proceedings and claims at this time. The Company believes that such liability, to the extent not provided for through insurance or otherwise, will not have a material adverse effect on our financial condition, results of operations or cash flow.

15. REPORTABLE SEGMENTS

GAAP guidance requires that segment disclosures present the measure(s) used by the chief operating decision maker to decide how to allocate resources and for purposes of assessing such segments' performance. UDR's chief operating decision maker is comprised of several members of its executive management team who use several generally accepted industry financial measures to assess the performance of the business for our reportable operating segments.

UDR owns and operates multifamily apartment communities that generate rental and other property related income through the leasing of apartment homes to a diverse base of tenants. The primary financial measures for UDR's apartment communities are rental income and net operating income ("NOI"). Rental income represents gross market rent less adjustments for concessions, vacancy loss and bad debt. NOI is defined as rental income less direct property rental expenses. Rental expenses include real estate taxes, insurance, personnel, utilities, repairs and maintenance, administrative and marketing. Excluded from NOI is property management expense which is calculated as 2.75% of property revenue to cover the regional supervision and accounting costs related to consolidated property operations, and land rent. UDR's chief operating decision maker utilizes NOI as the key measure of segment profit or loss.

UDR's two reportable segments are *Same-Store Communities* and *Non-Mature Communities/Other* :

- *Same-Store Communities* represent those communities acquired, developed, and stabilized prior to January 1, 2012 and held as of December 31, 2013 . A comparison of operating results from the prior year is meaningful as these communities were owned and had stabilized occupancy and operating expenses as of the beginning of the prior year, there is no plan to conduct substantial redevelopment activities, and the community is not held for disposition within the current year. A community is considered to have stabilized occupancy once it achieves 90% occupancy for at least three consecutive months .

- *Non-Mature Communities/Other* represent those communities that were acquired or developed in 2011, 2012, or 2013, sold properties, redevelopment properties, consolidated joint venture properties, and the non-apartment components of mixed use properties.

Management evaluates the performance of each of our apartment communities on a same-store community and non-mature community/other basis, as well as individually and geographically. This is consistent with the aggregation criteria under GAAP as each of our apartment communities generally has similar economic characteristics, facilities, services, and tenants. Therefore, the Company's reportable segments have been aggregated by geography in a manner identical to that which is provided to the chief operating decision maker.

All revenues are from external customers and no single tenant or related group of tenants contributed 10% or more of UDR's total revenues during the years ended December 31, 2013, 2012, and 2011 .

The following table details rental income and NOI from continuing and discontinued operations for UDR's reportable segments for the years ended December 31, 2013, 2012, and 2011 , and reconciles NOI to *Net Income/(Loss) Attributable to UDR, Inc.* in the Consolidated Statements of Operations *(dollars in thousands)* :

	Years Ended December 31,		
	2013	2012	2011
Reportable apartment home segment rental income			
Same-Store Communities			
West Region	**$ 232,374**	$ 219,988	$ 204,570
Mid-Atlantic Region	**166,518**	161,991	152,833
Northeast Region	**58,073**	54,460	37,553
Southeast Region	**116,192**	110,461	105,004
Southwest Region	**40,576**	38,099	35,266
Non-Mature Communities/Other	**141,903**	159,245	195,732
Total segment and consolidated rental income	**$ 755,636**	$ 744,244	$ 730,958
Reportable apartment home segment NOI			
Same-Store Communities			
West Region	**$ 165,657**	$ 154,496	$ 141,797
Mid-Atlantic Region	**115,805**	112,699	105,213
Northeast Region	**42,353**	39,376	27,181
Southeast Region	**75,825**	71,218	66,202
Southwest Region	**24,869**	22,817	20,319
Non-Mature Communities/Other	**89,532**	103,594	124,048
Total segment and consolidated NOI	**514,041**	504,200	484,760
Reconciling items:			
Joint venture management and other fees	**12,442**	11,911	9,668
Property management	**(20,780)**	(20,465)	(20,101)
Other operating expenses	**(7,136)**	(5,718)	(6,118)
Real estate depreciation and amortization	**(341,490)**	(350,401)	(370,343)
General and administrative	**(42,238)**	(43,792)	(47,257)
Hurricane-related recoveries/(charges), net	**12,253**	(8,495)	—
Other depreciation and amortization	**(6,741)**	(4,105)	(3,931)
Income/(loss) from unconsolidated entities	**(415)**	(8,579)	(6,352)
Interest expense	**(126,083)**	(138,792)	(156,366)
Interest and other income/(expense), net	**4,681**	2,703	5,688
Tax benefit, net	**7,299**	30,282	5,647
Net (income)/loss attributable to redeemable noncontrolling interests in the Operating Partnership	**(1,530)**	(7,986)	(395)
Net (income)/loss attributable to noncontrolling interests	**60**	(140)	(167)
Net gain/(loss) on sale of depreciable property, net of impairment and tax	**40,449**	251,554	125,290
Net income/(loss) attributable to UDR, Inc.	**$ 44,812**	$ 212,177	$ 20,023

The following table details the assets of UDR's reportable segments as of December 31, 2013 and 2012 *(dollars in thousands)* :

	December 31, 2013	December 31, 2012
Reportable apartment home segment assets:		
Same-Store communities:		
West Region	**$ 2,323,850**	$ 2,325,934
Mid-Atlantic Region	**1,431,590**	1,419,873
Northeast Region	**738,805**	723,437
Southeast Region	**889,753**	887,483
Southwest Region	**350,158**	346,449
Non-mature Communities/Other	**2,473,821**	2,352,652
Total segment assets	**8,207,977**	8,055,828
Accumulated depreciation	**(2,208,794)**	(1,924,682)
Total segment assets — net book value	**5,999,183**	6,131,146
Reconciling items:		
Cash and cash equivalents	**30,249**	12,115
Restricted cash	**22,796**	23,561
Deferred financing costs, net	**26,924**	24,990
Notes receivable, net	**83,033**	64,006
Investment in and advances to unconsolidated joint ventures, net	**507,655**	477,631
Other assets	**137,882**	125,654
Total consolidated assets	**$ 6,807,722**	$ 6,859,103

Capital expenditures related to our *Same-Store Communities* totaled $50.4 million , $48.4 million , and $43.1 million for the years ended December 31, 2013, 2012, and 2011 , respectively. Capital expenditures related to our *Non-Mature Communities/Other* totaled $5.4 million , $6.7 million , and $14.7 million for the years ended December 31, 2013, 2012, and 2011 , respectively.

Markets included in the above geographic segments are as follows:

i. West Region — Orange County, San Francisco, Seattle, Monterey Peninsula, Los Angeles, San Diego, Inland Empire, and Portland

ii. Mid-Atlantic Region — Metropolitan D.C., Richmond, Baltimore, Norfolk, and Other Mid-Atlantic

iii. Northeast Region — New York and Boston

iv. Southeast Region — Tampa, Orlando, Nashville, and Other Florida

v. Southwest Region — Dallas and Austin

16. HURRICANE-RELATED (RECOVERIES)/CHARGES

In October 2012, Hurricane Sandy hit the East Coast, affecting three of the Company's operating communities (1,706 apartment homes) located in New York City. The properties suffered some physical damage, and were closed to residents for a period following the hurricane. The Company has insurance policies that provide coverage for property damage and business interruption, subject to applicable retention.

Based on the claims filed and management's estimates, the Company recognized a $9.0 million impairment charge for the damaged assets' net book value and incurred $10.4 million of repair and cleanup costs during the year ended December 31, 2012. The impairment charge and the repair and cleanup costs incurred were reduced as of December 31, 2012 by $14.5 million

of estimated insurance recovery, and were classified in *Hurricane-Related (Recoveries)/Charges, Ne* t on the Consolidated Statements of Operations. During the year ended December 31, 2013 , no material adjustments to the impairment charge and the repair and cleanup costs incurred were recognized. With the exception of one of the properties that is under redevelopment at December 31, 2013 , the rehabilitation of the remaining two properties was substantially completed as of December 31, 2013.

As of December 31, 2013 , the Company had settled the Hurricane Sandy claims and received insurance proceeds in excess of the $14.5 million estimated insurance recovery receivable related to the impairment charge and the repair and cleanup costs incurred. As a result, the Company recognized a Hurricane-related recovery of approximately $4.8 million and a casualty gain of approximately $654,000 for the year ended December 31, 2013 . Both the recovery and casualty gain were classified in *Hurricane-Related (Recoveries)/Charges, Ne* t on the Consolidated Statements of Operations.

Based on the claims filed and management's estimates, the Company recognized $4.4 million of business interruption losses for the year ended December 31, 2012, of which $3.6 million were related to rent concession rebates provided to residents during the period the properties were uninhabitable and were classified in *Hurricane-Related (Recoveries)/Charges, Ne* t on the Consolidated Statements of Operations, and $767,000 were related to rent that was not contractually receivable and were classified as a reduction to *Rental Income* on the Consolidated Statements of Operations. As noted below, the Company recovered from the insurance carrier approximately $4.2 million of the $4.4 million of 2012 business interruption losses. The Company estimates that it incurred an additional $3.4 million of business interruption losses for the year ended December 31, 2013 . As noted below, the Company recovered from the insurance carrier approximately $2.6 million of the $3.4 million of 2013 business interruption losses.

During the year ended December 31, 2013 , the Company received approximately $6.8 million of insurance proceeds for recovery of business interruption losses. Of the $6.8 million of insurance proceeds received in 2013, $4.2 million related to recovery of business interruption losses incurred in 2012 and the remaining $2.6 million related to recovery of business interruption losses incurred in 2013. The $6.8 million of recovery was classified in *Hurricane-Related (Recoveries)/Charges, Ne* t on the Consolidated Statements of Operations as of December 31, 2013 .

17. UNAUDITED SUMMARIZED CONSOLIDATED QUARTERLY FINANCIAL DATA

Selected consolidated quarterly financial data for the years ended December 31, 2013 and 2012 is summarized in the table below *(dollars in thousands, except per share amounts)* :

	Three Months Ended			
	March 31,	**June 30,**	**September 30,**	**December 31,**
2013				
Rental income (a)	**$ 181,961**	**$ 186,285**	**$ 187,917**	**$ 190,321**
Income/(loss) from continuing operations	**(1,162)**	**4,525**	**2,351**	**(3,374)**
Income/(loss) from discontinued operations, net of tax	**853**	**829**	**884**	**41,376**
Net income/(loss) attributable to common stockholders	**(1,199)**	**4,261**	**2,257**	**35,769**
Income/(loss) attributable to common stockholders per weighted average common share (b):				
Basic and diluted	**$ (0.00)**	**$ 0.02**	**$ 0.01**	**$ 0.14**
2012				
Rental income (a)	$ 169,950	$ 175,153	$ 179,448	$ 180,150
Income/(loss) from continuing operations	915	(23,961)	(9,287)	(13,972)
Income/(loss) from discontinued operations, net of tax	85,713	180,268	(389)	1,016
Net income/(loss) attributable to common stockholders	80,848	145,721	(9,962)	(13,231)
Income/(loss) attributable to common stockholders per weighted average common share (b):				
Basic and diluted	$ 0.37	$ 0.62	$ (0.04)	$ (0.05)

(a) Represents rental income from continuing operations, excluding amounts classified as discontinued operations.
(b) Quarterly income/(loss) per share amounts may not total to the annual amounts due to rounding.

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Report of Independent Registered Public Accounting Firm

The Partners

United Dominion Realty, L.P.

We have audited the accompanying consolidated balance sheets of United Dominion Realty, L.P. (the “Partnership”) as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income/(loss), changes in capital, and cash flows for each of the three years in the period ended December 31, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Partnership's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of United Dominion Realty, L.P. at December 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U. S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Denver, Colorado
February 25, 2014

UNITED DOMINION REALTY, L.P.
CONSOLIDATED BALANCE SHEETS
(In thousands, except for unit data)

	December 31, 2013	December 31, 2012
ASSETS		
Real estate owned:		
Real estate held for investment	**$ 4,108,417**	$ 4,025,592
Less: accumulated depreciation	**(1,241,574)**	(1,063,156)
Real estate held for investment, net	**2,866,843**	2,962,436
Real estate under development (net of accumulated depreciation $0 and $1,132, respectively)	**80,063**	86,260
Real estate sold or held for sale (net of accumulated depreciation of $0 and $32,845, respectively)	**—**	37,091
Total real estate owned, net of accumulated depreciation	**2,946,906**	3,085,787
Cash and cash equivalents	**1,897**	2,804
Restricted cash	**13,526**	12,926
Deferred financing costs, net	**5,848**	6,072
Other assets	**25,064**	28,665
Total assets	**$ 2,993,241**	$ 3,136,254
LIABILITIES AND CAPITAL		
Liabilities:		
Secured debt	**$ 934,865**	$ 967,239
Notes payable due to General Partner	**88,696**	88,696
Real estate taxes payable	**6,228**	5,783
Accrued interest payable	**3,323**	3,604
Security deposits and prepaid rent	**14,172**	13,360
Distributions payable	**43,253**	40,752
Deferred gains on the sale of depreciable property	**63,838**	63,838
Accounts payable, accrued expenses, and other liabilities	**35,769**	34,226
Total liabilities	**1,190,144**	1,217,498
Commitments and contingencies (Note 11)		
Capital:		
Partners' capital:		
General partner: 110,883 OP Units outstanding at December 31, 2013 and 2012	**1,163**	1,223
Limited partners: 183,167,815 OP Units and 184,170,370 OP Units outstanding at December 31, 2013 and 2012, respectively	**1,797,836**	1,921,445
Accumulated other comprehensive loss	**(3,065)**	(5,369)
Total partners' capital	**1,795,934**	1,917,299
Payable/(receivable) due to/(from) General Partner	**(9,916)**	(11,056)
Noncontrolling interests	**17,079**	12,513
Total capital	**1,803,097**	1,918,756
Total liabilities and capital	**$ 2,993,241**	$ 3,136,254

See accompanying notes to the consolidated financial statements.

UNITED DOMINION REALTY, L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per unit data)

	Years Ended December 31,		
	2013	**2012**	**2011**
REVENUES:			
Rental income	**$ 401,853**	$ 384,946	$ 344,937
OPERATING EXPENSES:			
Property operating and maintenance	**75,019**	72,843	67,895
Real estate taxes and insurance	**45,139**	40,866	39,170
Property management	**11,051**	10,587	9,484
Other operating expenses	**5,728**	5,272	5,484
Real estate depreciation and amortization	**179,367**	191,731	184,461
General and administrative	**24,808**	26,204	26,370
Hurricane-related (recoveries)/charges, net	**(8,083)**	5,518	—
Total operating expenses	**333,029**	353,021	332,864
Operating income	**68,824**	31,925	12,073
Interest expense	**34,989**	43,277	51,827
Interest expense on note payable due to General Partner	**1,069**	1,957	990
Income/(loss) from continuing operations	**32,766**	(13,309)	(40,744)
Income/(loss) from discontinued operations	**45,176**	57,643	70,973
Net income/(loss)	**77,942**	44,334	30,229
Net (income)/loss attributable to noncontrolling interests	**(4,566)**	(352)	(70)
Net income/(loss) attributable to OP unitholders	**$ 73,376**	$ 43,982	$ 30,159
Income/(loss) per weighted average OP Unit - basic and diluted:			
Income/(loss) from continuing operations attributable to OP unitholders	**0.16**	(0.07)	(0.22)
Income/(loss) from discontinued operations attributable to OP unitholders	**0.24**	0.31	0.39
Net income/(loss) attributable to OP unitholders	**0.40**	0.24	0.17
Weighted average OP Units outstanding - basic and diluted	**184,196**	184,281	182,448

See accompanying notes to the consolidated financial statements.

UNITED DOMINION REALTY, L.P.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(In thousands)

	Years Ended December 31,		
	2013	**2012**	**2011**
Net income/(loss)	**$ 77,942**	$ 44,334	$ 30,229
Other comprehensive income/(loss), including portion attributable to noncontrolling interests:			
Other comprehensive income/(loss) - derivative instruments:			
Unrealized holding gain/(loss)	**(348)**	(1,898)	(6,119)
(Gain)/loss reclassified into earnings from other comprehensive income/ (loss)	**2,652**	3,431	4,719
Other comprehensive income/(loss), including portion attributable to noncontrolling interests	**2,304**	1,533	(1,400)
Comprehensive income/(loss)	**80,246**	45,867	28,829
Comprehensive (income)/loss attributable to noncontrolling interests	**4,566**	352	70
Comprehensive income/(loss) attributable to OP unitholders	**$ 75,680**	$ 45,515	$ 28,759

See accompanying notes to consolidated financial statements.

UNITED DOMINION REALTY, L.P.
CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL
(In thousands)

	Class A Limited Partner	Limited Partners	UDR, Inc.		Accumulated Other Comprehensive Income/(Loss), net	Total Partners' Capital	Payable/ (Receivable) due to/(from) General Partner	Noncontrolling Interests	Total
			Limited Partner	General Partner					
Balance at December 31, 2010	**$ 41,199**	**$ 77,858**	**$ 1,927,323**	**$ 1,363**	**$ (5,502)**	**$ 2,042,241**	**$ (492,709)**	**$ 12,091**	**$ 1,561,623**
Distributions	(2,328)	(4,973)	(139,853)	(88)	—	(147,242)	—	—	(147,242)
OP Unit redemptions for common shares of UDR	—	(287)	287	—	—	—	—	—	—
OP Units issued for real estate	—	111,034	—	—	—	111,034	—	—	111,034
Adjustment to reflect limited partners' capital at redemption value	4,809	7,621	(12,430)	—	—	—	—	—	—
Net income/(loss)	287	1,255	28,599	18	—	30,159	—	70	30,229
Other comprehensive income/(loss)	—	—	—	—	(1,400)	(1,400)	—	—	(1,400)
Net change in amount due to/(from) General Partner	—	—	—	—	—	—	299,125	—	299,125
Balance at December 31, 2011	**43,967**	**192,508**	**1,803,926**	**1,293**	**(6,902)**	**2,034,792**	**(193,584)**	**12,161**	**1,853,369**
Distributions	(2,328)	(6,738)	(153,846)	(96)	—	(163,008)	—	—	(163,008)
OP Unit redemptions for common shares of UDR	—	(529)	529	—	—	—	—	—	—
OP Units redemption for cash	—	(133)	133	—	—	—	—	—	—
Adjustment to reflect limited partners' capital at redemption value	(596)	(5,166)	5,762	—	—	—	—	—	—
Net income/(loss)	613	1,820	41,523	26	—	43,982	—	352	44,334
Other comprehensive income/(loss)	—	—	—	—	1,533	1,533	—	—	1,533
Net change in amount due to/(from) General Partner	—	—	—	—	—	—	182,528	—	182,528
Balance at December 31, 2012	**41,656**	**181,762**	**1,698,027**	**1,223**	**(5,369)**	**1,917,299**	**(11,056)**	**12,513**	**1,918,756**
Distributions	(2,324)	(7,118)	(164,170)	(104)	—	(173,716)	—	—	(173,716)
OP Unit redemptions for common shares of UDR	—	(1,817)	1,817	—	—	—	—	—	—
Distribution of community to UDR	—	—	(23,329)	—	—	(23,329)	(53,712)	—	(77,041)
Adjustment to reflect limited partners' capital at redemption value	702	852	(1,554)	—	—	—	—	—	—
Net income/(loss)	868	3,016	69,448	44	—	73,376	—	4,566	77,942
Other comprehensive income/(loss)	—	—	—	—	2,304	2,304	—	—	2,304
Net change in amount due to/(from) General Partner	—	—	—	—	—	—	54,852	—	54,852
Balance at December 31, 2013	**$ 40,902**	**$ 176,695**	**$ 1,580,239**	**$ 1,163**	**$ (3,065)**	**$ 1,795,934**	**$ (9,916)**	**$ 17,079**	**$ 1,803,097**

See accompanying notes to the consolidated financial statements.

UNITED DOMINION REALTY, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Years Ended December 31,		
	2013	**2012**	**2011**
Operating Activities			
Net income/(loss)	**$ 77,942**	$ 44,334	$ 30,229
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:			
Depreciation and amortization	**181,302**	195,051	197,964
Net gain on the sale of depreciable property	**(41,518)**	(51,094)	(60,065)
Hurricane-related (recoveries)/charges, net	**(270)**	5,518	—
Other	2,097	3,624	4,465
Changes in operating assets and liabilities:			
(Increase)/decrease in operating assets	**(11,685)**	(1,543)	(11,516)
Increase/(decrease) in operating liabilities	**478**	5,205	(5,006)
Net cash provided by operating activities	**208,346**	201,095	156,071
Investing Activities			
Acquisition of real estate assets (net of liabilities assumed) and initial capital expenditures	**—**	—	(287,075)
Proceeds from sales of real estate investments, net	**79,437**	113,175	138,693
Development and redevelopment of real estate assets	**(66,407)**	(36,804)	—
Capital expenditures and other major improvements — real estate assets, net of escrow reimbursement	**(76,984)**	(72,098)	(63,191)
Cash paid in nonmonetary asset exchange	**—**	—	(15,407)
Net cash provided by/(used in) investing activities	**(63,954)**	4,273	(226,980)
Financing Activities			
Advances from/(to) General Partner, net	**(92,537)**	29,391	175,964
Proceeds from the issuance of secured debt	**—**	26,054	2,074
Payments on secured debt	**(42,237)**	(249,680)	(96,902)
Distributions paid to partnership unitholders	**(9,348)**	(9,033)	(7,300)
Payments of financing costs	**(1,177)**	—	(3,143)
Net cash provided by/(used in) financing activities	**(145,299)**	(203,268)	70,693
Net increase/(decrease) in cash and cash equivalents	**(907)**	2,100	(216)
Cash and cash equivalents, beginning of year	**2,804**	704	920
Cash and cash equivalents, end of year	**$ 1,897**	$ 2,804	$ 704
Supplemental Information:			
Interest paid during the period, net of amounts capitalized	**$ 42,506**	$ 48,545	$ 56,871
Non-cash transactions:			
Real estate acquired, including intangibles in asset exchange	**—**	—	178,353
Real estate disposed in asset exchange, net of accumulated depreciation	**—**	—	139,725
Real estate distributed to the General Partner	**74,586**	—	—
OP Units redeemed by General Partner in partial consideration for real estate distributed	**23,329**	—	—
Secured debt assumed in the acquisitions of properties, including asset exchange	**—**	—	247,805
Secured debt transferred in asset exchange	**—**	—	55,356

UNITED DOMINION REALTY, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(In thousands)

	Year Ended December 31,		
	2013	**2012**	**2011**
Supplemental Information (Continued):			
Fair market value adjustment of secured debt assumed in acquisitions of properties, including asset exchange	**—**	—	21,915
Reallocation of credit facilities debt from General Partner	**13,682**	—	—
OP Units issued in partial consideration for property acquisition	**—**	—	111,034
Development costs and capital expenditures incurred but not yet paid	**6,371**	7,440	721

See accompanying notes to the consolidated financial statements.

1. CONSOLIDATION AND BASIS OF PRESENTATION

United Dominion Realty, L.P. ("UDR, L.P.," the "Operating Partnership," "we" or "our") is a Delaware limited partnership, that owns, acquires, renovates, redevelops, manages, and disposes of multifamily apartment communities generally located in high barrier to entry markets located in the United States. The high barrier to entry markets are characterized by limited land for new construction, difficult and lengthy entitlement process, expensive single-family home prices and significant employment growth potential. UDR, L.P. is a subsidiary of UDR, Inc. ("UDR" or the "General Partner"), a self-administered real estate investment trust, or REIT, through which UDR conducts a significant portion of its business. During the years ended December 31, 2013, 2012, and 2011 , rental revenues of the Operating Partnership represented 54% , 54% , 53% , respectively, of the General Partner's consolidated rental revenues (including those classified within discontinued operations). At December 31, 2013 , the Operating Partnership's apartment portfolio consisted of 68 communities located in 17 markets consisting of 20,746 apartment homes.

Interests in UDR, L.P. are represented by operating partnership units ("OP Units"). The Operating Partnership's net income is allocated to the partners, which is initially based on their respective distributions made during the year and secondly, their percentage interests. Distributions are made in accordance with the terms of the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P. (the "Operating Partnership Agreement"), on a per unit basis that is generally equal to the dividend per share on UDR's common stock, which is publicly traded on the New York Stock Exchange ("NYSE") under the ticker symbol "UDR".

As of December 31, 2013 , there were 183,278,698 OP Units outstanding, of which 173,959,774 or 94.9% were owned by UDR and affiliated entities and 9,318,924 or 5.1% were owned by non-affiliated limited partners. There were 184,281,253 OP Units in the Operating Partnership outstanding as of December 31, 2012 , of which 174,886,035 or 94.9% were owned by UDR and affiliated entities and 9,395,218 or 5.1% were owned by non-affiliated limited partners.

As sole general partner of the Operating Partnership, UDR owned 110,883 general partnership interest units or 0.06% of the total OP Units outstanding as of December 31, 2013 and 2012 . At December 31, 2013 and 2012 , there were 183,167,815 and 184,170,370 OP Units outstanding of limited partnership interest, respectively, of which 1,751,671 were Class A Limited Partnership OP Units. UDR owned 173,848,891 or 94.9% and 174,775,152 or 94.9% at December 31, 2013 and 2012 , respectively. The remaining 9,318,924 or 5.1% and 9,395,218 or 5.1% OP Units outstanding of limited partnership interest were held by non- affiliated partners at December 31, 2013 and 2012 , respectively, of which 1,751,671 were Class A Limited Partnership units. See Note 9, *Capital Structure* .

The Operating Partnership evaluated subsequent events through the date its financial statements were issued. No recognized or non-recognized subsequent events were noted.

2. SIGNIFICANT ACCOUNTING POLICIES

Recent Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-10, *Disclosures about Offsetting Assets and Liabilities.* The objective of this update is to provide enhanced disclosures that will enable users of its financial statements to evaluate the effect or potential effect of netting arrangements on an entity's financial position. This included the effect or potential effect of rights of setoff associated with an entity's recognized assets and recognized liabilities within the scope of this update. The amendments require enhanced disclosures by requiring improved information about financial instruments and derivative instruments that are either 1) offset on the balance sheet in accordance with the "Offsetting Guidance" in ASC 210-20-45 or ASC 815-10-45 (collectively, the offsetting guidance) or 2) subject to an enforceable master netting arrangement or similar agreement, regardless of whether they are offset in accordance with the "Offsetting Guidance". The amendments, which were adopted by the Operating Partnership on January 1, 2013, impacted the Operating Partnership's disclosures related to its derivative activities. (See Note 8, *Derivatives and Hedging Activity* .) The new guidance did not have any impact on the Operating Partnership's consolidated financial position, results of operations, or cash flows.

In February 2012, the FASB issued ASU No. 2013-02 , *Other Comprehensive Income (Topic 220)* to require preparers to report, in one place, information about reclassifications out of accumulated other comprehensive income ("AOCI"). For significant items reclassified out of AOCI to net income in their entirety in the same reporting period, reporting (either on the

face of the statement where net income is presented or in the notes thereto) is required about the effect of the reclassifications on the respective line items in the statement where net income is presented. For items that are not reclassified to net income in their entirety in the same reporting period, a cross reference to other existing disclosures is required in the notes. The amendments, which were adopted by the Operating Partnership on January 1, 2013, did not have any impact on the Operating Partnership's consolidated financial position, results of operations, or cash flows. The accompanying consolidated financial statements include the required disclosures in the Consolidated Statements of Comprehensive Income/(Loss) or in the notes thereto for each of the three years in the period ended December 31, 2013.

Real Estate

Real estate assets held for investment are carried at historical cost and consist of land, buildings and improvements, furniture, fixtures and equipment and other costs incurred during their development, acquisition and redevelopment.

Expenditures for ordinary repair and maintenance costs are charged to expense as incurred. Expenditures for improvements, renovations, and replacements related to the acquisition and/or improvement of real estate assets are capitalized and depreciated over their estimated useful lives if the expenditures qualify as a betterment or the life of the related asset will be substantially extended beyond the original life expectancy.

The Operating Partnership purchases real estate investment properties and records the tangible and identifiable intangible assets and liabilities acquired based on their estimated fair value. The primary, although not only, identifiable intangible asset associated with our portfolio is the value of existing lease agreements. When recording the acquisition of a community, we first assign fair value to the estimated intangible value of the existing lease agreements and then to the estimated value of the land, building and fixtures assuming the community is vacant. The Operating Partnership estimates the intangible value of the lease agreements by determining the lost revenue associated with a hypothetical lease-up. Depreciation on the building is based on the expected useful life of the asset and the in-place leases are amortized over their remaining average contractual life. Property acquisition costs are expensed as incurred.

Quarterly or when changes in circumstances warrant, the Operating Partnership will assess our real estate properties for indicators of impairment. In determining whether the Operating Partnership has indicators of impairment in our real estate assets, we assess whether the long-lived asset’s carrying value exceeds the community’s undiscounted future cash flows, which is representative of projected net operating income (“NOI”) plus the residual value of the community. Our future cash flow estimates are based upon historical results adjusted to reflect our best estimate of future market and operating conditions and our estimated holding periods. If such indicators of impairment are present and the carrying value exceeds the undiscounted cash flows of the community, an impairment loss is recognized equal to the excess of the carrying amount of the asset over its estimated fair value. Our estimates of fair market value represent our best estimate based primarily upon unobservable inputs related to rental rates, operating costs, growth rates, discount rates and capitalization rates, industry trends and reference to market rates and transactions.

For long-lived assets to be disposed of, impairment losses are recognized when the fair value of the asset less estimated cost to sell is less than the carrying value of the asset. Properties classified as real estate held for sale generally represent properties that are actively marketed or contracted for sale with the closing expected to occur within the next twelve months. Real estate held for sale is carried at the lower of cost, net of accumulated depreciation, or fair value, less the cost to sell, determined on an asset-by-asset basis. Expenditures for ordinary repair and maintenance costs on held for sale properties are charged to expense as incurred. Expenditures for improvements, renovations, and replacements related to held for sale properties are capitalized at cost. Depreciation is not recorded on real estate held for sale.

Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets which are 35 to 55 years for buildings, 10 to 35 years for major improvements, and 3 to 10 years for furniture, fixtures, equipment, and other assets. As of December 31, 2013 and 2012 , the amount of our net intangible assets which are reflected in *Other Asset* s was $7.6 million and $9.3 million , respectively. As of December 31, 2013 and 2012 , the amount of our net intangible liabilities which are reflected in *Accounts Payable, Accrued Expenses, and Other Liabilities* was $3.5 million and $3.9 million in our Consolidated Balance Sheets. The balances are being amortized over the remaining life of the respective intangible.

Predevelopment, development, and redevelopment projects and related costs are capitalized and reported on the Consolidated Balance Sheets as *Total Real Estate Owned, Net of Accumulated Depreciation* . The Operating Partnership capitalizes costs directly related to the predevelopment, development, and redevelopment of a capital project, which include, but are not limited to, interest, real estate taxes, insurance, and allocated development and redevelopment overhead related to

support costs for personnel working on the capital projects. We use our professional judgment in determining whether such costs meet the criteria for capitalization or must be expensed as incurred. These costs are capitalized only during the period in which activities necessary to ready an asset for its intended use are in progress and such costs are incremental and identifiable to a specific activity to get the asset ready for its intended use. These costs, excluding the direct costs of development and redevelopment and capitalized interest, for the years ended December 31, 2013, 2012, and 2011 were $2.5 million , $2.1 million , and $2.2 million , respectively. During the years ended December 31, 2013, 2012, and 2011, total interest capitalized was $5.9 million , $3.7 million , $1.8 million , respectively. As each home in a capital project is completed and becomes available for lease-up, the Company ceases capitalization on the related portion and depreciation commences over the estimated useful life.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits with financial institutions and short-term, highly liquid investments. We consider all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. The majority of the Operating Partnership’s cash and cash equivalents are held at major commercial banks.

Restricted Cash

Restricted cash consists of escrow deposits held by lenders for real estate taxes, insurance and replacement reserves, and security deposits.

Revenue and Real Estate Sales Gain Recognition

Rental income related to leases is recognized on an accrual basis when due from residents and tenants in accordance with GAAP. Rental payments are generally due on a monthly basis and recognized when earned. The Operating Partnership recognizes interest income, management and other fees and incentives when earned, fixed and determinable.

For sale transactions meeting the requirements for full accrual profit recognition, we remove the related assets and liabilities from our Consolidated Balance Sheets and record the gain or loss in the period the transaction closes. For sale transactions that do not meet the full accrual sale criteria due to our continuing involvement, we evaluate the nature of the continuing involvement and account for the transaction under an alternate method of accounting. Unless certain limited criteria are met, non-monetary transactions, including property exchanges, are accounted for at fair value.

Sales to entities in which we or our General Partner retain or otherwise own an interest are accounted for as partial sales. If all other requirements for recognizing profit under the full accrual method have been satisfied and no other forms of continuing involvement are present, we recognize profit proportionate to the outside interest in the buyer and defer the gain on the interest we or our General Partner retain. The Operating Partnership recognizes any deferred gain when the property is sold to a third party. In transactions accounted by us as partial sales, we determine if the buyer of the majority equity interest in the venture was provided a preference as to cash flows in either an operating or a capital waterfall. If a cash flow preference has been provided, we recognize profit only to the extent that proceeds from the sale of the majority equity interest exceed costs related to the entire property.

Derivative Financial Instruments

The General Partner utilizes derivative financial instruments to manage interest rate risk and generally designates these financial instruments as cash flow hedges. Derivative financial instruments associated with the Operating Partnership’s allocation of the General Partner’s debt are recorded on our Consolidated Balance Sheets as either an asset or liability and measured quarterly at their fair value. The changes in fair value for the General Partner’s cash flow hedges allocated to the Operating Partnership that are deemed effective are reflected in other comprehensive income and for non-designated derivative financial instruments in earnings. The ineffective component of cash flow hedges, if any, is recorded in earnings.

Noncontrolling Interests

The noncontrolling interests represent the General Partner’s interests in certain consolidated subsidiaries and are presented in the capital section of the consolidated balance sheets since these interests are not convertible or redeemable into any other ownership interests of the Operating Partnership.

During the year ended December 31, 2013, the Operating Partnership corrected an error in the General Partner's ownership interest in one of the consolidated subsidiaries. The correction increased the General Partner's ownership interest resulting in a cumulative adjustment increasing *Net Income Attributable to Noncontrolling Interests* by $3.3 million on the Consolidated Statements of Operations with a corresponding increase to *Noncontrolling Interests* on the Consolidated Balance Sheets. Management believes the impact of the cumulative adjustment in 2013 is immaterial to the financial statements taken as a whole.

Income Taxes

The taxable income or loss of the Operating Partnership is reported on the tax returns of the partners. Accordingly, no provision has been made in the accompanying financial statements for federal or state income taxes on income that is passed through to the partners. However, any state or local revenue, excise or franchise taxes that result from the operating activities of the Operating Partnership are recorded at the entity level. The Operating Partnership's tax returns are subject to examination by federal and state taxing authorities. Net income for financial reporting purposes differs from the net income for income tax reporting purposes primarily due to temporary differences, principally real estate depreciation and the tax deferral of certain gains on property sales. The differences in depreciation result from differences in the book and tax basis of certain real estate assets and the differences in the methods of depreciation and lives of the real estate assets.

The Operating Partnership follows the accounting guidance within GAAP, with respect to how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. The guidance requires the accounting and disclosure of tax positions taken or expected to be taken in the course of preparing the Operating Partnership's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. Management of the Operating Partnership is required to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, which include federal and certain states. The Operating Partnership has no examinations in progress and none are expected at this time.

Management of the Operating Partnership has reviewed all open tax years (2010 through 2012) and major jurisdictions, and concluded there is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken in future tax returns.

Discontinued Operations

Under GAAP, the results of operations for those properties sold during the year or classified as held for sale at the end of the current year are classified as discontinued operations in the current and prior periods. Further, to meet the discontinued operations criteria, the Operating Partnership or related parties will not have any significant continuing involvement in the ownership or operation of the property after the sale or disposition. Once a property is classified as held for sale, depreciation is no longer recorded. However, if the Operating Partnership determines that the property no longer meets the criteria for held for sale, the Operating Partnership will recapture any unrecorded depreciation on the property. The assets and liabilities, if any, of properties classified as held for sale are presented separately on the Consolidated Balance Sheets at lower of their carrying amount or their estimated fair value less the costs to sell the assets. (See Note 4, *Discontinued Operations and Assets Held for Sale*, for further discussion).

Allocation of General and Administrative Expenses

The Operating Partnership is charged directly for general and administrative expenses it incurs. The Operating Partnership is also charged with other general and administrative expenses that have been allocated by the General Partner to each of its subsidiaries, including the Operating Partnership, based on each subsidiary's pro-rata portion of UDR's total apartment homes. (See Note 6, *Related Party Transactions* .)

Advertising Costs

All advertising costs are expensed as incurred and reported on the Consolidated Statements of Operations within the line item *General and Administrative* . During the years ended December 31, 2013 , 2012 , and 2011 , total advertising expense from continuing and discontinued operations was $2.5 million , $2.4 million , and $2.5 million , respectively.

Comprehensive Income/(Loss)

Comprehensive income, which is defined as the change in capital during each period from transactions and other events and circumstances from nonowner sources, including all changes in capital during a period except for those resulting from investments by or distributions to partners, is displayed in the accompanying Consolidated Statements of Comprehensive Income/(Loss). For the years ended December 31, 2013 , 2012 , and 2011 , the Operating Partnership's other comprehensive income/(loss) consisted of the gain/(loss) (effective portion) on derivative instruments that are designated as and qualify as cash flow hedges and (gain)/loss reclassified from other comprehensive income/(loss) into earnings. The (gain)/loss reclassified from other comprehensive income/(loss) is included in *Interest Expense* on the Consolidated Statements of Operations. See Note 8, *Derivatives and Hedging Activity,* for further discussion.

Use of Estimates

The preparation of these financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the dates of the financial statements and the amounts of revenues and expenses during the reporting periods. Actual amounts realized or paid could differ from those estimates.

Market Concentration Risk

The Operating Partnership is subject to increased exposure from economic and other competitive factors specific to those markets where it holds a significant percentage of the carrying value of its real estate portfolio at December 31, 2013 , the Operating Partnership held greater than 10% of the carrying value of its real estate portfolio in the Orange County, California; San Francisco, California; Metropolitan D.C.; and New York, New York markets.

3. REAL ESTATE OWNED

Real estate assets owned by the Operating Partnership consists of income producing operating properties, properties under development, land held for future development, and sold or held for sale properties. At December 31, 2013 , the Operating Partnership owned and consolidated 68 communities in nine states plus the District of Columbia totaling 20,746 apartment homes. The following table summarizes the carrying amounts for our real estate owned (at cost) as of December 31, 2013 and 2012 *(dollars in thousands):*

	December 31, 2013	December 31, 2012
Land	**$ 1,004,447**	$ 994,709
Depreciable property — held and used:		
Buildings, improvements, and furniture, fixtures and equipment	**3,103,970**	3,030,883
Real estate sold:		
Land	**—**	12,015
Buildings, improvements, and furniture, fixtures and equipment	**—**	57,921
Under development:		
Land	**9,447**	25,833
Construction in progress	**70,616**	61,559
Real estate owned	**4,188,480**	4,182,920
Accumulated depreciation	**(1,241,574)**	(1,097,133)
Real estate owned, net	**$ 2,946,906**	$ 3,085,787

The Operating Partnership had no acquisitions during the years ended December 31, 2013 , 2012 and 2011.

In November 2013, the Operating Partnership distributed the development property Los Alisos to the General Partner. See Note 6, *Related Party Transactions* , for more details.

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

The results of operations for properties sold during the year or designated as held for sale at the end of the year are classified as discontinued operations for all periods presented. Properties classified as real estate held for sale generally represent properties that are actively marketed or contracted for sale with the closing expected to occur within the next twelve months. The presentation of discontinued operations does not have an impact on net income/(loss) attributable to OP unitholders, and results in the reclassification of the operating results of all properties sold or classified as held for sale through December 31, 2013 within the Consolidated Statements of Operations for the years ended December 31, 2013, 2012, and 2011 , and the reclassification of the assets and liabilities within the Consolidated Balance Sheets as of December 31, 2013 and 2012 , if applicable. The gain/(loss) on the sale of the depreciable properties and the income/(loss) attributable to disposed properties are reported within the line item *Income/(Loss) from Discontinued Operations* on the Consolidated Statements of Operations.

During the year ended December 31, 2013 , the Operating Partnership sold two communities in the Sacramento market with 914 apartment homes for gross proceeds of $81.1 million . During the year ended December 31, 2012 , the Operating Partnership sold four communities with 1,314 apartment homes. During the year ended December 31, 2011 , the Operating Partnership sold eight communities with 2,024 apartment homes, which included four communities with 984 apartment homes sold in conjunction with an asset exchange. At December 31, 2013 and 2012, the Operating Partnership had no communities that met the criteria to be classified as held for sale and included in *Income/(Loss) from Discontinued Operations* on the Consolidated Statements of Operations.

During the years ended December 31, 2013, 2012, and 2011 , the Operating Partnership recognized net gain/(loss) on the sale of depreciable properties of $41.5 million , $51.1 million , and $60.1 million , respectively, which is included in *Income/(Loss) from Discontinued Operations* on the Consolidated Statements of Operations.

The following is a summary of income from discontinued operations for the years ended December 31, 2013, 2012, and 2011 (*dollars in thousands*):

	Years Ended December 31,		
	2013	**2012**	**2011**
Rental income	**$ 8,989**	$ 15,745	$ 42,120
Rental expenses	**3,149**	5,444	15,734
Property management	**247**	432	1,160
Real estate depreciation	**1,935**	3,320	13,503
Interest	**—**	—	815
Income/(loss) attributable to disposed properties	**3,658**	6,549	10,908
Net gain/(loss) on the sale of depreciable properties	**41,518**	51,094	60,065
Income/(loss) from discontinued operations	**$ 45,176**	$ 57,643	$ 70,973

5. DEBT

Our secured debt instruments generally feature either monthly interest and principal or monthly interest-only payments with balloon payments due at maturity. For purposes of classification in the following table, variable rate debt with a derivative financial instrument designated as a cash flow hedge is deemed as fixed rate debt due to the Operating Partnership having effectively established the fixed interest rate for the underlying debt instrument. Secured debt consists of the following as of December 31, 2013 and 2012 (*dollars in thousands*):

	Principal Outstanding		For the Year Ended December 31, 2013		
	December 31,				
	2013	2012	Weighted Average Interest Rate	Weighted Average Years to Maturity	Number of Communities Encumbered
Fixed Rate Debt					
Mortgage notes payable	**$ 386,803**	$ 394,999	5.44%	2.6	5
Fannie Mae credit facilities	**379,003**	370,638	4.71%	5.5	10
Total fixed rate secured debt	**765,806**	765,637	5.08%	4.0	15
Variable Rate Debt					
Mortgage notes payable	**—**	37,415	—	—	—
Tax-exempt secured note payable	**27,000**	27,000	0.95%	18.2	1
Fannie Mae credit facilities	**142,059**	137,187	1.90%	7.7	5
Total variable rate secured debt	**169,059**	201,602	1.75%	9.4	6
Total secured debt	**$ 934,865**	$ 967,239	4.47%	5.0	21

As of December 31, 2013 , the General Partner had secured credit facilities with Fannie Mae with an aggregate commitment of $838.1 million with $838.1 million outstanding. The Fannie Mae credit facilities are for terms of seven to ten years (maturing at various dates from May 2017 through July 2023) and bear interest at floating and fixed rates. At December 31, 2013 , $626.7 million of the outstanding balance was fixed at a weighted average interest rate of 4.99% and the remaining balance of $211.4 million on these facilities had a weighted average variable interest rate of 1.61% . During 2013, the General Partner reallocated an additional $13.7 million of the Fannie Mae credit facilities to the Operating Partnership. At December 31, 2013 , there was a total of $521.1 million of these credit facilities allocated to the Operating Partnership based on the ownership of the assets securing the debt. The following is information related to the credit facilities allocated to the Operating Partnership:

	December 31, 2013	December 31, 2012
	(dollars in thousands)	
Borrowings outstanding	**$ 521,062**	$ 507,825
Weighted average borrowings during the period ended	**522,007**	544,793
Maximum daily borrowings during the period ended	**523,187**	635,762
Weighted average interest rate during the period ended	**4.2%**	4.3%
Interest rate at the end of the period	**4.1%**	4.4%

The Operating Partnership may from time to time acquire properties subject to fixed rate debt instruments. In those situations, management will record the secured debt at its estimated fair value and amortize any difference between the fair value and par to interest expense over the life of the underlying debt instrument. The unamortized fair value adjustment of the fixed rate debt instruments on the Operating Partnership’s properties was a net premium of $10.0 million and $13.8 million at December 31, 2013 and 2012 , respectively.

Fixed Rate Debt

Mortgage notes payable. Fixed rate mortgage notes payable are generally due in monthly installments of principal and interest and mature at various dates from December 2015 through May 2019 and carry interest rates ranging from 3.43% to 5.94% .

Secured credit facilities. At December 31, 2013 , the General Partner had borrowings against its fixed rate facilities of $626.7 million , of which $379.0 million was allocated to the Operating Partnership based on the ownership of the assets securing the debt. As of December 31, 2013 , the fixed rate Fannie Mae credit facilities allocated to the Operating Partnership had a weighted average fixed interest rate of 4.71% .

Variable Rate Debt

Tax-exempt secured note payable. The variable rate mortgage note payable that secures tax-exempt housing bond issues matures in March 2032 . Interest on this note is payable in monthly installments. The mortgage note payable has an interest rate of 0.95% as of December 31, 2013 .

Secured credit facilities. At December 31, 2013 , the General Partner had borrowings against its variable rate facilities of $211.4 million , of which $142.1 million was allocated to the Operating Partnership based on the ownership of the assets securing the debt. As of December 31, 2013 , the variable rate borrowings under the Fannie Mae credit facilities allocated to the Operating Partnership had a weighted average floating interest rate of 1.90% .

The aggregate maturities of the Operating Partnership's secured debt due during each of the next five calendar years subsequent to December 31, 2013 are as follows *(dollars in thousands):*

	Fixed		Variable		
	Mortgage Notes	Credit Facilities	Tax Exempt Notes Payable	Credit Facilities	Total
2014	$ 8,590	$ 344	$ —	$ —	$ 8,934
2015	192,939	364	—	—	193,303
2016	131,957	382	—	—	132,339
2017	1,641	15,684	—	6,566	23,891
2018	1,696	161,754	—	46,272	209,722
Thereafter	49,980	200,475	27,000	89,221	366,676
Total	**$ 386,803**	**$ 379,003**	**$ 27,000**	**$ 142,059**	**$ 934,865**

Guarantor on Unsecured Debt

The Operating Partnership is a guarantor on the General Partner's unsecured revolving credit facility, with an aggregate borrowing capacity of $900 million , $250 million of term notes due June 2018 , $100 million of term notes due June 2018 , $300 million of medium-term notes due June 2018 , $300 million of medium-term notes due October 2020 , and $400 million of medium-term notes due January 2022 . As of December 31, 2013 , there were no outstanding borrowings under the unsecured credit facility. As of December 31, 2012 , the outstanding balance under the unsecured credit facility was $76.0 million .

6. RELATED PARTY TRANSACTIONS

Payable/(Receivable) Due To/(From) the General Partner

The Operating Partnership participates in the General Partner's central cash management program, wherein all the Operating Partnership's cash receipts are remitted to the General Partner and all cash disbursements are funded by the General Partner. In addition, other miscellaneous costs such as administrative expenses are incurred by the General Partner on behalf of the Operating Partnership. As a result of these various transactions between the Operating Partnership and the General Partner, the Operating Partnership had net receivable balances of $9.9 million and $11.1 million at December 31, 2013 and 2012 , respectively, which is reflected as a reduction of capital on the Consolidated Balance Sheets.

Allocation of General and Administrative Expenses

The General Partner provides various general and administrative and other overhead services for the Operating Partnership including legal assistance, acquisitions analysis, marketing and advertising, and allocates these expenses to the Operating Partnership first on the basis of direct usage when identifiable, with the remainder allocated based on its pro-rata portion of UDR's total apartment homes. During the years ended December 31, 2013, 2012, and 2011 , the general and administrative expenses allocated to the Operating Partnership by UDR were $23.5 million , $25.2 million , and $32.6 million , respectively, and are included in *General and Administrative* on the Consolidated Statements of Operations. In the opinion of management, this method of allocation reflects the level of services received by the Operating Partnership from the General Partner.

During the years ended December 31, 2013 , 2012 , and 2011 , the Operating Partnership incurred $12.3 million , $11.9 million , and $3.7 million , respectively, of related party management fees related to a management agreement entered into in 2011 with wholly-owned subsidiaries of RE [3] . (See further discussion in paragraph below.) These related party management fees are initially recorded within the line item *General and Administrative* on the Consolidated Statements of Operations, and a portion related to management fees charged by the Taxable REIT subsidiary ("TRS") of the General Partner is reclassified to *Property Management* on the Consolidated Statements of Operations. (See further discussion below.)

Management Fee

In 2011, the Operating Partnership entered into a management agreement with wholly-owned subsidiaries of RE [3] . Under the management agreement, the Operating Partnership is charged a management fee equal to 2.75% of gross rental revenues, which is reported in *Property Management* on the Consolidated Statements of Operations.

Guaranties by the General Partner

The Operating Partnership provided a "bottom dollar" guaranty to certain limited partners as part of their original contribution to the Operating Partnership. The guaranty protects the tax basis of the underlying contribution and is reflected on the OP unitholder's Schedule K-1 tax form. The guaranty was made in the form of a note payable issued by the Operating Partnership to the General Partner at an annual interest rate of 0.932% for the years ended December 31, 2013 and 2012, respectively. On December 31, 2013, the note was renewed at an annual interest rate of 5.18% . Interest payments are made monthly and the renewed note is due December 31, 2023. At December 31, 2013 and 2012 , the note payable due to the General Partner was $83.2 million , respectively.

In 2011, the Operating Partnership also provided a "bottom dollar" guaranty in conjunction with 1,802,239 OP Units issued in partial consideration to the seller for the acquisition of an operating community. The guaranty was made in the form of a note payable issued by the Operating Partnership to the General Partner at an annual interest rate of 5.337% . Interest payments are due monthly and the note matures on August 31, 2021. At December 31, 2013 and 2012 , the note payable due to the General Partner was $5.5 million .

In November 2013, the Operating Partnership distributed the development property Los Alisos to the General Partner as a capital distribution. Upon the distribution of the property, the Operating Partnership redeemed 1,002,556 limited partnership units owned by UDR and affiliated entities and reduced its receivable from the General Partner by $53.7 million , resulting in a net capital reduction of $77.0 million .

7. FAIR VALUE OF DERIVATIVES AND FINANCIAL INSTRUMENTS

Fair value is based on the price that would be received to sell an asset or the exit price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level valuation hierarchy prioritizes observable and unobservable inputs used to measure fair value. The fair value hierarchy consists of three broad levels, which are described below:

- Level 1 — Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.
- Level 2 — Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The estimated fair values of the Operating Partnership's financial instruments either recorded or disclosed on a recurring basis as of December 31, 2013 and 2012 are summarized as follows *(dollars in thousands)* :

			Fair Value at December 31, 2013, Using		
	Total Carrying Amount in Statement of Financial Position at December 31, 2013	**Fair Value Estimate at December 31, 2013**	**Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Description:					
Derivatives - Interest rate contracts (a)	**$ 2,731**	**$ 2,731**	**$ —**	**$ 2,731**	**$ —**
Secured debt instruments - fixed rate: (b)					
Mortgage notes payable	**386,803**	**403,695**	**—**	**—**	**403,695**
Fannie Mae credit facilities	**379,003**	**394,239**	**—**	**—**	**394,239**
Secured debt instruments - variable rate: (b)					
Tax-exempt secured notes payable	**27,000**	**27,000**	**—**	**—**	**27,000**
Fannie Mae credit facilities	**142,059**	**142,059**	**—**	**—**	**142,059**
Total liabilities	**$ 937,596**	**$ 969,724**	**$ —**	**$ 2,731**	**$ 966,993**

			Fair Value at December 31, 2012, Using		
	Total Carrying Amount in Statement of Financial Position at December 31, 2012	**Fair Value Estimate at December 31, 2012**	**Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Description:					
Derivatives- Interest rate contracts (a)	$ 2	$ 2	$ —	$ 2	$ —
Total assets	$ 2	$ 2	$ —	$ 2	$ —
Derivatives- Interest rate contracts (a)	$ 4,750	$ 4,750	$ —	$ 4,750	$ —
Secured debt instruments- fixed rate: (b)					
Mortgage notes payable	394,999	429,973	—	—	429,973
Fannie Mae credit facilities	370,638	399,389	—	—	399,389
Secured debt instruments- variable rate: (b)					
Mortgage notes payable	37,415	37,415	—	—	37,415
Tax-exempt secured notes payable	27,000	27,000	—	—	27,000
Fannie Mae credit facilities	137,187	137,187	—	—	137,187
Total liabilities	$ 971,989	$ 1,035,714	$ —	$ 4,750	$ 1,030,964

(a) See Note 8, *Derivatives and Hedging Activity.*
(b) See Note 5, *Debt.*

There were no transfers into or out of each of the levels of the fair value hierarchy.

Financial Instruments Carried at Fair Value

The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. The fair values of interest rate options are determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates rise above the strike rate of the caps. The variable interest rates used in the calculation of projected receipts on the cap are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities.

The Operating Partnership incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Operating Partnership has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although the Operating Partnership has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of December 31, 2013 and December 31, 2012 , the Operating Partnership has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Operating Partnership has determined that its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy. In conjunction with the FASB's fair value measurement guidance, the Operating Partnership made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Financial Instruments Not Carried at Fair Value

At December 31, 2013 , the fair values of cash and cash equivalents, restricted cash, accounts receivable, prepaids, real estate taxes payable, accrued interest payable, security deposits and prepaid rent, distributions payable and accounts payable approximated their carrying values because of the short term nature of these instruments. The estimated fair values of other financial instruments were determined by the Operating Partnership using available market information and appropriate valuation methodologies. Considerable judgment is necessary to interpret market data and develop estimated fair values. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Operating Partnership would realize on the disposition of the financial instruments. The use of different market assumptions or estimation methodologies may have a material effect on the estimated fair value amounts.

The General Partner estimates the fair value of our debt instruments by discounting the remaining cash flows of the debt instrument at a discount rate equal to the replacement market credit spread plus the corresponding treasury yields. Factors considered in determining a replacement market credit spread include general market conditions, borrower specific credit spreads, time remaining to maturity, loan-to-value ratios and collateral quality (Level 3).

The Operating Partnership records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by the future operation and disposition of those assets are less than the net book value of those assets. Cash flow estimates are based upon historical results adjusted to reflect management's best estimate of future market and operating conditions and our estimated holding periods. The net book value of impaired assets is reduced to fair value. The General Partner's estimates of fair value represent management's estimates based upon Level 3 inputs such as industry trends and reference to market rates and transactions.

8. DERIVATIVES AND HEDGING ACTIVITY

Risk Management Objective of Using Derivatives

The Operating Partnership is exposed to certain risks arising from both its business operations and economic conditions. The General Partner principally manages its exposures to a wide variety of business and operational risks through management

of its core business activities. The General Partner manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its debt funding and through the use of derivative financial instruments. Specifically, the General Partner enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The General Partner's and the Operating Partnership's derivative financial instruments are used to manage differences in the amount, timing, and duration of the General Partner's known or expected cash payments principally related to the General Partner's borrowings.

Cash Flow Hedges of Interest Rate Risk

The General Partner's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the General Partner primarily uses interest rate swaps and caps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the General Partner making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate caps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an up front premium.

A portion of the General Partner's interest rate derivatives have been allocated to the Operating Partnership based on the General Partner's underlying debt instruments allocated to the Operating Partnership. (See Note 5, *Debt.*)

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in *Accumulated Other Comprehensive Loss, Net* in the Consolidated Balance Sheets, and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During the years ended December 31, 2013, 2012, and 2011 , such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. During the years ended December 31, 2013, 2012, and 2011 , the Operating Partnership recorded less than $1,000 of ineffectiveness in earnings attributable to reset date and index mismatches between the derivative and the hedged item.

Amounts reported in Accumulated Other Comprehensive Loss, Net related to derivatives will be reclassified to interest expense as interest payments are made on the General Partner's variable-rate debt that is allocated to the Operating Partnership. During the next twelve months through December 31, 2014 , we estimate that an additional $2.2 million will be reclassified as an increase to interest expense.

As of December 31, 2013 , the Operating Partnership had the following outstanding interest rate derivatives designated as cash flow hedges of interest rate risk (*dollars in thousands*):

Interest Rate Derivative	Number of Instruments	Notional
Interest rate swaps	**2**	**$ 96,974**
Interest rate caps	**5**	**$ 255,561**

Derivatives not designated as hedges are not speculative and are used to manage the Company's exposure to interest rate movements and other identified risks but do not meet the strict hedge accounting requirements of GAAP. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings and resulted in losses of $9,000 , $9,000 , and $204,000 for the years ended December 31, 2013, 2012, and 2011 , respectively.

As of December 31, 2013 , we had the following outstanding derivatives that were not designated as hedges in qualifying hedging relationships (*dollars in thousands*):

Product	Number of Instruments	Notional
Interest rate caps	**1**	**$ 83,289**

Tabular Disclosure of Fair Values of Derivative Instruments on the Balance Sheet

The table below presents the fair value of the Operating Partnership's derivative financial instruments as well as their classification on the Consolidated Balance Sheets as of December 31, 2013 and 2012 (*dollars in thousands*):

	Asset Derivatives			Liability Derivatives		
		Fair Value at:			Fair Value at:	
	Balance Sheet Location	**December 31, 2013**	December 31, 2012	**Balance Sheet Location**	**December 31, 2013**	December 31, 2012
Derivatives designated as hedging instruments:						
Interest rate products	Other assets	**$ —**	$ 2	Other liabilities	**$ 2,731**	$ 4,750
Total		**$ —**	$ 2		**$ 2,731**	$ 4,750
Derivatives **not** designated as hedging instruments:						
Interest rate products	Other assets	**$ —**	$ —	Other liabilities	**$ —**	$ —
Total		**$ —**	$ —		**$ —**	$ —

Tabular Disclosure of the Effect of Derivative Instruments on the Consolidated Statements of Operations

The tables below present the effect of the derivative financial instruments on the Consolidated Statements of Operations for the years ended December 31, 2013, 2012, and 2011 (*dollars in thousands*):

Derivatives in Cash Flow Hedging Relationships	**Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion)**			**Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)**	**Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)**		
	2013	**2012**	**2011**		**2013**	**2012**	**2011**
Interest rate products	**$ (348)**	$ (1,898)	$(6,119)	Interest expense	**$ (2,652)**	$ (3,431)	$ (4,719)
Total	**$ (348)**	$ (1,898)	$(6,119)		**$ (2,652)**	$ (3,431)	$ (4,719)

Derivatives Not Designated as Hedging Instruments	**Location of Gain or (Loss) Recognized in Income on Derivative**	**Amount of Gain or (Loss) Recognized in Income on Derivative**		
		2013	**2012**	**2011**
Interest rate products	Other operating expenses	**$ (9)**	$ (9)	$ (204)
Total		**$ (9)**	$ (9)	$ (204)

Credit-risk-related Contingent Features

The General Partner has agreements with some of its derivative counterparties that contain a provision where (1) if the General Partner defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the General Partner could also be declared in default on its derivative obligations; or (2) the General Partner could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the General Partner's default on the indebtedness.

Certain of the General Partner's agreements with its derivative counterparties contain provisions where if there is a change in the General Partner's financial condition that materially changes the General Partner's creditworthiness in an adverse manner, the General Partner may be required to fully collateralize its obligations under the derivative instrument. At December 31, 2013 and 2012, no cash collateral was posted or required to be posted by the General Partner or by a counterparty.

The General Partner also has an agreement with a derivative counterparty that incorporates the loan and financial covenant provisions of the General Partner's indebtedness with a lender affiliate of the derivative counterparty. Failure to comply with these covenant provisions would result in the General Partner being in default on any derivative instrument obligations covered by the agreement.

As of December 31, 2013 , the fair value of derivatives in a net liability position that were allocated to the Operating Partnership, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was $2.9 million . If the General Partner had breached any of these provisions at December 31, 2013 , it would have been required to settle its obligations under the agreements at their termination value of $2.9 million .

The General Partner has elected not to offset derivative positions in the consolidated financial statements. The table below presents the effect on the Operating Partnership's financial position had the General Partner made the election to offset its derivative positions as of December 31, 2013 and December 31, 2012 :

Offsetting of Derivative Assets

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts of Assets Presented in the Consolidated Balance Sheets (a)	Gross Amounts Not Offset in the Consolidated Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received	
December 31, 2013	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
December 31, 2012	$ 2	$ —	$ 2	$ —	$ —	$ 2

(a) Amounts reconcile to the aggregate fair value of derivative assets in the “Tabular Disclosure of Fair Values of Derivative Instruments on the Balance Sheet” located in this footnote.

Offsetting of Derivative Liabilities

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts of Liabilities Presented in the Consolidated Balance Sheets (b)	Gross Amounts Not Offset in the Consolidated Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Posted	
December 31, 2013	**$ 2,731**	**$ —**	**$ 2,731**	**$ —**	**$ —**	**$ 2,731**
December 31, 2012	$ 4,750	$ —	$ 4,750	$ —	$ —	$ 4,750

(b) Amounts reconcile to the aggregate fair value of derivative liabilities in the “Tabular Disclosure of Fair Values of Derivative Instruments on the Balance Sheet” located in this footnote.

9. CAPITAL STRUCTURE

General Partnership Units

The General Partner has complete discretion to manage and control the operations and business of the Operating Partnership, which includes but is not limited to the acquisition and disposition of real property, construction of buildings and making capital improvements, and the borrowing of funds from outside lenders or UDR and its subsidiaries to finance such activities. The General Partner can generally authorize, issue, sell, redeem or purchase any OP Unit or securities of the Operating Partnership without the approval of the limited partners. The General Partner can also approve, with regard to the issuances of OP Units, the class or one or more series of classes, with designations, preferences, participating, optional or other special rights, powers and duties including rights, powers and duties senior to limited partnership interests without approval of any limited partners except holders of Class A Partnership Units. There were 110,883 General Partnership units outstanding at December 31, 2013 and 2012 , all of which were held by UDR.

Limited Partnership Units

At December 31, 2013 and 2012 , there were 183,167,815 and 184,170,370 limited partnership units outstanding, respectively, of which 1,751,671 were Class A Limited Partnership Units. UDR owned 173,848,891 or 94.9% and 174,775,152 or 94.9% at December 31, 2013 and 2012 , respectively. The remaining 9,318,924 or 5.1% and 9,395,218 or 5.1% OP Units outstanding were held by non-affiliated partners at December 31, 2013 and 2012 , respectively, of which 1,751,671 were Class A Limited Partnership Units.

Subject to the Operating Partnership Agreement, the limited partners have the right to require the Operating Partnership to redeem all or a portion of the OP Units held by the limited partner at a redemption price equal to and in the form of the Cash Amount (as defined in the Operating Partnership Agreement), provided that such OP Units have been outstanding for at least one year. UDR, as general partner of the Operating Partnership, may, in its sole discretion, purchase the OP Units by paying to the limited partner either the Cash Amount or the REIT Share Amount (generally one share of common stock of UDR for each OP Unit), as defined in the Operating Partnership Agreement.

The non-affiliated limited partners' capital is adjusted to redemption value at the end of each reporting period with the corresponding offset against UDR's limited partner capital account based on the redemption rights noted above. The aggregate value upon redemption of the then-outstanding OP Units held by limited partners was $217.6 million and $223.4 million as of December 31, 2013 and December 31, 2012 , respectively, based on the value of UDR's common stock at each period end. A limited partner has no right to receive any distributions from the Operating Partnership on or after the date of redemption of its OP Units.

Class A Limited Partnership Units

Class A Partnership Units have a cumulative, annual, non-compounded preferred return, which is equal to 8% based on a value of $16.61 per Class A Partnership Unit.

Holders of the Class A Partnership Units exclusively possess certain voting rights. The Operating Partnership may not do the following without approval of the holders of the Class A Partnership Units: (i) increase the authorized or issued amount of Class A Partnership Units, (ii) reclassify any other partnership interest into Class A Partnership Units, (iii) create, authorize or issue any obligations or security convertible into or the right to purchase any Class Partnership units, without the approval of the holders of the Class A Partnership Units, (iv) enter into a merger or acquisition, or (v) amend or modify the Agreement of Limited Partnership of the Operating Partnership in a manner that adversely affects the relative rights, preferences or privileges of the Class A Partnership Units.

The following table shows OP Units outstanding and OP Unit activity as of and for the years ended December 31, 2013, 2012, and 2011 :

			UDR, Inc.		
	Class A Limited Partner	Limited Partners	Limited Partner	General Partner	Total
Ending balance at December 31, 2010	1,751,671	3,310,298	174,736,557	110,883	179,909,409
OP Units issued for acquisitions of real estate	—	4,371,845	—	—	4,371,845
OP redemptions for UDR stock (1)	—	(12,511)	12,511	—	—
Ending balance at December 31, 2011	1,751,671	7,669,632	174,749,068	110,883	184,281,254
OP redemptions for cash	—	(5,646)	5,646	—	—
OP redemptions for UDR stock	—	(20,438)	20,438	—	—
Ending balance at December 31, 2012	1,751,671	7,643,548	174,775,152	110,883	184,281,254
OP Units redeemed for the distribution of real estate to the General partner	**—**	**—**	**(1,002,556)**	**—**	**(1,002,556)**
OP redemptions for UDR stock	**—**	**(76,295)**	**76,295**	**—**	**—**
Ending balance at December 31, 2013	**1,751,671**	**7,567,253**	**173,848,891**	**110,883**	**183,278,698**

(1) In November 2013, the Operating Partnership distributed the development property Los Alisos to the General Partner as a capital distribution. Upon the distribution of the property, the Operating Partnership redeemed 1,002,556 limited partnership units owned by UDR and affiliated entities, resulting in a capital reduction of $23.3 million .

Allocation of Profits and Losses

Profit of the Operating Partnership is allocated in the following order: (i) to the General Partner and the Limited Partners in proportion to and up to the amount of cash distributions made during the year, and (ii) to the General Partner and Limited Partners in accordance with their percentage interests. Losses and depreciation and amortization expenses, non-recourse liabilities are allocated to the General Partner and Limited Partners in accordance with their percentage interests. Losses allocated to the Limited Partners are capped to the extent that such an allocation would not cause a deficit in the Limited Partners capital account. Such losses are, therefore, allocated to the General Partner. If any Partner’s capital balance were to fall into a deficit any income and gains are allocated to each Partner sufficient to eliminate its negative capital balance.

10. INCOME/(LOSS) PER OPERATING PARTNERSHIP UNIT

Basic income/(loss) per OP Unit is computed by dividing net income/(loss) attributable to general and limited partner unitholders by the weighted average number of general and limited partner units (including redeemable OP Units) outstanding during the year. Diluted income/(loss) per OP Unit reflects the potential dilution that could occur if securities or other contracts to issue OP Units were exercised or converted into OP Units or resulted in the issuance of OP Units and then shared in the income/(loss) of the Operating Partnership. For the years ended December 31, 2013 , 2012 , and 2011 , there were no dilutive instruments, and therefore, diluted income/(loss) per OP Unit and basic income/(loss) per OP Unit are the same. See Note 9, *Capital Structure* , for further discussion on redemption rights of OP Units.

The following table sets forth the computation of basic and diluted income/(loss) per OP Unit for the periods presented (*dollars in thousands, except per OP Unit data*):

	Years Ended December 31,		
	2013	**2012**	**2011**
Numerator for income/(loss) per OP Unit — basic and diluted:			
Income/(loss) from continuing operations	**$ 32,766**	$ (13,309)	$ (40,744)
(Income)/loss from continuing operations attributable to noncontrolling interests	**(4,114)**	(100)	84
Income/(loss) from continuing operations attributable to OP unitholders	**$ 28,652**	$ (13,409)	$ (40,660)
Income/(loss) from discontinued operations	**$ 45,176**	$ 57,643	$ 70,973
(Income)/loss from discontinued operations attributable to noncontrolling interests	**(452)**	(252)	(154)
Income/(loss) from discontinued operations attributable to OP unitholders	**$ 44,724**	$ 57,391	$ 70,819
Net income/(loss)	**$ 77,942**	$ 44,334	$ 30,229
Net (income)/loss attributable to noncontrolling interests	**(4,566)**	(352)	(70)
Net income/(loss) attributable to OP unitholders	**$ 73,376**	$ 43,982	$ 30,159
Denominator for income/(loss) per OP Unit — basic and diluted:			
Weighted average OP Units outstanding — basic and diluted	**184,196**	184,281	182,448
Income/(loss) per weighted average OP Unit — basic and diluted:			
Income/(loss) from continuing operations attributable to OP unitholders	**$ 0.16**	$ (0.07)	$ (0.22)
Income/(loss) from discontinued operations attributable to OP unitholders	**$ 0.24**	$ 0.31	$ 0.39
Net income/(loss) attributable to OP unitholders	**$ 0.40**	$ 0.24	$ 0.17

11. COMMITMENTS AND CONTINGENCIES

Commitments

Real Estate Under Development

The following summarizes the Operating Partnership's real estate commitments at December 31, 2013 (*dollars in thousands*):

	Number of Properties	Costs Incurred to Date (a)	Expected Costs to Complete (unaudited)
Real estate communities — under development	1	$ 80,063	$ 51,937
Real estate communities — redevelopment	1	72,581	2,719
		$ 152,644	$ 54,656

(a) Includes $7.9 million and $2.4 million of accrued fixed assets for development and redevelopment, respectively.

Ground Leases

The Operating Partnership owns five communities, which are subject to ground leases expiring between 2019 and 2103. Future minimum lease payments as of December 31, 2013 are $5.2 million for each of the years ending December 31, 2014 to 2018, and a total of $314.3 million for years thereafter. For purposes of our ground lease contracts, the Operating Partnership uses the minimum lease payment, if stated in the agreement. For ground lease agreements where there is a reset provision based on the communities appraised value or consumer price index but does not include a specified minimum lease payment, the Operating Partnership uses the current rent over the remainder of the lease term.

The Operating Partnership incurred $5.1 million , $5.0 million , and $4.9 million of ground rent expense for the years ended December 31, 2013 , 2012 , and 2011 , respectively.

Contingencies

Litigation and Legal Matters

The Operating Partnership is subject to various legal proceedings and claims arising in the ordinary course of business. The Operating Partnership cannot determine the ultimate liability with respect to such legal proceedings and claims at this time. The General Partner believes that such liability, to the extent not provided for through insurance or otherwise, will not have a material adverse effect on the Operating Partnership's financial condition, results of operations or cash flow.

12. REPORTABLE SEGMENTS

GAAP guidance requires that segment disclosures present the measure(s) used by the chief operating decision maker to decide how to allocate resources and for purposes of assessing such segments' performance. The Operating Partnership has the same chief operating decision maker as that of its parent, the General Partner. The chief operating decision maker consists of several members of UDR's executive management team who use several generally accepted industry financial measures to assess the performance of the business for our reportable operating segments.

The Operating Partnership owns and operates multifamily apartment communities throughout the United States that generate rental and other property related income through the leasing of apartment homes to a diverse base of tenants. The primary financial measures of the Operating Partnership's apartment communities are rental income and net operating income ("NOI"), and are included in the chief operating decision maker's assessment of UDR's performance on a consolidated basis. Rental income represents gross market rent less adjustments for concessions, vacancy loss and bad debt. NOI is defined as total revenues less direct property operating expenses. Rental expenses include real estate taxes, insurance, personnel, utilities, repairs and maintenance, administrative and marketing. Excluded from NOI is property management expense, which is calculated as 2.75% of property revenue to cover the regional supervision and accounting costs related to consolidated property operations and land rent. The chief operating decision maker of the General Partner utilizes NOI as the key measure of segment profit or loss.

The Operating Partnership's two reportable segments are *Same-Store Communities* and *Non-Mature/Other* communities:

- *Same-Store Communities* represent those communities acquired, developed, and stabilized prior to January 1, 2012 and held as of December 31, 2013 . A comparison of operating results from the prior year is meaningful as these communities were owned and had stabilized occupancy and operating expenses as of the beginning of the prior year, there is no plan to conduct substantial redevelopment activities, and the communities are not held for disposition within the current year. A community is considered to have stabilized occupancy once it achieves 90% occupancy for at least three consecutive months .

- *Non-Mature Communities/Other* represent those communities that were acquired or developed in 2011, 2012, or 2013, sold properties, redevelopment properties, and the non-apartment components of mixed use properties.

Management of the General Partner evaluates the performance of each of the Operating Partnership's apartment communities on a same-store community and non-mature community/other basis, as well as individually and geographically. This is consistent with the aggregation criteria of Topic 280 as each of the apartment communities generally has similar economic characteristics, facilities, services, and tenants. Therefore, the Operating Partnership's reportable segments have been aggregated by geography in a manner identical to that which is provided to the chief operating decision maker.

All revenues are from external customers and no single tenant or related group of tenants contributed 10% or more of the Operating Partnership's total revenues during the years ended December 31, 2013, 2012, and 2011 .

The following table details rental income and NOI from continuing and discontinued operations for the Operating Partnership's reportable segments for the years ended December 31, 2013, 2012, and 2011 , and reconciles NOI to *Net Income/(Loss) Attributable to OP Unitholders* in the Consolidated Statements of Operations *(dollars in thousands)* :

	Years Ended December 31,		
	2013	**2012**	**2011**
Reportable apartment home segment rental income			
Same-Store Communities			
West Region	**$ 175,384**	$ 166,181	$ 156,587
Mid-Atlantic Region	**68,205**	66,487	64,020
Northeast Region	**36,623**	34,579	24,408
Southeast Region	**43,208**	40,771	38,606
Southwest Region	**21,105**	19,859	18,286
Non-Mature Communities/Other	**66,317**	72,814	85,150
Total segment and consolidated rental income	**$ 410,842**	$ 400,691	$ 387,057
Reportable apartment home segment NOI			
Same-Store Communities			
West Region	**$ 125,956**	$ 117,744	$ 109,672
Mid-Atlantic Region	**46,770**	45,801	44,400
Northeast Region	**27,149**	25,653	17,829
Southeast Region	**28,105**	26,510	24,212
Southwest Region	**13,293**	12,225	10,994
Non-Mature Communities/Other	**46,262**	53,605	57,151
Total segment and consolidated NOI	**287,535**	281,538	264,258
Reconciling items:			
Property management	**(11,298)**	(11,019)	(10,644)
Other operating expenses	**(5,728)**	(5,272)	(5,484)
Real estate depreciation and amortization	**(181,302)**	(195,051)	(197,964)
General and administrative	**(24,808)**	(26,204)	(26,370)
Hurricane-related recoveries/(charges), net	**8,083**	(5,518)	—
Interest expense	**(36,058)**	(45,234)	(53,632)
Net gain/(loss) on the sale of depreciable properties	**41,518**	51,094	60,065
Net income/(loss) attributable to noncontrolling interests	**(4,566)**	(352)	(70)
Net income/(loss) attributable to OP unitholders	**$ 73,376**	$ 43,982	$ 30,159

The following table details the assets of the Operating Partnership's reportable segments as of December 31, 2013 and 2012 *(dollars in thousands)* :

	December 31, 2013	December 31, 2012
Reportable apartment home segment assets		
Same-Store Communities		
West Region	**$ 1,664,314**	$ 1,651,316
Mid-Atlantic Region	**706,447**	701,741
Northeast Region	**443,483**	434,138
Southeast Region	**328,150**	322,882
Southwest Region	**186,934**	185,501
Non-Mature Communities/Other	**859,152**	887,342
Total segment assets	**4,188,480**	4,182,920
Accumulated depreciation	**(1,241,574)**	(1,097,133)
Total segment assets - net book value	**2,946,906**	3,085,787
Reconciling items:		
Cash and cash equivalents	**1,897**	2,804
Restricted cash	**13,526**	12,926
Deferred financing costs, net	**5,848**	6,072
Other assets	**25,064**	28,665
Total consolidated assets	**$ 2,993,241**	$ 3,136,254

Capital expenditures related to the Operating Partnership's *Same-Store Communities* totaled $25.9 million and $27.2 million for the years ended December 31, 2013 and 2012, respectively. Capital expenditures related to the Operating Partnership's *Non-Mature Communities/Other* totaled $1.9 million and $2.7 million for the years ended December 31, 2013 and 2012, respectively.

Markets included in the above geographic segments are as follows:

i. West Region — Orange County, San Francisco, Monterey Peninsula, Los Angeles, Seattle, Inland Empire, Portland, and San Diego

ii. Mid-Atlantic Region — Metropolitan, D.C. and Baltimore

iii. Northeast Region — New York and Boston

iv. Southeast Region — Nashville, Tampa, and Other Florida

v. Southwest Region — Dallas

13. HURRICANE-RELATED RECOVERIES/(CHARGES)

In October 2012, Hurricane Sandy hit the East Coast, affecting two of the Operating Partnership's operating communities (1,001 apartment homes) located in New York City. The properties suffered some physical damage, and were closed to residents for a period following the hurricane. The Operating Partnership has insurance policies that provide coverage for property damage and business interruption, subject to applicable retention.

Based on the claims filed and management's estimates, the Operating Partnership recognized a $7.1 million impairment charge for the damaged assets' net book value and incurred $7.0 million of repair and cleanup costs during the year ended December 31, 2012. The impairment charge and the repair and cleanup costs incurred were reduced as of December 31, 2012 by $10.8 million of estimated insurance recovery, and were classified in *Hurricane-Related (Recoveries)/Charges, Net* on the Consolidated Statements of Operations. During the year ended December 31, 2013 , no material adjustments to the impairment

charge and the repair and cleanup costs incurred were recognized. The rehabilitation of these two properties was substantially completed as of December 31, 2013.

As of December 31, 2013 , the Operating Partnership had settled the Hurricane Sandy claims and received insurance proceeds in excess of the $10.8 million estimated insurance recovery receivable related to the impairment charge and the repair and cleanup costs incurred. As a result, the Company recognized a Hurricane-related recovery of approximately $3.3 million and a casualty gain of approximately $582,000 for the year ended December 31, 2013 . Both the recovery and casualty gain were classified in *Hurricane-Related (Recoveries)/Charges, Net* on the Consolidated Statements of Operations.

Based on the claims filed and management's estimates, the Operating Partnership recognized $2.2 million of business interruption losses for the year ended December 31, 2012, of which $1.8 million were related to rent concession rebates provided to residents during the period the properties were uninhabitable and were classified in *Hurricane-Related (Recoveries)/Charges, Net* on the Consolidated Statements of Operations, and $400,000 were related to rent that was not contractually receivable and were classified as a reduction to *Rental Income* on the Consolidated Statements of Operations. The Company estimates that it incurred an additional $2.1 million of business interruption losses for the year ended December 31, 2013 . As noted, the Company settled the Hurricane Sandy claims as of December 31, 2013 .

During the year ended December 31, 2013 , the Operating Partnership received approximately $4.2 million of insurance proceeds for recovery of business interruption losses. Of the $4.2 million of insurance proceeds received during the year ended December 31, 2013 , $2.1 million related to recovery of business interruption losses incurred in 2012 and the remaining $2.1 million related to recovery of business interruption losses incurred in 2013. The $4.2 million of recovery was included in *Hurricane-Related (Recoveries)/Charges, Net* on the Consolidated Statements of Operations.

14. UNAUDITED SUMMARIZED CONSOLIDATED QUARTERLY FINANCIAL DATA

Selected consolidated quarterly financial data for the years ended December 31, 2013 and 2012 is summarized in the table blow (*dollars in thousands, except per share amounts*):

	Three Months Ended			
	March 31,	**June 30,**	**September 30,**	**December 31,**
2013				
Rental income (a)	**$ 97,770**	**$ 100,421**	**$ 101,558**	**$ 102,104**
Income/(loss) from continuing operations	**6,870**	**9,339**	**10,069**	**6,488**
Income/(loss) from discontinued operations	**905**	**882**	**982**	**42,407**
Income/(loss) attributable to OP unitholders	**7,729**	**10,154**	**11,011**	**44,482**
Income/(loss) attributable to OP unitholders per weighted average OP Unit — basic and diluted (b)	**$ 0.04**	**$ 0.06**	**$ 0.06**	**$ 0.24**
2012				
Rental income (a)	$ 93,659	$ 95,766	$ 97,974	$ 97,547
Income/(loss) from continuing operations	(8,690)	(2,841)	(532)	(1,246)
Income/(loss) from discontinued operations	1,799	54,243	656	945
Income/(loss) attributable to OP unitholders	(6,926)	51,172	85	(349)
Income/(loss) attributable to OP unitholders per weighted average OP Unit — basic and diluted (b)	$ (0.04)	$ 0.28	$ 0.00	$ (0.00)

(a) Represents rental income from continuing operations, excluding amounts classified as discontinued operations.
(b) Quarterly income/(loss) per OP Unit amounts may not total to the annual amounts due to rounding.

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UDR, INC.
SCHEDULE III — REAL ESTATE OWNED
DECEMBER 31, 2013
(In thousands)

	Encumbrances	Initial Costs		Total Initial Acquisition Costs	Costs of Improvements Capitalized Subsequent to Acquisition Costs	Gross Amount at Which Carried at Close of Period		Total Carrying Value	Accumulated Depreciation	Date of Construction(a)	Date Acquired
		Land and Land Improvements	Buildings and Improvements			Land and Land Improvements	Buildings & Buildings Improvements				
WEST REGION											
Harbor at Mesa Verde	$ 50,358	$ 20,476	$ 28,538	$ 49,014	$ 12,291	$ 20,963	$ 40,342	$ 61,305	$ 24,805	2003	Jun-03
27 Seventy Five Mesa Verde	30,660	99,329	110,644	209,973	83,889	107,578	186,284	293,862	57,965	2013	Oct-04
Pacific Shores	34,112	7,345	22,624	29,969	8,808	7,721	31,056	38,777	18,492	2003	Jun-03
Huntington Vista	27,972	8,055	22,486	30,541	6,972	8,312	29,201	37,513	17,615	1970	Jun-03
Missions at Back Bay	—	229	14,129	14,358	2,045	10,778	5,625	16,403	3,772	1969	Dec-03
Coronado at Newport — North	—	62,516	46,082	108,598	23,596	66,683	65,511	132,194	38,108	2000	Oct-04
Huntington Villas	50,771	61,535	18,017	79,552	6,378	62,096	23,834	85,930	14,471	1972	Sep-04
Vista Del Rey	—	10,670	7,080	17,750	1,908	10,819	8,839	19,658	5,270	1969	Sep-04
Foxborough	—	12,071	6,187	18,258	2,669	12,328	8,599	20,927	4,660	1969	Sep-04
Coronado South	—	58,785	50,067	108,852	16,881	59,183	66,550	125,733	36,990	2000	Mar-05
1818 Platinum Triangle	—	16,663	51,905	68,568	125	16,693	52,000	68,693	10,493	2009	Aug-10
The Residences at Bella Terra	—	25,000	—	25,000	122,185	25,037	122,148	147,185	3,072	2013	Oct-11
ORANGE COUNTY, CA	**193,873**	**382,674**	**377,759**	**760,433**	**287,747**	**408,191**	**639,989**	**1,048,180**	**235,713**		
2000 Post Street	—	9,861	44,578	54,439	7,254	10,221	51,472	61,693	22,853	1987	Dec-98
Birch Creek	—	4,365	16,696	21,061	6,150	5,026	22,185	27,211	12,068	1968	Dec-98
Highlands Of Marin	—	5,996	24,868	30,864	25,534	7,095	49,303	56,398	23,816	2010	Dec-98
Marina Playa	—	6,224	23,916	30,140	8,811	6,886	32,065	38,951	17,166	1971	Dec-98
River Terrace	33,130	22,161	40,137	62,298	2,851	22,308	42,841	65,149	21,251	2005	Aug-05
CitySouth	—	14,031	30,537	44,568	35,031	16,220	63,379	79,599	25,108	2012	Nov-05
Bay Terrace	—	8,545	14,458	23,003	4,357	11,413	15,947	27,360	7,730	1962	Oct-05
Highlands of Marin Phase II	—	5,353	18,559	23,912	11,038	5,753	29,197	34,950	11,297	2010	Oct-07
Edgewater	—	30,657	83,872	114,529	2,861	30,675	86,715	117,390	29,050	2007	Mar-08
Almaden Lake Village	27,000	594	42,515	43,109	4,367	729	46,747	47,476	15,391	1999	Jul-08
388 Beale	—	14,253	74,104	88,357	3,836	14,274	77,919	92,193	11,688	1999	Apr-11
2000 Post III	—	1,756	7,753	9,509	3,001	3,291	9,219	12,510	4,965	2006	Dec-98
SAN FRANCISCO, CA	**60,130**	**123,796**	**421,993**	**545,789**	**115,091**	**133,891**	**526,989**	**660,880**	**202,383**		
Rosebeach	—	8,414	17,449	25,863	2,664	8,558	19,969	28,527	10,949	1970	Sep-04
Ocean Villas	—	5,135	12,789	17,924	1,671	5,245	14,350	19,595	7,652	1965	Oct-04
Tierra Del Rey	32,635	39,586	36,679	76,265	2,584	39,646	39,203	78,849	14,238	1999	Dec-07
The Westerly	67,700	48,182	102,364	150,546	35,475	50,594	135,427	186,021	24,613	2013	Sep-10
Pine@Sixth	—	5,805	6,305	12,110	12,723	6,251	18,582	24,833	14,797	2008	Dec-98
Jefferson at Marina del Rey	—	55,651	—	55,651	88,695	61,189	83,157	144,346	23,239	2008	Sep-07
LOS ANGELES, CA	**100,335**	**162,773**	**175,586**	**338,359**	**143,812**	**171,483**	**310,688**	**482,171**	**95,488**		
Arbor Terrace	—	1,453	11,995	13,448	3,541	1,813	15,176	16,989	8,479	1996	Mar-98
Aspen Creek	10,819	1,178	9,116	10,294	2,602	1,451	11,445	12,896	5,876	1996	Dec-98
Crowne Pointe	—	2,486	6,437	8,923	4,827	2,808	10,942	13,750	6,580	1987	Dec-98
Hilltop	—	2,174	7,408	9,582	3,432	2,658	10,356	13,014	6,008	1985	Dec-98
The Hawthorne	36,093	6,474	30,226	36,700	2,594	6,569	32,725	39,294	16,473	2003	Jul-05
The Kennedy	—	6,179	22,307	28,486	1,593	6,232	23,847	30,079	11,244	2005	Nov-05
Hearthstone at Merrill Creek	23,341	6,848	30,922	37,770	2,407	6,957	33,220	40,177	11,289	2000	May-08
Island Square	—	21,284	89,389	110,673	3,318	21,401	92,590	113,991	29,209	2007	Jul-08
Borgata	—	6,379	24,569	30,948	586	6,399	25,135	31,534	9,552	2001	May-07

elements too	—	27,468	72,036	99,504	13,284	30,060	82,728	112,788	27,096	2010	Feb-10
989elements	—	8,541	45,990	54,531	1,054	8,538	47,047	55,585	10,860	2006	Dec-09
SEATTLE, WA	**70,253**	**90,464**	**350,395**	**440,859**	**39,238**	**94,886**	**385,211**	**480,097**	**142,666**		
Presidio at Rancho Del Oro	—	9,164	22,694	31,858	6,270	9,722	28,406	38,128	16,802	1987	Jun-04
Villas at Carlsbad	—	6,517	10,718	17,235	2,059	6,722	12,572	19,294	6,607	1966	Oct-04
13th & Market	34,780	10,300	—	10,300	60,847	10,305	60,842	71,147	628	2013	May-11
SAN DIEGO, CA	**34,780**	**25,981**	**33,412**	**59,393**	**69,176**	**26,749**	**101,820**	**128,569**	**24,037**		

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(In thousands)

	Encumbrances	Initial Costs		Total Initial Acquisition Costs	Costs of Improvements Capitalized Subsequent to Acquisition Costs	Gross Amount at Which Carried at Close of Period		Total Carrying Value	Accumulated Depreciation	Date of Construction(a)	Date Acquired
		Land and Land Improvements	Buildings and Improvements			Land and Land Improvements	Buildings & Buildings Improvements				
Boronda Manor	—	1,946	8,982	10,928	9,126	3,145	16,909	20,054	7,952	1979	Dec-98
Garden Court	—	888	4,188	5,076	5,123	1,491	8,708	10,199	4,203	1973	Dec-98
Cambridge Court	—	3,039	12,883	15,922	13,910	5,197	24,635	29,832	12,143	1974	Dec-98
Laurel Tree	—	1,304	5,115	6,419	5,577	2,131	9,865	11,996	4,904	1977	Dec-98
The Pointe At Harden Ranch	—	6,388	23,854	30,242	24,885	9,816	45,311	55,127	21,627	1986	Dec-98
The Pointe At Northridge	—	2,044	8,028	10,072	9,451	3,242	16,281	19,523	8,239	1979	Dec-98
The Pointe At Westlake	—	1,329	5,334	6,663	5,883	2,129	10,417	12,546	4,854	1975	Dec-98
MONTEREY PENINSULA, CA	**—**	**16,938**	**68,384**	**85,322**	**73,955**	**27,151**	**132,126**	**159,277**	**63,922**		
Verano at Rancho Cucamonga Town Square	46,471	13,557	3,645	17,202	52,994	22,995	47,201	70,196	28,367	2006	Oct-02
Windemere at Sycamore Highland	—	5,810	23,450	29,260	2,437	6,041	25,656	31,697	15,998	2001	Nov-02
INLAND EMPIRE, CA	**46,471**	**19,367**	**27,095**	**46,462**	**55,431**	**29,036**	**72,857**	**101,893**	**44,365**		
Tualatin Heights	—	3,273	9,134	12,407	6,204	3,813	14,798	18,611	9,082	1989	Dec-98
Andover Park	16,818	2,916	16,995	19,911	7,783	3,150	24,544	27,694	14,770	1989	Sep-04
Hunt Club	18,323	6,014	14,870	20,884	5,620	6,351	20,153	26,504	12,502	1985	Sep-04
PORTLAND, OR	**35,141**	**12,203**	**40,999**	**53,202**	**19,607**	**13,314**	**59,495**	**72,809**	**36,354**		
TOTAL WEST REGION	**540,983**	**834,196**	**1,495,623**	**2,329,819**	**804,057**	**904,701**	**2,229,175**	**3,133,876**	**844,928**		
MID-ATLANTIC REGION											
Dominion Middle Ridge	30,317	3,311	13,283	16,594	6,302	3,730	19,166	22,896	12,969	1990	Jun-96
Dominion Lake Ridge	20,712	2,366	8,387	10,753	5,649	2,842	13,560	16,402	9,348	1987	Feb-96
Presidential Greens	—	11,238	18,790	30,028	8,330	11,579	26,779	38,358	17,910	1938	May-02
The Whitmore	—	6,418	13,411	19,829	19,931	7,460	32,300	39,760	20,140	2008	Apr-02
Ridgewood	—	5,612	20,086	25,698	7,864	5,986	27,576	33,562	18,660	1988	Aug-02
Commons at Town Square	—	136	7,724	7,860	1,399	6,874	2,385	9,259	1,393	1971	Dec-03
Waterside Towers	—	874	38,209	39,083	11,828	26,396	24,515	50,911	15,623	1971	Dec-03
Waterside Townhomes	—	129	3,724	3,853	691	2,725	1,819	4,544	1,067	1971	Dec-03
Wellington Place at Olde Town	28,681	13,753	36,059	49,812	16,856	14,629	52,039	66,668	29,361	2008	Sep-05
Andover House	—	14,357	51,577	65,934	2,755	14,373	54,316	68,689	21,542	2004	Mar-07
Sullivan Place	—	1,137	103,676	104,813	4,352	1,235	107,930	109,165	38,559	2007	Dec-07
Circle Towers	70,328	32,815	107,051	139,866	9,199	32,994	116,071	149,065	37,847	1972	Mar-08
Delancey at Shirlington	—	21,606	66,765	88,371	1,441	21,621	68,191	89,812	22,662	2006/07	Mar-08
View 14	—	5,710	97,941	103,651	2,348	5,721	100,278	105,999	14,274	2009	Jun-11
Signal Hill	—	13,290	—	13,290	69,317	25,375	57,232	82,607	15,912	2010	Mar-07
Capitol View on 14th	—	31,393	—	31,393	91,966	31,393	91,966	123,359	5,217	2013	Sep-07
METROPOLITAN, D.C.	**150,038**	**164,145**	**586,683**	**750,828**	**260,228**	**214,933**	**796,123**	**1,011,056**	**282,484**		
Dominion Kings Place	14,768	1,565	7,007	8,572	4,132	1,808	10,896	12,704	7,693	1983	Dec-92
Dominion At Eden Brook	—	2,361	9,384	11,745	6,308	2,944	15,109	18,053	11,307	1984	Dec-92
Ellicott Grove	—	2,920	9,099	12,019	22,626	5,278	29,367	34,645	21,159	2008	Jul-94
Dominion Constant Freindship	10,683	903	4,669	5,572	3,704	1,221	8,055	9,276	5,629	1990	May-95
Lakeside Mill	15,242	2,666	10,109	12,775	4,189	2,919	14,045	16,964	10,290	1989	Dec-99
Tamar Meadow	—	4,145	17,150	21,295	4,707	4,559	21,443	26,002	14,199	1990	Nov-02
Calvert's Walk	—	4,408	24,692	29,100	6,436	4,660	30,876	35,536	18,463	1988	Mar-04
Arborview Apartments	—	4,653	23,952	28,605	7,191	5,146	30,650	35,796	18,972	1992	Mar-04

Apartments	—	1,620	6,791	8,411	1,149	1,646	7,914	9,560	4,770	1997	Mar-04
20 Lambourne	31,511	11,750	45,590	57,340	4,481	11,990	49,831	61,821	18,123	2003	Mar-08
Domain Brewers Hill	—	4,669	40,630	45,299	502	4,675	41,126	45,801	7,953	2009	Aug-10
BALTIMORE, MD	**72,204**	**41,660**	**199,073**	**240,733**	**65,425**	**46,846**	**259,312**	**306,158**	**138,558**		
Dominion English Hills	—	1,979	11,524	13,503	8,224	2,873	18,854	21,727	11,134	1969/76	Dec-91
Gayton Pointe Townhomes	—	826	5,148	5,974	29,095	3,386	31,683	35,069	24,775	2007	Sep-95

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		Initial Costs			Gross Amount at Which Carried at Close of Period						
	Encumbrances	Land and Land Improvements	Buildings and Improvements	Total Initial Acquisition Costs	Costs of Improvements Capitalized Subsequent to Acquisition Costs	Land and Land Improvements	Buildings & Buildings Improvements	Total Carrying Value	Accumulated Depreciation	Date of Construction(a)	Date Acquired
Waterside At Ironbridge	—	1,844	13,239	15,083	6,980	2,293	19,770	22,063	12,304	1987	Sep-97
Carriage Homes at Wyndham	—	474	30,997	31,471	7,389	3,780	35,080	38,860	22,093	1998	Nov-03
Legacy at Mayland	41,507	—	—	—	20,453	1,966	18,487	20,453	16,639	2007	Dec-91
RICHMOND, VA	**41,507**	**5,123**	**60,908**	**66,031**	**72,141**	**14,298**	**123,874**	**138,172**	**86,945**		
Forest Lake At Oyster Point	—	780	8,862	9,642	8,723	1,388	16,977	18,365	12,294	1986	Aug-95
Woodscape	—	798	7,209	8,007	9,447	2,053	15,401	17,454	13,149	1974/76	Dec-87
Eastwind	—	155	5,317	5,472	6,186	656	11,002	11,658	8,749	1970	Apr-88
Dominion Waterside At Lynnhaven	—	1,824	4,107	5,931	6,072	2,262	9,741	12,003	7,240	1966	Aug-96
Heather Lake	—	617	3,400	4,017	9,926	1,205	12,738	13,943	11,714	1972/74	Mar-80
Dominion Yorkshire Downs	—	1,089	8,582	9,671	5,839	1,575	13,935	15,510	8,793	1987	Dec-97
NORFOLK, VA	**—**	**5,263**	**37,477**	**42,740**	**46,193**	**9,139**	**79,794**	**88,933**	**61,939**		
Greens At Schumaker Pond	—	710	6,118	6,828	5,667	1,011	11,484	12,495	8,072	1988	May-95
OTHER MID-ATLANTIC	**—**	**710**	**6,118**	**6,828**	**5,667**	**1,011**	**11,484**	**12,495**	**8,072**		
TOTAL MID-ATLANTIC REGION	**263,749**	**216,901**	**890,259**	**1,107,160**	**449,654**	**286,227**	**1,270,587**	**1,556,814**	**577,998**		
SOUTHEAST REGION											
Summit West	—	2,176	4,710	6,886	8,166	3,200	11,853	15,053	9,878	1972	Dec-92
The Breyley	—	1,780	2,458	4,238	16,895	3,292	17,841	21,133	15,476	2007	Sep-93
Lakewood Place	18,835	1,395	10,647	12,042	8,597	2,260	18,379	20,639	13,036	1986	Mar-94
Bay Meadow	—	2,893	9,254	12,147	9,924	4,220	17,851	22,071	12,779	2004	Dec-96
Cambridge Woods	—	1,791	7,166	8,957	8,082	2,574	14,465	17,039	10,086	1985	Jun-97
Sugar Mill Creek	—	2,242	7,553	9,795	6,567	2,720	13,642	16,362	8,401	1988	Dec-98
Inlet Bay	—	7,702	23,150	30,852	13,740	9,005	35,587	44,592	24,223	1988/89	Jun-03
MacAlpine Place	—	10,869	36,858	47,727	6,862	11,264	43,325	54,589	24,392	2001	Dec-04
The Vintage Lofts at West End	—	6,611	37,663	44,274	15,317	15,111	44,480	59,591	15,843	2009	Jul-09
Gallery at Bayport II	—	5,775	17,236	23,011	3,124	8,601	17,534	26,135	7,206	2008	Oct-06
Island Walk	—	7,231	19,897	27,128	11,342	5,032	33,438	38,470	20,797	1985/87	Jul-06
TAMPA, FL	**18,835**	**50,465**	**176,592**	**227,057**	**108,616**	**67,279**	**268,395**	**335,674**	**162,117**		
Seabrook	—	1,846	4,155	6,001	7,724	2,680	11,045	13,725	8,598	2004	Feb-96
The Canopy Apartment Villas	—	2,895	6,456	9,351	22,188	5,415	26,124	31,539	21,758	2008	Mar-93
Altamira Place	15,640	1,533	11,076	12,609	19,642	3,318	28,933	32,251	23,111	2007	Apr-94
Regatta Shore	—	757	6,608	7,365	14,720	1,963	20,122	22,085	15,550	2007	Jun-94
Alafaya Woods	18,366	1,653	9,042	10,695	8,554	2,491	16,758	19,249	11,938	2006	Oct-94
Los Altos	22,308	2,804	12,349	15,153	9,689	3,904	20,938	24,842	13,324	2004	Oct-96
Lotus Landing	—	2,185	8,639	10,824	9,111	2,794	17,141	19,935	10,407	2006	Jul-97
Seville On The Green	—	1,282	6,498	7,780	6,484	1,686	12,578	14,264	8,054	2004	Oct-97
Ashton @ Waterford	23,778	3,872	17,538	21,410	3,364	4,162	20,612	24,774	12,156	2000	May-98
Arbors at Lee Vista	—	6,692	12,860	19,552	12,284	7,126	24,710	31,836	17,054	2007	Aug-06
The Place on Millenia Blvd	—	12,172	37,143	49,315	2,204	12,223	39,296	51,519	16,269	2007	Jan-08
ORLANDO, FL	**80,092**	**37,691**	**132,364**	**170,055**	**115,964**	**47,762**	**238,257**	**286,019**	**158,219**		
Legacy Hill	—	1,148	5,867	7,015	8,460	1,721	13,754	15,475	10,377	1977	Nov-95
Hickory Run	—	1,469	11,584	13,053	9,295	2,086	20,262	22,348	12,690	1989	Dec-95
Carrington Hills	—	2,117	—	2,117	33,002	4,413	30,706	35,119	18,870	1999	Dec-95
Brookridge	—	708	5,461	6,169	4,311	1,118	9,362	10,480	6,288	1986	Mar-96

Breckenridge	—	766	7,714	8,480	4,093	1,222	11,351	12,573	7,249	1986	Mar-97
Colonnade	—	1,460	16,015	17,475	4,432	1,868	20,039	21,907	10,699	1998	Jan-99
The Preserve at Brentwood	22,527	3,182	24,674	27,856	5,693	3,483	30,066	33,549	18,574	1998	Jun-04
Polo Park	—	4,583	16,293	20,876	15,729	5,624	30,981	36,605	18,530	2008	May-06
NASHVILLE, TN	**22,527**	**15,433**	**87,608**	**103,041**	**85,015**	**21,535**	**166,521**	**188,056**	**103,277**		
The Reserve and Park at Riverbridge	40,133	15,968	56,401	72,369	7,637	16,351	63,654	80,005	34,308	1999/2001	Dec-04

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		Land and Land Improvements	Buildings and Improvements			Land and Land Improvements	Buildings & Buildings Improvements				
OTHER FLORIDA	**40,133**	**15,968**	**56,401**	**72,369**	**7,637**	**16,351**	**63,654**	**80,005**	**34,308**		
TOTAL SOUTHEAST REGION	**161,587**	**119,557**	**452,965**	**572,522**	**317,232**	**152,927**	**736,827**	**889,754**	**457,921**		
NORTHEAST REGION											
Garrison Square	—	5,591	91,027	96,618	5,176	5,603	96,191	101,794	18,059	1887/1990	Sep-10
Ridge at Blue Hills	23,509	6,039	34,869	40,908	752	6,078	35,582	41,660	6,867	2007	Sep-10
Inwood West	57,928	20,778	88,096	108,874	2,559	20,849	90,584	111,433	14,498	2006	Apr-11
14 North	—	10,961	51,175	62,136	2,827	10,994	53,969	64,963	9,118	2005	Apr-11
BOSTON, MA	**81,437**	**43,369**	**265,167**	**308,536**	**11,314**	**43,524**	**276,326**	**319,850**	**48,542**		
10 Hanover Square	196,376	41,432	218,983	260,415	6,821	41,463	225,773	267,236	31,043	2005	Apr-11
21 Chelsea	—	36,399	107,154	143,553	8,316	36,399	115,470	151,869	14,118	2001	Aug-11
Rivergate	—	114,410	324,920	439,330	63,298	114,731	387,897	502,628	47,279	1985/2013	Jul-11
95 Wall Street	—	57,637	266,255	323,892	3,656	57,736	269,812	327,548	38,298	2008	Aug-11
NEW YORK, NY	**196,376**	**249,878**	**917,312**	**1,167,190**	**82,091**	**250,329**	**998,952**	**1,249,281**	**130,738**		
TOTAL NORTHEAST REGION	**277,813**	**293,247**	**1,182,479**	**1,475,726**	**93,405**	**293,853**	**1,275,278**	**1,569,131**	**179,280**		
SOUTHWEST REGION											
THIRTY377	30,660	24,036	32,951	56,987	7,276	24,309	39,954	64,263	19,168	2007	Aug-06
Legacy Village	72,415	16,882	100,102	116,984	5,685	17,101	105,568	122,669	37,798	6/7/2005	Mar-08
Garden Oaks	—	2,132	5,367	7,499	1,396	6,928	1,967	8,895	1,638	1979	Mar-07
Glenwood	—	7,903	554	8,457	1,643	8,150	1,950	10,100	1,146	1970	May-07
Talisker of Addison	—	10,440	634	11,074	1,784	10,841	2,017	12,858	1,593	1975	May-07
Springhaven	—	6,688	3,354	10,042	1,130	8,350	2,822	11,172	2,004	1977	Apr-07
Clipper Pointe	—	13,221	2,507	15,728	2,051	14,906	2,873	17,779	2,345	1978	May-07
Highlands of Preston	—	2,151	8,168	10,319	30,614	5,975	34,958	40,933	22,141	2008	Mar-98
DALLAS, TX	**103,075**	**83,453**	**153,637**	**237,090**	**51,579**	**96,560**	**192,109**	**288,669**	**87,833**		
Barton Creek Landing	—	3,151	14,269	17,420	21,900	4,706	34,614	39,320	17,554	2010	Mar-02
Residences at the Domain	30,661	4,034	55,256	59,290	2,199	4,197	57,292	61,489	18,502	2007	Aug-08
Red Stone Ranch	19,961	5,084	17,646	22,730	1,140	5,114	18,756	23,870	2,180	2000	Apr-12
Lakeline Villas	15,432	4,148	16,869	21,017	645	4,157	17,505	21,662	2,030	2004	Apr-12
AUSTIN, TX	**66,054**	**16,417**	**104,040**	**120,457**	**25,884**	**18,174**	**128,167**	**146,341**	**40,266**		
TOTAL SOUTHWEST REGION	**169,129**	**99,870**	**257,677**	**357,547**	**77,463**	**114,734**	**320,276**	**435,010**	**128,099**		
TOTAL OPERATING COMMUNITIES	1,413,261	1,563,771	4,279,003	5,842,774	1,741,811	1,752,442	5,832,143	7,584,585	2,188,226		
REAL ESTATE UNDER DEVELOPMENT											
Los Alisos	—	17,298	—	17,298	63,325	16,386	64,237	80,623	300		
Mission Bay	—	23,625	—	23,625	117,643	23,653	117,615	141,268	116		
DelRay Tower	—	297	12,786	13,083	66,980	9,447	70,616	80,063	—		
Pier 4	—	24,584	—	24,584	54,418	24,584	54,418	79,002	—		
Beach Walk	—	12,878	—	12,878	15,179	13,007	15,050	28,057	—		
Domain College Park	28,816	7,300	—	7,300	51,100	7,306	51,094	58,400	995		
TOTAL REAL ESTATE UNDER DEVELOPMENT	**28,816**	**85,982**	**12,786**	**98,768**	**368,645**	**94,383**	**373,030**	**467,413**	**1,411**		
LAND											
2919 Wilshire	—	6,773	527	7,300	503	6,773	1,030	7,803	317		
3032 Wilshire	—	9,963	788	10,751	990	9,963	1,778	11,741	495		
3033 Wilshire	—	11,055	—	11,055	7,249	11,049	7,255	18,304	—		
7 Harcourt	—	884	—	884	4,176	884	4,176	5,060	420		
Parkers Landing II	—	1,710	—	1,710	762	1,511	961	2,472	—		
Presidio	—	1,524	—	1,524	921	1,300	1,145	2,445	—		

Waterside	—	11,862	93	11,955	129	11,862	222	12,084	249
Vitruvian	—	4,325	1,360	5,685	7,683	11,150	2,218	13,368	1,964
TOTAL LAND	**—**	**48,096**	**2,768**	**50,864**	**22,413**	**54,492**	**18,785**	**73,277**	**3,445**
REAL ESTATE HELD FOR DISPOSITION									
Grandview DCO	—	7,266	9,702	16,968	(249)	10,751	5,969	16,720	6,568
TOTAL HELD FOR DISPOSITION	**—**	**7,266**	**9,702**	**16,968**	**(249)**	**10,751**	**5,969**	**16,720**	**6,568**

UDR, INC.
SCHEDULE III — REAL ESTATE OWNED - (Continued)
DECEMBER 31, 2013
(In thousands)

	Encumbrances	Initial Costs		Total Initial Acquisition Costs	Costs of Improvements Capitalized Subsequent to Acquisition Costs	Gross Amount at Which Carried at Close of Period		Total Carrying Value	Accumulated Depreciation	Date of Construction(a)	Date Acquired
		Land and Land Improvements	Buildings and Improvements			Land and Land Improvements	Buildings & Buildings Improvements				
COMMERCIAL											
Hanover Village	—	1,624	—	1,624	—	1,104	520	1,624	553		
Circle Towers Office Bldg	—	1,407	4,498	5,905	1,518	1,380	6,043	7,423	1,789		
Brookhaven Shopping Center	—	4,943	7,093	12,036	9,487	7,793	13,730	21,523	6,278		
Bellevue Plaza retail	—	24,377	7,517	31,894	276	29,920	2,250	32,170	499		
TOTAL COMMERCIAL	**—**	**32,351**	**19,108**	**51,459**	**11,281**	**40,197**	**22,543**	**62,740**	**9,119**		
Other (b)	—	—	—	—	3,242	—	3,242	3,242	25		
TOTAL CORPORATE	**—**	**—**	**—**	**—**	**3,242**	**—**	**3,242**	**3,242**	**25**		
TOTAL COMMERCIAL & CORPORATE	**—**	**32,351**	**19,108**	**51,459**	**14,523**	**40,197**	**25,785**	**65,982**	**9,144**		
TOTAL REAL ESTATE OWNED	**$ 1,442,077**	**$ 1,737,466**	**$ 4,323,367**	**$ 6,060,833**	**$ 2,147,143**	**$ 1,952,265**	**$ 6,255,712**	**$ 8,207,977**	**$ 2,208,794**		

(a) Date of construction or date of last major renovation.
(b) Includes unallocated accruals and capital expenditures.

The aggregate cost for federal income tax purposes was approximately $7.5 billion at December 31, 2013.

The estimated depreciable lives for all buildings in the latest Consolidated Statements of Operations are 35 to 55 years.

UDR, INC.
SCHEDULE III — REAL ESTATE OWNED - (Continued)
DECEMBER 31, 2013
(In thousands)

3-YEAR ROLLFORWARD OF REAL ESTATE OWNED AND ACCUMULATED DEPRECIATION

The following is a reconciliation of the carrying amount of total real estate owned at December 31, (*in thousands)* :

	2013	2012	2011
Balance at beginning of the year	**$ 8,055,828**	$ 8,074,471	$ 6,881,347
Real estate acquired	**—**	141,648	1,590,514
Capital expenditures and development	**452,057**	422,480	189,711
Real estate sold	**(70,687)**	(559,154)	(587,101)
Real estate contributed to joint ventures	**(356,303)**	—	—
Consolidation of joint venture assets	**129,437**	—	—
Retirement of fully depreciated assets	**—**	(13,945)	—
Impairment of assets, including hurricane-related impairments	**(2,355)**	(9,672)	—
Balance at end of the year	**$ 8,207,977**	$ 8,055,828	$ 8,074,471

The following is a reconciliation of total accumulated depreciation for real estate owned at December 31:

	2013	2012	2011
Balance at beginning of the year	**$ 1,924,682**	$ 1,831,727	$ 1,638,326
Depreciation expense for the year	**339,326**	340,800	341,925
Accumulated depreciation on sales	**(34,794)**	(233,207)	(148,524)
Accumulated depreciation on real estate contributed to joint ventures	**(20,662)**	—	—
Accumulated depreciation on assets of consolidated joint ventures	**1,374**	—	—
Accumulated depreciation on retirements of fully depreciated assets	**(1,132)**	(13,945)	—
Write off of accumulated depreciation on hurricane-related impaired assets	**—**	(693)	—
Balance at end of year	**$ 2,208,794**	$ 1,924,682	$ 1,831,727

UNITED DOMINION REALTY, L.P.
SCHEDULE III — REAL ESTATE OWNED
DECEMBER 31, 2013
(In thousands)

	Encumbrances	Initial Costs		Total Initial Acquisition Costs	Cost of Improvements Capitalized Subsequent to Acquisition Costs	Gross Amount at Which Carried at Close of Period		Total Carrying Value	Accumulated Depreciation	Date of Construction (a)	Date Acquired
		Land and Land Improvements	Building and Improvements			Land and Land Improvements	Buildings & Buildings Improvements				
WEST REGION											
Harbor at Mesa Verde	$ 50,358	$ 20,476	$ 28,538	$ 49,014	$ 12,291	$ 20,963	$ 40,342	$ 61,305	$ 24,805	2003	Jun-03
27 Seventy Five Mesa Verde	30,660	99,329	110,644	209,973	83,889	107,578	186,284	293,862	57,965	2013	Oct-04
Pacific Shores	34,112	7,345	22,624	29,969	8,808	7,721	31,056	38,777	18,492	2003	Jun-03
Huntington Vista	27,972	8,055	22,486	30,541	6,972	8,312	29,201	37,513	17,615	1970	Jun-03
Missions at Back Bay	—	229	14,129	14,358	2,045	10,778	5,625	16,403	3,772	1969	Dec-03
Coronado at Newport — North	—	62,516	46,082	108,598	23,596	66,683	65,511	132,194	38,108	2000	Oct-04
Huntington Villas	50,771	61,535	18,017	79,552	6,378	62,096	23,834	85,930	14,471	1972	Sep-04
Vista Del Rey	—	10,670	7,080	17,750	1,908	10,819	8,839	19,658	5,270	1969	Sep-04
Coronado South	—	58,785	50,067	108,852	16,881	59,183	66,550	125,733	36,990	2000	Mar-05
ORANGE COUNTY, CA	**193,873**	**328,940**	**319,667**	**648,607**	**162,768**	**354,133**	**457,242**	**811,375**	**217,488**		
2000 Post Street	—	9,861	44,578	54,439	7,254	10,221	51,472	61,693	22,853	1987	Dec-98
Birch Creek	—	4,365	16,696	21,061	6,150	5,026	22,185	27,211	12,068	1968	Dec-98
Highlands Of Marin	—	5,996	24,868	30,864	25,534	7,095	49,303	56,398	23,816	2010	Dec-98
Marina Playa	—	6,224	23,916	30,140	8,811	6,886	32,065	38,951	17,166	1971	Dec-98
River Terrace	33,130	22,161	40,137	62,298	2,851	22,308	42,841	65,149	21,251	2005	Aug-05
CitySouth	—	14,031	30,537	44,568	35,031	16,220	63,379	79,599	25,108	2012	Nov-05
Bay Terrace	—	8,545	14,458	23,003	4,357	11,413	15,947	27,360	7,730	1962	Oct-05
Highlands of Marin Phase II	—	5,353	18,559	23,912	11,038	5,753	29,197	34,950	11,297	2010	Oct-07
Edgewater	—	30,657	83,872	114,529	2,861	30,675	86,715	117,390	29,050	2007	Mar-08
Almaden Lake Village	27,000	594	42,515	43,109	4,367	729	46,747	47,476	15,391	1999	Jul-08
SAN FRANCISCO, CA	**60,130**	**107,787**	**340,136**	**447,923**	**108,254**	**116,326**	**439,851**	**556,177**	**185,730**		
Rosebeach	—	8,414	17,449	25,863	2,664	8,558	19,969	28,527	10,949	1970	Sep-04
Ocean Villas	—	5,135	12,789	17,924	1,671	5,245	14,350	19,595	7,652	1965	Oct-04
Tierra Del Rey	32,635	39,586	36,679	76,265	2,584	39,646	39,203	78,849	14,238	1999	Dec-07
LOS ANGELES, CA	**32,635**	**53,135**	**66,917**	**120,052**	**6,919**	**53,449**	**73,522**	**126,971**	**32,839**		
Crowne Pointe	—	2,486	6,437	8,923	4,827	2,808	10,942	13,750	6,580	1987	Dec-98
Hilltop	—	2,174	7,408	9,582	3,432	2,658	10,356	13,014	6,008	1985	Dec-98
The Kennedy	—	6,179	22,307	28,486	1,593	6,232	23,847	30,079	11,244	2005	Nov-05
Hearthstone at Merrill Creek	23,341	6,848	30,922	37,770	2,407	6,957	33,220	40,177	11,289	2000	May-08
Island Square	—	21,284	89,389	110,673	3,318	21,401	92,590	113,991	29,209	2007	Jul-08
SEATTLE, WA	**23,341**	**38,971**	**156,463**	**195,434**	**15,577**	**40,056**	**170,955**	**211,011**	**64,330**		
Presidio at Rancho Del Oro	—	9,164	22,694	31,858	6,270	9,722	28,406	38,128	16,802	1987	Jun-04
Villas at Carlsbad	—	6,517	10,718	17,235	2,059	6,722	12,572	19,294	6,607	1966	Oct-04
SAN DIEGO, CA	**—**	**15,681**	**33,412**	**49,093**	**8,329**	**16,444**	**40,978**	**57,422**	**23,409**		
Boronda Manor	—	1,946	8,982	10,928	9,126	3,145	16,909	20,054	7,952	1979	Dec-98
Garden Court	—	888	4,188	5,076	5,123	1,491	8,708	10,199	4,203	1973	Dec-98
Cambridge Court	—	3,039	12,883	15,922	13,910	5,197	24,635	29,832	12,143	1974	Dec-98
Laurel Tree	—	1,304	5,115	6,419	5,577	2,131	9,865	11,996	4,904	1977	Dec-98
The Pointe At Harden Ranch	—	6,388	23,854	30,242	24,885	9,816	45,311	55,127	21,627	1986	Dec-98
The Pointe At Northridge	—	2,044	8,028	10,072	9,451	3,242	16,281	19,523	8,239	1979	Dec-98
The Pointe At Westlake	—	1,329	5,334	6,663	5,883	2,129	10,417	12,546	4,854	1975	Dec-98
MONTEREY PENINSULA, CA	**—**	**16,938**	**68,384**	**85,322**	**73,955**	**27,151**	**132,126**	**159,277**	**63,922**		
Verano at Rancho Cucamonga Town Square	46,471	13,557	3,645	17,202	52,994	22,995	47,201	70,196	28,367	2006	Oct-02

EMPIRE, CA	**46,471**	**13,557**	**3,645**	**17,202**	**52,994**	**22,995**	**47,201**	**70,196**	**28,367**		
Tualatin Heights	—	3,273	9,134	12,407	6,204	3,813	14,798	18,611	9,082	1989	Dec-98
Andover Park	16,818	2,916	16,995	19,911	7,783	3,150	24,544	27,694	14,770	1989	Sep-04
Hunt Club	18,323	6,014	14,870	20,884	5,620	6,351	20,153	26,504	12,502	1985	Sep-04
PORTLAND, OR	**35,141**	**12,203**	**40,999**	**53,202**	**19,607**	**13,314**	**59,495**	**72,809**	**36,354**		
TOTAL WEST REGION	**391,591**	**587,212**	**1,029,623**	**1,616,835**	**448,403**	**643,868**	**1,421,370**	**2,065,238**	**652,439**		

UNITED DOMINION REALTY, L.P.
SCHEDULE III — REAL ESTATE OWNED - (Continued)
DECEMBER 31, 2013
(In thousands)

	Encumbrances	Initial Costs		Total Initial Acquisition Costs	Cost of Improvements Capitalized Subsequent to Acquisition Costs	Gross Amount at Which Carried at Close of Period		Total Carrying Value	Accumulated Depreciation	Date of Construction (a)	Date Acquired
		Land and Land Improvements	Building and Improvements			Land and Land Improvements	Buildings & Buildings Improvements				
MID-ATLANTIC REGION											
The Whitmore	—	6,418	13,411	19,829	19,931	7,460	32,300	39,760	20,140	2008	Apr-02
Ridgewood	—	5,612	20,086	25,698	7,864	5,986	27,576	33,562	18,660	1988	Aug-02
Wellington Place at Olde Town	28,681	13,753	36,059	49,812	16,856	14,629	52,039	66,668	29,361	2008	Sep-05
Andover House	—	14,357	51,577	65,934	2,755	14,373	54,316	68,689	21,542	2004	Mar-07
Sullivan Place	—	1,137	103,676	104,813	4,352	1,235	107,930	109,165	38,559	2007	Dec-07
Circle Towers	70,328	32,815	107,051	139,866	9,199	32,994	116,071	149,065	37,847	1972	Mar-08
Delancey at Shirlington	—	21,606	66,765	88,371	1,441	21,621	68,191	89,812	22,662	2006/07	Mar-08
METROPOLITAN D.C.	**99,009**	**95,698**	**398,625**	**494,323**	**62,398**	**98,298**	**458,423**	**556,721**	**188,771**		
Lakeside Mill	15,242	2,666	10,109	12,775	4,189	2,919	14,045	16,964	10,290	1989	Dec-99
Tamar Meadow	—	4,145	17,150	21,295	4,707	4,559	21,443	26,002	14,199	1990	Nov-02
Calvert's Walk	—	4,408	24,692	29,100	6,436	4,660	30,876	35,536	18,463	1988	Mar-04
Liriope Apartments	—	1,620	6,791	8,411	1,149	1,646	7,914	9,560	4,770	1997	Mar-04
20 Lambourne	31,511	11,750	45,590	57,340	4,481	11,990	49,831	61,821	18,123	2003	Mar-08
BALTIMORE, MD	**46,753**	**24,589**	**104,332**	**128,921**	**20,962**	**25,774**	**124,109**	**149,883**	**65,845**		
TOTAL MID-ATLANTIC REGION	**145,762**	**120,287**	**502,957**	**623,244**	**83,360**	**124,072**	**582,532**	**706,604**	**254,616**		
SOUTHEAST REGION											
Sugar Mill Creek	—	2,242	7,553	9,795	6,567	2,720	13,642	16,362	8,401	1988	Dec-98
Inlet Bay	—	7,702	23,150	30,852	13,740	9,005	35,587	44,592	24,223	1988/89	Jun-03
MacAlpine Place	—	10,869	36,858	47,727	6,862	11,264	43,325	54,589	24,392	2001	Dec-04
TAMPA, FL	**—**	**20,813**	**67,561**	**88,374**	**27,169**	**22,989**	**92,554**	**115,543**	**57,016**		
Legacy Hill	—	1,148	5,867	7,015	8,460	1,721	13,756	15,477	10,377	1977	Nov-95
Hickory Run	—	1,469	11,584	13,053	9,295	2,086	20,262	22,348	12,690	1989	Dec-95
Carrington Hills	—	2,117	—	2,117	33,002	4,413	30,706	35,119	18,870	1999	Dec-95
Brookridge	—	708	5,461	6,169	4,311	1,118	9,362	10,480	6,288	1986	Mar-96
Breckenridge	—	766	7,714	8,480	4,093	1,222	11,351	12,573	7,249	1986	Mar-97
Polo Park	—	4,583	16,293	20,876	15,729	5,624	30,981	36,605	18,530	2008	May-06
NASHVILLE, TN	**—**	**10,791**	**46,919**	**57,710**	**74,890**	**16,184**	**116,418**	**132,602**	**74,004**		
The Reserve and Park at Riverbridge	40,133	15,968	56,401	72,369	7,637	16,351	63,654	80,005	34,308	1999/2001	Dec-04
OTHER FLORIDA	**40,133**	**15,968**	**56,401**	**72,369**	**7,637**	**16,351**	**63,654**	**80,005**	**34,308**		
TOTAL SOUTHEAST REGION	**40,133**	**47,572**	**170,881**	**218,453**	**109,696**	**55,524**	**272,626**	**328,150**	**165,328**		
NORTHEAST REGION											
Inwood West	57,928	20,778	88,096	108,874	2,559	20,849	90,584	111,433	14,498	2006	Apr-11
14 North	—	10,961	51,175	62,136	2,827	10,994	53,969	64,963	9,118	2005	Apr-11
BOSTON, MA	**57,928**	**31,739**	**139,271**	**171,010**	**5,386**	**31,843**	**144,553**	**176,396**	**23,616**		
10 Hanover Square	196,376	41,432	218,983	260,415	6,821	41,463	225,773	267,236	31,043	2005	Apr-11
95 Wall Street	—	57,637	266,255	323,892	3,656	57,736	269,812	327,548	38,298	2008	Aug-11
NEW YORK, NY	**196,376**	**99,069**	**485,238**	**584,307**	**10,477**	**99,199**	**495,585**	**594,784**	**69,341**		
TOTAL NORTHEAST REGION	**254,304**	**130,808**	**624,509**	**755,317**	**15,863**	**131,042**	**640,138**	**771,180**	**92,957**		
SOUTHWEST REGION											
THIRTY377	30,660	24,036	32,951	56,987	7,276	24,309	39,956	64,265	19,168	2007	Aug-06
Legacy Village	72,415	16,882	100,102	116,984	5,685	17,101	105,568	122,669	37,798	6/7/2005	Mar-08
DALLAS, TX	**103,075**	**40,918**	**133,053**	**173,971**	**12,961**	**41,410**	**145,524**	**186,934**	**56,966**		
Barton Creek Landing	—	3,151	14,269	17,420	21,900	4,706	34,611	39,317	17,554	2010	Mar-02
AUSTIN, TX	**—**	**3,151**	**14,269**	**17,420**	**21,900**	**4,706**	**34,611**	**39,317**	**17,554**		
TOTAL SOUTHWEST REGION	**103,075**	**44,069**	**147,322**	**191,391**	**34,861**	**46,116**	**180,135**	**226,251**	**74,520**		
TOTAL OPERATING											

REAL ESTATE UNDER DEVELOPMENT									
DelRey Tower	—	297	12,786	13,083	66,980	9,447	70,616	80,063	—
TOTAL REAL ESTATE UNDER DEVELOPMENT	**—**	**297**	**12,786**	**13,083**	**66,980**	**9,447**	**70,616**	**80,063**	**—**
LAND									
Presidio	—	1,524	—	1,524	921	2,445	—	2,445	—
TOTAL LAND	**—**	**1,524**	**—**	**1,524**	**921**	**2,445**	**—**	**2,445**	**—**

UNITED DOMINION REALTY, L.P.
SCHEDULE III — REAL ESTATE OWNED - (Continued)
DECEMBER 31, 2013
(In thousands)

	Encumbrances	Initial Costs		Total Initial Acquisition Costs	Cost of Improvements Capitalized Subsequent to Acquisition Costs	Gross Amount at Which Carried at Close of Period		Total Carrying Value	Accumulated Depreciation	Date of Construction (a)	Date Acquired
		Land and Land Improvements	Building and Improvements			Land and Land Improvements	Buildings & Buildings Improvements				
TOTAL COMMERCIAL	**—**	**1,407**	**4,498**	**5,905**	**1,518**	**1,380**	**6,043**	**7,423**	**1,714**		
Other (b)	—	—	—	—	1,126	—	1,126	1,126	—		
TOTAL CORPORATE	**—**	**—**	**—**	**—**	**1,126**	**—**	**1,126**	**1,126**	**—**		
TOTAL COMMERCIAL & CORPORATE	**—**	**1,407**	**4,498**	**5,905**	**2,644**	**1,380**	**7,169**	**8,549**	**1,714**		
TOTAL REAL ESTATE OWNED	**$ 934,865**	**$ 933,176**	**$ 2,492,576**	**$ 3,425,752**	**$ 762,728**	**$ 1,013,894**	**$ 3,174,586**	**$ 4,188,480**	**$ 1,241,574**		

(a) Date of construction or date of last major renovation.
(b) Includes unallocated accruals and capital expenditures.

The aggregate cost for federal income tax purpose was approximately $3.5 billion at December 31, 2011.

The estimated depreciable lives for all buildings in the latest Consolidated Statements of Operations are 35 to 55 years.

UNITED DOMINION REALTY, L.P.
SCHEDULE III — REAL ESTATE OWNED - (Continued)
DECEMBER 31, 2013
(In thousands)

3-YEAR ROLLFORWARD OF REAL ESTATE OWNED AND ACCUMULATED DEPRECIATION

The following is a reconciliation of the carrying amount of total real estate owned at December 31, (*in thousands*):

	2013	2012	2011
Balance at beginning of the year	**$ 4,182,920**	$ 4,205,298	$ 3,706,184
Real estate acquired	**—**	—	758,707
Capital expenditures and development	**151,002**	115,355	63,191
Real estate sold	**(70,687)**	(116,166)	(322,784)
Real estate transferred to the General Partner	**(74,755)**	—	—
Retirement of fully depreciated asset	**—**	(13,945)	—
Hurricane-related impairment of assets	**—**	(7,622)	—
Balance at end of year	**$ 4,188,480**	$ 4,182,920	$ 4,205,298

The following is a reconciliation of total accumulated depreciation for real estate owned at December 31:

	2013	2012	2011
Balance at beginning of the year	**$ 1,097,133**	$ 976,358	$ 884,083
Depreciation expense for the year	**179,404**	189,362	181,085
Accumulated depreciation on sales	**(34,794)**	(54,085)	(88,810)
Accumulated depreciation on retirements of fully depreciated asset	**—**	(13,945)	—
Accumulated depreciation on property transferred to the General Partner	**(169)**	—	—
Write off of accumulated depreciation on hurricane-related impaired assets	**—**	(557)	—
Balance at end of year	**$ 1,241,574**	$ 1,097,133	$ 976,358

EXHIBIT INDEX

The exhibits listed below are filed as part of this Report. References under the caption "Location" to exhibits or other filings indicate that the exhibit or other filing has been filed, that the indexed exhibit and the exhibit referred to are the same and that the exhibit referred to is incorporated by reference. Management contracts and compensatory plans or arrangements filed as exhibits to this Report are identified by an asterisk. The Commission file number for UDR, Inc.'s Exchange Act filings referenced below is 1-10524. The Commission file number for United Dominion Realty, L.P.'s Exchange Act filings is 333-156002-01.

Exhibit	Description	Location
2.01	Partnership Interest Purchase and Exchange Agreement dated as of September 10, 1998, by and between UDR, Inc., United Dominion Realty, L.P., American Apartment Communities Operating Partnership, L.P., AAC Management LLC, Schnitzer Investment Corp., Fox Point Ltd. and James D. Klingbeil including as an exhibit thereto the proposed form of the Third Amended and Restated Limited Partnership Agreement of United Dominion Realty, L.P.	Exhibit 2(d) to UDR, Inc.'s Form S-3 Registration Statement (Registration No. 333-64281) filed with the Commission on September 25, 1998.
2.02	Agreement of Purchase and Sale dated as of August 13, 2004, by and between United Dominion Realty, L.P., a Delaware limited partnership, as Buyer, and Essex The Crest, L.P., a California limited partnership, Essex El Encanto Apartments, L.P., a California limited partnership, Essex Hunt Club Apartments, L.P., a California limited partnership, and the other signatories named as Sellers therein.	Exhibit 2.1 to UDR, Inc.'s Current Report on Form 8-K dated September 28, 2004 and filed with the Commission on September 29, 2004.
2.03	First Amendment to Agreement of Purchase and Sale dated as of September 29, 2004, by and between United Dominion Realty, L.P., a Delaware limited partnership, as Buyer, and Essex The Crest, L.P., a California limited partnership, Essex El Encanto Apartments, L.P., a California limited partnership, Essex Hunt Club Apartments, L.P., a California limited partnership, and the other signatories named as Sellers therein.	Exhibit 2.2 to UDR, Inc.'s Current Report on Form 8-K dated September 29, 2004 and filed with the Commission on October 5, 2004.
2.04	Second Amendment to Agreement of Purchase and Sale dated as of October 26, 2004, by and between United Dominion Realty, L.P., a Delaware limited partnership, as Buyer, and Essex The Crest, L.P., a California limited partnership, Essex El Encanto Apartments, L.P., a California limited partnership, Essex Hunt Club Apartments, L.P., a California limited partnership, and the other signatories named as Sellers therein.	Exhibit 2.3 to UDR, Inc.'s Current Report on Form 8-K/A dated September 29, 2004 and filed with the Commission on November 1, 2004.

Exhibit	Description	Location
2.05	Agreement of Purchase and Sale dated as of January 23, 2008, by and between UDR, Inc., United Dominion Realty, L.P., UDR Texas Properties LLC, UDR Western Residential, Inc., UDR South Carolina Trust, UDR Ohio Properties, LLC, UDR of Tennessee, L.P., UDR of NC, Limited Partnership, Heritage Communities L.P., Governour's Square of Columbus Co., Fountainhead Apartments Limited Partnership, AAC Vancouver I, L.P., AAC Funding Partnership III, AAC Funding Partnership II and DRA Fund VI LLC.	Exhibit 2.1 to UDR, Inc.'s Current Report on Form 8-K dated January 23, 2008 and filed with the Commission on January 29, 2008.
2.06	First Amendment to Agreement of Purchase and Sale dated as of February 14, 2008, by and between UDR, Inc., United Dominion Realty, L.P., UDR Texas Properties LLC, UDR Western Residential, Inc., UDR South Carolina Trust, UDR Ohio Properties, LLC, UDR of Tennessee, L.P., UDR of NC, Limited Partnership, Heritage Communities L.P., Governour's Square of Columbus Co., Fountainhead Apartments Limited Partnership, AAC Vancouver I, L.P., AAC Funding Partnership III, AAC Funding Partnership II and DRA Fund VI LLC.	Exhibit 2.2 to UDR, Inc.'s Current Report on Form 8-K/A dated March 3, 2008 and filed with the Commission on May 2, 2008.
3.01	Articles of Restatement of UDR, Inc.	Exhibit 3.09 to UDR, Inc.'s Current Report on Form 8-K dated July 27, 2005 and filed with the Commission on August 1, 2005.
3.02	Articles of Amendment to the Articles of Restatement of UDR, Inc. dated and filed with the State Department of Assessments and Taxation of the State of Maryland on March 14, 2007.	Exhibit 3.2 to UDR, Inc.'s Current Report on Form 8-K dated March 14, 2007 and filed with the Commission on March 15, 2007.
3.03	Articles of Amendment to the Articles of Restatement of UDR, Inc. dated and filed with the State Department of Assessments and Taxation of the State of Maryland on August 30, 2011.	Exhibit 3.1 to UDR, Inc.'s Current Report on Form 8-K dated and filed with the Commission on September 1, 2011.
3.04	Articles Supplementary relating to UDR, Inc.'s 6.75% Series G Cumulative Redeemable Preferred Stock dated and filed with the State Department of Assessments and Taxation of the State of Maryland on May 30, 2007.	Exhibit 3.4 to UDR, Inc.'s Form 8-A Registration Statement dated and filed with the Commission on May 30, 2007.
3.05	Amended and Restated Bylaws of UDR, Inc. (as amended through May 12, 2011).	Exhibit 3.1 to UDR, Inc.'s Current Report on Form 8-K dated May 12, 2011 and filed with the Commission on May 13, 2011.
3.06	Certificate of Limited Partnership of United Dominion Realty, L.P. dated as of February 19, 2004.	Exhibit 3.4 to United Dominion Realty, L.P.'s Post-Effective Amendment No. 1 to Registration Statement on Form S-3 dated and filed with the Commission on October 15, 2010.

Exhibit	Description	Location
3.07	Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P. dated as of February 23, 2004.	Exhibit 10.23 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2003.
3.08	First Amendment to the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P. dated as of June 24, 2005.	Exhibit 10.06 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.
3.09	Second Amendment to the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P. dated as of February 23, 2006.	Exhibit 10.6 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.
3.10	Third Amendment to the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P. dated as of February 2, 2007.	Exhibit 99.1 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2009.
3.11	Fourth Amendment to the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P. dated as of December 27, 2007.	Exhibit 10.25 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2007.
3.12	Fifth Amendment to the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P. dated as of March 7, 2008.	Exhibit 10.53 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008.
3.13	Sixth Amendment to the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P. dated as of December 9, 2008.	Exhibit 10.1 to UDR, Inc.'s Current Report on Form 8-K dated December 9, 2008 and filed with the Commission on December 10, 2008.
3.14	Seventh Amendment to the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P., dated as of March 13, 2009.	Exhibit 10.1 to UDR, Inc.'s Current Report on Form 8-K dated March 18, 2009 and filed with the Commission on March 19, 2009.
3.15	Eighth Amendment to the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P., dated as of November 17, 2010.	Exhibit 10.1 to UDR, Inc.'s Current Report on Form 8-K dated and filed with the Commission on November 18, 2010.
4.01	Form of UDR, Inc. Common Stock Certificate.	Exhibit 4.1 to UDR, Inc.'s Current Report on Form 8-K dated March 14, 2007 and filed with the Commission on March 15, 2007.
4.02	Senior Indenture dated as of November 1, 1995, by and between UDR, Inc. and First Union National Bank of Virginia, N.A., as trustee.	Exhibit 4(ii)(h)(1) to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 1996.
4.03	Supplemental Indenture dated as of June 11, 2003, by and between UDR, Inc. and Wachovia Bank, National Association, as trustee.	Exhibit 4.03 to UDR, Inc.'s Current Report on Form 8-K dated June 17, 2004 and filed with the Commission on June 18, 2004.
4.04	Subordinated Indenture dated as of August 1, 1994 by and between UDR, Inc. and Crestar Bank, as trustee.	Exhibit 4(i)(m) to UDR, Inc.'s Form S-3 Registration Statement (Registration No. 33-64725) filed with the Commission on November 15, 1995.

Exhibit	Description	Location
4.05	Form UDR, Inc. of Senior Debt Security.	Exhibit 4(i)(n) to UDR, Inc.'s Form S-3 Registration Statement (Registration No. 33-64725) filed with the Commission on November 15, 1995.
4.06	Form of UDR, Inc. Subordinated Debt Security.	Exhibit 4(i)(p) to UDR, Inc.'s Form S-3 Registration Statement (Registration No. 33-55159) filed with the Commission on August 19, 1994.
4.07	Form of UDR, Inc. Fixed Rate Medium-Term Note, Series A.	Exhibit 4.01 to UDR, Inc.'s Current Report on Form 8-K dated March 20, 2007 and filed with the Commission on March 22, 2007.
4.08	Form of UDR, Inc. Floating Rate Medium-Term Note, Series A.	Exhibit 4.02 to UDR, Inc.'s Current Report on Form 8-K dated March 20, 2007 and filed with the Commission on March 22, 2007.
4.09	UDR, Inc. 5.13% Medium-Term Notes due January 2014, issued October 3, 2003, January 15, 2004 and March 18, 2004	Exhibit 4.2 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2003, and Exhibits 4.1 and 4.2 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2004.
4.10	UDR, Inc. 5.25% Medium-Term Note due January 2015, issued November 1, 2004.	Exhibit 4.21 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2004.
4.11	UDR, Inc. 5.25% Medium-Term Note due January 2015, issued February 14, 2005.	Exhibit 4.22 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2004.
4.12	UDR, Inc. 5.25% Medium-Term Note due January 2015, issued March 8, 2005.	Exhibit 4.23 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2004.
4.13	UDR, Inc. 5.25% Medium-Term Note due January 2015, issued May 3, 2005.	Exhibit 4.3 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.
4.14	UDR, Inc. 5.25% Medium-Term Note due January 2016, issued September 7, 2005.	Exhibit 4.1 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.
4.15	UDR, Inc. 5.50% Medium-Term Note, Series A due April 2014, issued March 27, 2007.	Exhibit 4.5 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2007.
4.16	UDR, Inc. 4.25% Medium-Term Note, Series A due June 2018, issued May 23, 2011.	Filed herewith.
4.17	UDR, Inc. 4.625% Medium-Term Note, Series A due January 2022, issued January 10, 2012.	Filed herewith.

Exhibit	Description	Location
4.18	UDR, Inc. 3.70% Medium-Term Note, Series A due October 2020, issued September 26, 2013.	Filed herewith.
4.19	Indenture dated as of April 1, 1994, by and between UDR, Inc. and Nationsbank of Virginia, N.A., as trustee.	Exhibit 4(ii)(f)(1) to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 1994.
4.20	Supplemental Indenture dated as of August 20, 2009, by and between UDR, Inc. and U.S. Bank National Association, as trustee, to UDR, Inc.'s Indenture dated as of April 1, 1994.	Exhibit 4.1 to UDR, Inc.'s Current Report on Form 8-K dated August 20, 2009 and filed with the Commission on August 21, 2009.
4.21	Guaranty of United Dominion Realty, L.P. with respect to UDR, Inc.'s Indenture dated as of November 1, 1995.	Exhibit 99.1 to UDR, Inc.'s Current Report on Form 8-K dated and filed with the Commission on September 30, 2010.
4.22	Guaranty of United Dominion Realty, L.P. with respect to UDR, Inc.'s Indenture dated as of October 12, 2006.	Exhibit 99.2 to UDR, Inc.'s Current Report on Form 8-K dated and filed with the Commission on September 30, 2010.
4.23	First Supplemental Indenture among UDR, Inc., United Dominion Realty, L.P. and U.S. Bank National Association, as Trustee, dated as of May 3, 2011, relating to UDR, Inc.'s Medium-Term Notes, Series A, due Nine Months or More from Date of Issue.	Exhibit 4.1 to UDR, Inc.'s Current Report on Form 8-K filed with the Commission on May 4, 2011.
10.01*	UDR, Inc. 1999 Long-Term Incentive Plan (as amended and restated February 7, 2013).	Exhibit 10.03 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012.
10.02*	Form of UDR, Inc. Restricted Stock Award Agreement under the 1999 Long-Term Incentive Plan.	Exhibit 10.1 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2013.
10.03*	Form of UDR, Inc. Restricted Stock Award Agreement for awards outside of the 1999 Long-Term Incentive Plan.	Exhibit 99.3 to UDR, Inc.'s Current Report on Form 8-K dated March 19, 2007 and filed with the Commission on March 19, 2007.
10.04*	Form of UDR, Inc. Notice of Performance Contingent Restricted Stock Award.	Exhibit 10.2 to UDR, Inc.'s Current Report on Form 8-K dated May 2, 2006 and filed with the Commission on May 8, 2006.
10.05*	Description of UDR, Inc. Shareholder Value Plan.	Exhibit 10(x) to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1999.
10.06*	Description of UDR, Inc. Executive Deferral Plan.	Exhibit 10(xi) to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1999.

Exhibit	Description	Location
10.07*	Form of UDR, Inc. Indemnification Agreement.	Exhibit 10.3 to UDR, Inc.'s Current Report on Form 8-K dated May 2, 2006 and filed with the Commission on May 8, 2006.
10.08	Amended and Restated Master Credit Facility Agreement dated as of June 24, 2002 by and between UDR, Inc. and Green Park Financial Limited Partnership, as amended through February 14, 2007.	Exhibit 10.41 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2006.
10.09	Limited Liability Company Agreement of UDR Texas Ventures LLC, a Delaware limited liability company, dated as of November 5, 2007.	Exhibit 10.1 to UDR, Inc.'s Current Report on Form 8-K dated November 5, 2007 and filed with the Commission on November 9, 2007.
10.10*	Letter Agreement dated as of February 18, 2008, by and between UDR, Inc. and Warren L. Troupe.	Exhibit 10.1 to UDR, Inc.'s Current Report on Form 8-K dated February 22, 2008 and filed with the Commission on February 27, 2008.
10.11*	Termination of Letter Agreement dated as of February 18, 2008 by and between UDR, Inc. and Warren L. Troupe, dated as of February 7, 2013 and effective as of December 31, 2012.	Exhibit 10.44 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012.
10.12*	Indemnification Agreement dated as of March 3, 2008, by and between UDR, Inc. and Warren L. Troupe.	Exhibit 10.1 to UDR, Inc.'s Current Report on Form 8-K dated February 22, 2008 and filed with the Commission on February 27, 2008.
10.13*	Letter Agreement, dated December 12, 2012, by and between UDR, Inc. and Thomas M. Herzog.	Exhibit 10.43 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012.
10.14	Subordination Agreement dated as of April 16, 1998, by and between UDR, Inc. and United Dominion Realty, L.P.	Exhibit 10(vi)(a) to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 1998.
10.15	Term Loan Agreement dated as of December 14, 2009, by and among UDR, Inc., Regions Capital Markets, PNC Capital Markets LLC, Regions Bank, PNC Bank, National Association, U.S. Bank National Association and the other signatories thereto.	Exhibit 99.1 to UDR, Inc.'s Current Report on Form 8-K dated December 14, 2009 and filed with the Commission on December 17, 2009.
10.16	Amendment to the UDR, Inc. $250 Million Term Loan Agreement.	Exhibit 10.2 to UDR, Inc.'s Current Report on Form 8-K dated June 6, 2013 and filed with the Commission on June 10, 2013.
10.17	Amendment to the UDR, Inc. $100 Million Term Loan Agreement.	Exhibit 10.3 to UDR, Inc.'s Current Report on Form 8-K dated June 6, 2013 and filed with the Commission on June 10, 2013.
10.18	Underwriting Agreement among UDR, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, as Representatives of the several underwriters, dated June 4, 2012.	Exhibit 1.1 to UDR, Inc.'s Current Report on Form 8-K dated and filed with the Commission on June 4, 2012.

Exhibit	Description	Location
10.19	ATM Equity Offering℠ Sales Agreement among UDR, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, dated April 4, 2012.	Exhibit 1.1 to UDR, Inc.'s Current Report on Form 8-K dated April 4, 2012 and filed with the SEC on April 5, 2012.
10.20	Third Amended and Restated Distribution Agreement among UDR, Inc., United Dominion Realty, L.P., as Guarantor, Citigroup Global Markets Inc., Deutsche Bank Securities Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated and Wells Fargo Securities, LLC, as Agents, dated September 1, 2011, with respect to the issue and sale by UDR, Inc. of its Medium-Term Notes, Series A Due Nine Months or More From Date of Issue.	Exhibit 1.2 to UDR, Inc.'s Current Report on Form 8-K dated and filed with the Commission on September 1, 2011.
10.21	Credit Agreement dated as of October 25, 2011 (the "Credit Agreement") by and among UDR, Inc., as Borrower, The Financial Institutions party Hereto and Their Assignees under Section 12.5, as Lenders, Wells Fargo Bank, National Association, as Administrative Agent, Wells Fargo Securities, LLC and J.P. Morgan Securities LLC, as Joint Lead Arrangers and Joint Lead Bookrunners, JPMorgan Chase Bank, N.A., as Syndication Agent, and Bank of America, N.A., PNC Bank, National Association and US Bank National Association, as Documentation Agents.	Exhibit 10.1 to UDR, Inc.'s Current Report on Form 8-K dated and filed with the Commission on October 26, 2011.
10.22	First Amendment to the Credit Agreement, dated as of March 1, 2013.	Filed herewith.
10.23	Second Amendment to the Credit Agreement, dated as of June 6, 2013.	Exhibit 10.1 to UDR, Inc.'s Current Report on Form 8-K dated June 6, 2013 and filed with the Commission on June 10, 2013.
10.24	Amendment to the UDR, Inc. Term Loan Agreement.	Filed herewith.
10.25	Aircraft Time Sharing Agreement dated as of December 15, 2011, by and between UDR, Inc. and Thomas W. Toomey.	Exhibit 10.42 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011.
10.26	Aircraft Time Sharing Agreement dated as of December 15, 2011, by and between UDR, Inc. and Warren L. Troupe.	Exhibit 10.2 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012.
12.1	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends of UDR, Inc.	Filed herewith.
12.2	Computation of Ratio of Earnings to Fixed Charges of United Dominion Realty, L.P.	Filed herewith.
21	Subsidiaries of UDR, Inc. and United Dominion Realty, L.P.	Filed herewith.

Exhibit	Description	Location
23.1	Consent of Independent Registered Public Accounting Firm for UDR, Inc.	Filed herewith.
23.2	Consent of Independent Registered Public Accounting Firm for United Dominion Realty, L.P.	Filed herewith.
31.1	Rule 13a-14(a) Certification of the Chief Executive Officer of UDR, Inc.	Filed herewith.
31.2	Rule 13a-14(a) Certification of the Chief Financial Officer of UDR, Inc.	Filed herewith.
31.3	Rule 13a-14(a) Certification of the Chief Executive Officer of United Dominion Realty, L.P.	Filed herewith.
31.4	Rule 13a-14(a) Certification of the Chief Financial Officer of United Dominion Realty, L.P.	Filed herewith.
32.1	Section 1350 Certification of the Chief Executive Officer of UDR, Inc.	Filed herewith.
32.2	Section 1350 Certification of the Chief Financial Officer of UDR, Inc.	Filed herewith.
32.3	Section 1350 Certification of the Chief Executive Officer of United Dominion Realty, L.P.	Filed herewith.
32.4	Section 1350 Certification of the Chief Financial Officer of United Dominion Realty, L.P.	Filed herewith.
101	XBRL (Extensible Business Reporting Language). The following materials from this Annual Report on Form 10-K for the period ended December 31, 2013, formatted in XBRL: (i) consolidated balance sheets of UDR, Inc., (ii) consolidated statements of operations of UDR, Inc., (iii) consolidated statements of comprehensive income/(loss) of UDR, Inc., (iv) consolidated statements of changes in equity of UDR, Inc., (v) consolidated statements of cash flows of UDR, Inc., (vi) notes to consolidated financial statements of UDR, Inc., (vii) consolidated balance sheets of United Dominion Realty, L.P., (viii) consolidated statements of operations of United Dominion Realty, L.P., (ix) consolidated statements of comprehensive income/(loss) of United Dominion Realty, L.P.; (x) consolidated statements of changes in capital of United Dominion Realty, L.P., (xi) consolidated statements of cash flows of United Dominion Realty, L.P., (xi) notes to consolidated financial statements of United Dominion Realty, L.P.	Filed herewith.

* *Management Contract or Compensatory Plan or Arrangement*

Exhibit 4.16

UDR, INC.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (THE "DEPOSITARY") (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER HEREOF OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN CERTIFICATED FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.

REGISTERED No. FXR-9	CUSIP No.: 91019PCS9	PRINCIPAL AMOUNT: $300,000,000

UDR, INC.

MEDIUM-TERM NOTE
SERIES A
DUE NINE MONTHS OR
MORE FROM DATE OF ISSUE,
FULLY AND
UNCONDITIONALLY
GUARANTEED BY UNITED
DOMINION REALTY, L.P.
(Fixed Rate)

ORIGINAL ISSUE DATE: May 23, 2011	INTEREST RATE: 4.250%	STATED MATURITY DATE: June 1, 2018
INTEREST PAYMENT DATE(S) [X] June 1 and December 1, commencing December 1, 2011 [ ] Other:	[ ] CHECK IF DISCOUNT NOTE Issue Price: 98.988% plus accrued interest from May 23, 2011	
INITIAL REDEMPTION DATE: See Addendum	INITIAL REDEMPTION PERCENTAGE: See Addendum	ANNUAL REDEMPTION PERCENTAGE REDUCTION: See Addendum
OPTIONAL REPAYMENT DATE(S): See Addendum		
SPECIFIED CURRENCY: [X] United States dollars [ ] Other:	AUTHORIZED DENOMINATION: [X] $1,000 and integral multiples thereof [ ] Other:	EXCHANGE RATE AGENT: N/A
ADDENDUM ATTACHED [X] Yes [ ] No	DEFAULT INTEREST RATE: N/A	OTHER/ADDITIONAL PROVISIONS: N/A

UDR, INC., a Maryland corporation (the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & Co., as nominee for The Depository Trust Company, or registered assigns, the Principal Amount of THREE HUNDRED MILLION DOLLARS ($300,000,000), on the Stated Maturity Date specified above (or any Redemption Date or Repayment Date, each as defined on the reverse hereof, or any earlier date of acceleration of maturity) (each such date being hereinafter referred to as the "Maturity Date" with respect to the principal repayable on such date) and to pay interest thereon (and on any overdue principal, premium and/or interest to the extent legally enforceable) at the Interest Rate per annum specified above, until the principal hereof is paid or duly made available for payment. The Company will pay interest in arrears on each Interest Payment Date, if any, specified above (each, an "Interest Payment Date"), commencing with the first Interest Payment Date next succeeding the Original Issue Date specified above, and on the Maturity Date; provided , however , that if the Original Issue Date occurs between a Record Date (as defined below) and the next succeeding Interest Payment Date, interest payment will commence on the Interest Payment Date immediately following the next succeeding Record Date to the registered holder (the "Holder") of this Note on the next succeeding Record Date. Interest on this Note will be computed on the basis of a 360-day year of twelve 30-day months.

United Dominion Realty, L.P., a Delaware limited partnership (the "Operating Partnership") as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees to the Holder and to the Trustee and their successors and assigns (a) the full and punctual payment when due, whether at the Maturity Date, by acceleration or otherwise, of all obligations of the Company now or hereafter existing under the Indenture whether for principal of or interest on the Notes (and premium and Make-Whole Amount, if applicable) and all other monetary obligations of the Company under the Indenture and the Notes and (b) the full and punctual performance within the applicable grace periods of all other obligations of the Company under the Indenture and the Notes (all such obligations guaranteed hereby by the Operating Partnership being the "Guarantee"). The Holder of this Note may enforce its rights under the Guarantee directly against the Operating Partnership without first making a demand or taking action against the Company or any other person or entity. The Operating Partnership may, without the consent of the Holder of this Note, assume all of the Company's rights and obligations under this Note and, upon such assumption, the Company will be released from its liabilities under the Indenture and this Note.

Interest on this Note will accrue from, and including, the immediately preceding Interest Payment Date to which interest has been paid or duly provided for (or from, and including, the Original Issue Date if no interest has been paid or duly provided for) to, but excluding, the applicable Interest Payment Date or the Maturity Date, as the case may be (each, an "Interest Period"). The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, subject to certain exceptions described herein, be paid to the person in whose name this Note (or one or more predecessor Notes, as defined on the reverse hereof) is registered at the close of business on the fifteenth calendar day (whether or not a Business Day, as defined below) immediately preceding such Interest Payment Date (the "Record Date"); provided , however , that interest payable on the Maturity Date will be payable to the person to whom the principal hereof and premium, if any, hereon shall be payable. Any such interest not so punctually paid or duly provided for on any Interest Payment Date other than the Maturity Date ("Defaulted Interest") shall forthwith cease to be payable to the Holder on the close of business on any Record Date and, instead, shall be paid to the person in whose name this Note is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by the Trustee hereinafter referred to, notice whereof shall be given to the Holder of this Note by the Trustee not less than 10 calendar days prior to such Special Record Date or may be paid at any time in any other lawful manner, all as more fully provided for in the Indenture.

Payment of principal, premium, if any, and interest in respect of this Note due on the Maturity Date will be made in immediately available funds upon presentation and surrender of this Note (and, with respect to any applicable repayment of this Note, upon delivery of instructions as contemplated on the reverse hereof) at the office or agency maintained by the Company for that purpose in the Borough of Manhattan, The City of New York, currently the corporate trust office of the Trustee located at 40 Broad Street, 5th Floor, New York, New York 10004, or at such other paying agency in the Borough of Manhattan, The City of New York, as the Company may determine; provided , however , that if the Specified Currency (as defined below) is other than United States dollars and such payment is to be made in the Specified Currency in accordance with the provisions set forth below, such payment will be made by wire transfer of immediately available funds to an account with a bank designated by the Holder hereof at least 15 calendar days prior to the Maturity Date, provided that such bank has appropriate facilities therefor and that this Note is presented and surrendered and, if applicable, instructions are delivered at the aforementioned office or agency maintained by the Company in time for the Trustee to make such payment in such funds in accordance with its normal procedures. Payment of interest due on any Interest Payment Date other than the Maturity Date

will be made at the aforementioned office or agency maintained by the Company or, at the option of the Company, by check mailed to the address of the person entitled thereto as such address shall appear in the Security Register maintained by the Trustee; provided , however , that a Holder of U.S.$10,000,000 (or, if the Specified Currency is other than United States dollars, the equivalent thereof in the Specified Currency) or more in aggregate principal amount of Notes (whether having identical or different terms and provisions) will be entitled to receive interest payments on such Interest Payment Date by wire transfer of immediately available funds if such Holder has delivered appropriate wire transfer instructions in writing to the Trustee not less than 15 calendar days prior to such Interest Payment Date. Any such wire transfer instructions received by the Trustee shall remain in effect until revoked by such Holder.

If any Interest Payment Date or the Maturity Date falls on a day that is not a Business Day, the required payment of principal, premium, if any, and/or interest shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue with respect to such payment for the period from and after such Interest Payment Date or the Maturity Date, as the case may be, to the date of such payment on the next succeeding Business Day.

As used herein, “Business Day” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York; provided, however, that if the Specified Currency is other than United States dollars, such day must also not be a day on which commercial banks are authorized or required by law, regulation or executive order to close in the

Principal Financial Center (as defined below) of the country issuing the Specified Currency (or, if the Specified Currency is Euro, such day must also be a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open). "Principal Financial Center" means the capital city of the country issuing the Specified Currency, except that with respect to United States dollars, Australian dollars, Canadian dollars, Euros, South African rands and Swiss francs, the "Principal Financial Center" shall be The City of New York, Sydney, Toronto, Johannesburg and Zurich, respectively.

The Company is obligated to make payment of principal, premium, if any, and interest in respect of this Note in the currency in which this Note is denominated above (or, if such currency is not at the time of such payment legal tender for the payment of public and private debts in the country issuing such currency or, if such currency is Euro, in the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, then the currency which is at the time of such payment legal tender in the related country or in the adopting member states of the European Union, as the case may be) (the "Specified Currency"). If the Specified Currency is other than United States dollars, except as otherwise provided below, any such amounts so payable by the Company will be converted by the Exchange Rate Agent specified above into United States dollars for payment to the Holder of this Note.

Any United States dollar amount to be received by the Holder of this Note will be based on the highest bid quotation in The City of New York received by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Business Day preceding the applicable payment date from three recognized foreign exchange dealers (one of whom may be the Exchange Rate Agent) selected by the Exchange Rate Agent and approved by the Company for the purchase by the quoting dealer of the Specified Currency for United States dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all Holders of Notes scheduled to receive United States dollar payments and at which the applicable dealer commits to execute a contract. All currency exchange costs will be borne by the Holder of this Note by deductions from such payments. If three such bid quotations are not available, payments on this Note will be made in the Specified Currency.

If the Specified Currency is other than United States dollars, the Holder of this Note may elect to receive all or a specified portion of any payment of principal,

premium, if any, and/or interest, if any, in respect of this Note in the Specified Currency by submitting a written request for such payment to the Trustee at its corporate trust office in The City of New York on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be. Such written request may be mailed or hand delivered or sent by cable, telex or other form of facsimile transmission. The Holder of this Note may elect to receive all or a specified portion of all future payments in the Specified Currency in respect of such principal, premium, if any, and/or interest, if any, and need not file a separate election for each payment. Such election will remain in effect until revoked by written notice delivered to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be.

If the Specified Currency is other than United States dollars and the Holder of this Note shall have duly made an election to receive all or a specified portion of any payment of principal, premium, if any, and/or interest, if any, in respect of this Note in the Specified Currency, but the Specified Currency is not available due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the Holder of this Note by making such payment in United States dollars on the basis of the Market Exchange Rate (as defined below) determined by the Exchange Rate Agent on the second Business Day prior to such payment date or, if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate. The "Market Exchange Rate" for the Specified Currency other than United States dollars means the noon dollar buying rate in The City of New York for cable transfers for the Specified Currency as certified for customs purposes (or, if not so certified, as otherwise determined) by the Federal Reserve Bank of New York. Any payment made in United States dollars under such circumstances shall not constitute an Event of Default (as defined in the Indenture).

All determinations referred to above made by the Exchange Rate Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Holder of this Note.

The Company agrees to indemnify the Holder of any Note against any loss incurred by such Holder as a result of any judgment or order being given or made against the Company for any amount due hereunder and such judgment or order requiring payment in a currency (the "Judgment Currency") other than the Specified Currency, and as a result of any variation between (i) the rate of exchange at which the Specified Currency amount is converted into the Judgment Currency for the purpose of such judgment or order, and (ii) the rate of exchange at which such Holder, on the date of payment of such judgment or order, is able to purchase the Specified Currency with the amount of the Judgment Currency actually received by such Holder, as the case may be. The foregoing indemnity constitutes a separate and independent obligation of the Company and continues in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" includes any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof and, if so specified on the face hereof, in an Addendum hereto, which further provisions shall have the same force and effect as if set forth on the face hereof.

Notwithstanding the foregoing, if an Addendum is attached hereto or "Other/Additional Provisions" apply to this Note as specified above, this Note shall be subject to the terms set forth in such Addendum or such "Other/Additional Provisions".

Unless the Certificate of Authentication hereon has been executed by the Trustee by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, UDR, Inc. has caused this Note to be duly executed by one of its duly authorized officers.

UDR, INC.

By: /s/ David L. Messenger
Name: David L. Messenger
Title: Senior Vice President and Chief Financial Officer

ATTEST:

By: /s/ Thomas W. Toomey
Name: Thomas W. Toomey
Title: President & Chief Executive Officer

Dated: May 23, 2011

TRUSTEE'S CERTIFICATE OF AUTHENTICATION:

This is one of the Debt Securities of
the series designated therein referred
to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ K. Wendy Kumar Authentication Date: May 23, 2011

[REVERSE OF NOTE]

UDR, INC.

MEDIUM-TERM NOTE, SERIES A
DUE NINE MONTHS OR MORE FROM DATE OF ISSUE, FULLY AND
UNCONDITIONALLY GUARANTEED BY UNITED DOMINION REALTY, L.P.
(Fixed Rate)

This Note is one of a duly authorized series of Debt Securities (the "Debt Securities") of the Company issued and to be issued under an Indenture, dated as of November 1, 1995, as amended, modified or supplemented from time to time (the "Indenture"), between the Company (successor by merger to UDR, Inc., a Virginia corporation) and U.S. Bank National Association, successor trustee to Wachovia Bank, National Association, (formerly known as First Union National Bank of Virginia) as trustee (the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Debt Securities, and of the terms upon which the Debt Securities are, and are to be, authenticated and delivered. This Note is one of the series of Debt Securities designated as "Medium-Term Notes, Series A Due Nine Months or More From Date of Issue, Fully and Unconditionally Guaranteed by United Dominion Realty, L.P." (the "Notes"). All terms used but not defined in this Note or in an Addendum hereto shall have the meanings assigned to such terms in the Indenture or on the face hereof, as the case may be.

United Dominion Realty, L.P., a Delaware limited partnership (the "Operating Partnership") as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees to the Holder and to the Trustee and their successors and assigns (a) the full and punctual payment when due, whether at the Maturity Date, by acceleration or otherwise, of all obligations of the Company now or hereafter existing under the Indenture whether for principal of or interest on the Notes (and premium and Make-Whole Amount, if applicable) and all other monetary obligations of the Company under the Indenture and the Notes and (b) the full and punctual performance within the applicable grace periods of all other obligations of the Company under the Indenture and the Notes (all such obligations guaranteed hereby by the Operating Partnership being the "Guarantee"). The Holder of this Note may enforce its rights under the Guarantee directly against the Operating Partnership without first making a demand or taking action against the Company or any other person or entity. The Operating Partnership may, without the consent of the Holder of this Note, assume all of the Company's rights and obligations under this Note and, upon such assumption, the Company will be released from its liabilities under the Indenture and this Note.

This Note is issuable only in registered form without coupons in minimum denominations of U.S. $1,000 and integral multiples thereof or other Authorized Denomination specified on the face hereof.

This Note will not be subject to any sinking fund and, unless otherwise specified on the face hereof in accordance with the provisions of the following two paragraphs, will not be redeemable or repayable prior to the Stated Maturity Date.

This Note will be subject to redemption at the option of the Company on any date on or after the Initial Redemption Date, if any, specified on the face hereof, in whole or from time to time in part in increments of U.S. $1,000 or other integral multiple of an Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. $1,000 or such other minimum Authorized Denomination), at the Redemption Price (as defined below), together with unpaid interest accrued thereon to the date fixed for redemption (the "Redemption Date"), on written notice given to the Holder hereof (in accordance with the provisions of the Indenture) not more than 60 nor less than 30 calendar days prior to the Redemption Date. The "Redemption Price" shall be an amount equal to the Initial Redemption Percentage specified on the face hereof (as adjusted by the Annual Redemption Percentage Reduction, if any, specified on the face hereof) multiplied by the unpaid principal amount of this Note to be redeemed. The Initial Redemption Percentage, if any, shall decline at each anniversary of the Initial Redemption Date by the Annual Redemption Percentage Reduction, if any, until the Redemption Price is 100% of unpaid principal amount to be redeemed. In the event of redemption of this Note in part only, a new Note of like tenor for the unredeemed portion hereof and otherwise having the same terms and provisions as this Note shall be issued by the Company in the name of the Holder hereof upon the presentation and surrender hereof.

This Note will be subject to repayment by the Company at the option of the Holder hereof on the Optional Repayment Date(s), if any, specified on the face hereof, in whole or in part in increments of U.S. $1,000 or other integral multiple of an Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. $1,000 or such other minimum Authorized Denomination), at a repayment price equal to 100% of the unpaid principal amount to be repaid, together with unpaid interest accrued thereon to the date fixed for repayment (the "Repayment Date"). For this Note to be repaid, the Trustee must receive at its corporate trust office in the Borough of Manhattan, The City of New York, not more than 60 nor less than 30 calendar days prior to the Repayment Date, such Note and instructions to such effect forwarded by the Holder hereof. Exercise of such repayment option by the Holder hereof shall be irrevocable. In the event of repayment of this Note in part only, a new Note of like tenor for the unrepaid portion hereof and otherwise having the same terms and provisions as this Note shall be issued by the Company in the name of the Holder hereof upon the presentation and surrender hereof.

If this Note is specified on the face hereof to be a Discount Note, the amount payable to the Holder of this Note in the event of redemption, repayment or acceleration of maturity will be equal to the sum of (1) the Issue Price specified on the face hereof (increased by any accruals of the Discount, as defined below) and, in the event of any redemption of this Note (if applicable), multiplied by the Initial Redemption Percentage (as adjusted by the Annual Redemption Percentage Reduction, if applicable) and (2) any unpaid interest accrued thereon to the Redemption Date, Repayment Date or date of acceleration of maturity, as the case may be. The difference between the Issue Price and 100% of the principal amount of this Note is referred to herein as the "Discount".

For purposes of determining the amount of Discount that has accrued as of any Redemption Date, Repayment Date or date of acceleration of maturity of this Note, such Discount will be accrued so as to cause the yield on the Note to be constant. The constant yield will be calculated using a 30-day month, 360-day year convention, a compounding period that, except for the Initial Period (as defined below), corresponds to the shortest period between Interest Payment Dates (with ratable accruals within a compounding period) and an assumption that the maturity of this Note will not be accelerated. If the period from the Original Issue Date to the initial Interest Payment Date (the "Initial Period") is shorter than the compounding period for this Note, a proportionate amount of the yield for an entire compounding period will be accrued. If the Initial Period is longer than the compounding period, then such period will be divided into a regular compounding period and a short period, with the short period being treated as provided in the preceding sentence.

The covenants set forth in Section 1004(a) and Section 1007 of the Indenture shall not apply to this Note, and the following covenants shall instead apply to this Note in place of the covenants set forth in Section 1004(a) and Section 1007 of the Indenture:

"The Trust will, and will cause the Subsidiaries to, have at all times Total Unencumbered Assets of not less than 150% of the aggregate principal amount of all of the Trust's outstanding Unsecured Debt and the outstanding Unsecured Debt of the Subsidiaries, determined on a consolidated basis in accordance with GAAP.

The Trust will not, and will not permit any Subsidiary to, incur any Debt if, immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds thereof, the aggregate principal amount of all outstanding Debt of the Trust and its Subsidiaries on a consolidated basis determined in accordance with GAAP is greater than 65% of the sum of (without duplication) (i) the Trust's Total Assets as of the end of the calendar quarter covered in the Trust's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the Commission (or, if such filing is not permitted under the Exchange Act, with the Trustee) prior to the incurrence of such additional Debt and (ii) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by the Trust or any Subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt.

'Total Unencumbered Assets' means the sum of, without duplication, those Undepreciated Real Estate Assets which are not subject to a lien securing Debt and all other assets, excluding accounts receivable and intangibles, of the Trust and the Subsidiaries not subject to a lien securing Debt, all determined on a consolidated basis in accordance with GAAP; provided, however, that all investments by the Trust and the Subsidiaries in unconsolidated joint ventures, unconsolidated limited partnerships, unconsolidated limited liability

companies and other unconsolidated entities shall be excluded from Total Unencumbered Assets to the extent that such investments would have otherwise been included."

If an Event of Default shall occur and be continuing, the principal of the Notes may, and in certain cases shall, be accelerated in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance of (i) the entire indebtedness of the Notes or (ii) certain covenants and Events of Default with respect to the Notes, in each case upon compliance with certain conditions set forth therein, which provisions apply to the Notes.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Debt Securities at any time by the Company and the Trustee with the consent of the Holders of a majority of the aggregate principal amount of all Debt Securities at the time outstanding and affected thereby. The Indenture also contains provisions permitting the Holders of a majority of the aggregate principal amount of the outstanding Debt Securities of any series, on behalf of the Holders of all such Debt Securities, to waive compliance by the Company with certain provisions of the Indenture. Furthermore, provisions in the Indenture permit the Holders of a majority of the aggregate principal amount of the outstanding Debt Securities of any series, in certain instances, to waive, on behalf of all of the Holders of Debt Securities of such series, certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and other Notes issued upon the registration of transfer hereof or in exchange heretofore or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay principal, premium, if any, and interest in respect of this Note at the times, places and rate or formula, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein and herein set forth, the transfer of this Note is registrable in the Security Register of the Company upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal hereof and any premium or interest hereon are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or by his attorney duly authorized in writing, and thereupon one or more new Notes having the same terms and provisions, of Authorized Denominations and for the same aggregate principal amount, will be issued by the Company to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein and herein set forth, this Note is exchangeable for a like aggregate principal amount of Notes of different Authorized Denominations but otherwise having the same terms and provisions, as requested by the Holder hereof surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Holder as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary, except as required by law.

THE INDENTURE AND THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIFT MIN ACT	- _____ Custodian _____ (Cust) (Minor) under Uniform Gifts to Minors Act _____ (State)
TEN ENT	- as tenants by the entireties		
JT TEN	- as joint tenants with right of survivorship and not as tenants in common		

Additional abbreviations may also be used though not in the above list.

_____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY
OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

_____

(Please print or typewrite name and address including postal zip code of assignee)

this Note and all rights thereunder hereby irrevocably constituting and appointing

Attorney to transfer this Note on the books of the Company, with full power of substitution in the premises.

Dated: _____ _____

_____ _____

Notice: The signature(s) on this Assignment must correspond with the name(s) as written upon the face of this Note in every particular, without alteration or enlargement or any change whatsoever.

UDR, INC.

ADDENDUM TO MEDIUM-TERM NOTE
(Fixed Rate)

The Company may redeem all or part of this Note at any time at its option at a redemption price equal to the greater of (1) the principal amount of this Note being redeemed plus accrued and unpaid interest to the redemption date or (2) the Make-Whole Amount for the principal amount of this Note being redeemed.

"Make-Whole Amount" means, as determined by the Quotation Agent, the sum of the present values of the principal amount of this Note to be redeemed, together with the scheduled payments of interest (exclusive of interest to the redemption date) from the redemption date to the maturity date of this Note being redeemed, in each case discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate, plus accrued and unpaid interest on the principal amount of this Note being redeemed to the redemption date.

"Adjusted Treasury Rate" means, with respect to any redemption date, the sum of (x) either (1) the yield for the maturity corresponding to the Comparable Treasury Issue, under the heading that represents the average for the immediately preceding week, appearing in the most recent published statistical release designated "H.15 (519)" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities" (provided, if no maturity is within three months before or after the remaining term of this Note, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounded to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third business day preceding the redemption date, and (y) 0.30%.

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the redemption date to the maturity date of this Note that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of this Note.

"Comparable Treasury Price" means, with respect to any redemption date, (x) the average of three Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations so obtained or (y) if fewer than five Reference Treasury Dealer Quotations are so obtained, the average of all such Reference Treasury Dealer Quotations so obtained.

"Quotation Agent" means the Reference Treasury Dealer selected by the indenture trustee after consultation with the Company.

"Reference Treasury Dealer" means any of Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., their respective successors and assigns and one other nationally recognized investment banking firm selected by the Company that is a primary U.S. Government securities dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the indenture trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the indenture trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Exhibit 4.17

UDR, INC.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (THE "DEPOSITARY") (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER HEREOF OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN CERTIFICATED FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.

REGISTERED No. FXR-10	CUSIP No.: 90265EAG5	PRINCIPAL AMOUNT: $400,000,000

UDR, INC.

MEDIUM-TERM NOTE
SERIES A
DUE NINE MONTHS OR
MORE FROM DATE OF ISSUE,
FULLY AND
UNCONDITIONALLY
GUARANTEED BY UNITED
DOMINION REALTY, L.P.
(Fixed Rate)

ORIGINAL ISSUE DATE: January 10, 2012	INTEREST RATE: 4.625%	STATED MATURITY DATE: January 10, 2022
INTEREST PAYMENT DATE(S) [X] January 10, and July 10, commencing July 10, 2012 [ ] Other:	[X] CHECK IF DISCOUNT NOTE Issue Price: 99.100% plus accrued interest from January 10, 2012	
INITIAL REDEMPTION DATE: See Addendum	INITIAL REDEMPTION PERCENTAGE: See Addendum	ANNUAL REDEMPTION PERCENTAGE REDUCTION: See Addendum
OPTIONAL REPAYMENT DATE(S): See Addendum		
SPECIFIED CURRENCY: [X] United States dollars [ ] Other:	AUTHORIZED DENOMINATION: [X] $1,000 and integral multiples thereof [ ] Other:	EXCHANGE RATE AGENT: N/A
ADDENDUM ATTACHED [X] Yes [ ] No	DEFAULT INTEREST RATE: N/A	OTHER/ADDITIONAL PROVISIONS: N/A

UDR, INC., a Maryland corporation (the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & Co., as nominee for The Depository Trust Company, or registered assigns, the Principal Amount of FOUR HUNDRED MILLION DOLLARS ($400,000.000), on the Stated Maturity Date specified above (or any Redemption Date or Repayment Date, each as defined on the reverse hereof, or any earlier date of acceleration of maturity) (each such date being hereinafter referred to as the "Maturity Date" with respect to the principal repayable on such date) and to pay interest thereon (and on any overdue principal, premium and/or interest to the extent legally enforceable) at the Interest Rate per annum specified above, until the principal hereof is paid or duly made available for payment. The Company will pay interest in arrears on each Interest Payment Date, if any, specified above (each, an "Interest Payment Date"), commencing with the first Interest Payment Date next succeeding the Original Issue Date specified above, and on the Maturity Date; provided , however , that if the Original Issue Date occurs between a Record Date (as defined below) and the next succeeding Interest Payment Date, interest payment will commence on the Interest Payment Date immediately following the next succeeding Record Date to the registered holder (the "Holder") of this Note on the next succeeding Record Date. Interest on this Note will be computed on the basis of a 360-day year of twelve 30-day months.

United Dominion Realty, L.P., a Delaware limited partnership (the "Operating Partnership") as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees to the Holder and to the Trustee and their successors and assigns (a) the full and punctual payment when due, whether at the Maturity Date, by acceleration or otherwise, of all obligations of the Company now or hereafter existing under the Indenture whether for principal of or interest on the Notes (and premium and Make-Whole Amount, if applicable) and all other monetary obligations of the Company under the Indenture and the Notes and (b) the full and punctual performance within the applicable grace periods of all other obligations of the Company under the Indenture and the Notes (all such obligations guaranteed hereby by the Operating Partnership being the "Guarantee"). The Holder of this Note may enforce its rights under the Guarantee directly against the Operating Partnership without first making a demand or taking action against the Company or any other person or entity. The Operating Partnership may, without the consent of the Holder of this Note, assume all of the Company's rights and obligations under this Note and, upon such assumption, the Company will be released from its liabilities under the Indenture and this Note.

Interest on this Note will accrue from, and including, the immediately preceding Interest Payment Date to which interest has been paid or duly provided for (or from, and including, the Original Issue Date if no interest has been paid or duly provided for) to, but excluding, the applicable Interest Payment Date or the Maturity Date, as the case may be (each, an "Interest Period"). The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, subject to certain exceptions described herein, be paid to the person in whose name this Note (or one or more predecessor Notes, as defined on the reverse hereof) is registered at the close of business on the fifteenth calendar day (whether or not a Business Day, as defined below) immediately preceding such Interest Payment Date (the "Record Date"); provided , however , that interest payable on the Maturity Date will be payable to the person to whom the principal hereof and premium, if any, hereon shall be payable. Any such interest not so punctually paid or duly provided for on any Interest Payment Date other than the Maturity Date ("Defaulted Interest") shall forthwith cease to be payable to the Holder on the close of business on any Record Date and, instead, shall be paid to the person in whose name this Note is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by the Trustee hereinafter referred to, notice whereof shall be given to the Holder of this Note by the Trustee not less than 10 calendar days prior to such Special Record Date or may be paid at any time in any other lawful manner, all as more fully provided for in the Indenture.

Payment of principal, premium, if any, and interest in respect of this Note due on the Maturity Date will be made in immediately available funds upon presentation and surrender of this Note (and, with respect to any applicable repayment of this Note, upon delivery of instructions as contemplated on the reverse hereof) at the office or agency maintained by the Company for that purpose in the Borough of Manhattan, The City of New York, currently the corporate trust office of the Trustee located at 40 Broad Street, 5th Floor, New York, New York 10004, or at such other paying agency in the Borough of Manhattan, The City of New York, as the Company may determine; provided , however , that if the Specified Currency (as defined below) is other than United States dollars and such payment is to be made in the Specified Currency in accordance with the provisions set forth below, such payment will be made by wire transfer of immediately available funds to an account with a bank designated by the Holder hereof at least 15 calendar days prior to the Maturity Date, provided that such bank has appropriate facilities therefor and that this Note is presented and surrendered and, if applicable, instructions are delivered at the aforementioned office or agency maintained by the Company in time for the Trustee to make such payment in such funds in accordance with its normal procedures. Payment of interest due on any Interest Payment Date other than the Maturity Date

will be made at the aforementioned office or agency maintained by the Company or, at the option of the Company, by check mailed to the address of the person entitled thereto as such address shall appear in the Security Register maintained by the Trustee; provided , however , that a Holder of U.S.$10,000,000 (or, if the Specified Currency is other than United States dollars, the equivalent thereof in the Specified Currency) or more in aggregate principal amount of Notes (whether having identical or different terms and provisions) will be entitled to receive interest payments on such Interest Payment Date by wire transfer of immediately available funds if such Holder has delivered appropriate wire transfer instructions in writing to the Trustee not less than 15 calendar days prior to such Interest Payment Date. Any such wire transfer instructions received by the Trustee shall remain in effect until revoked by such Holder.

If any Interest Payment Date or the Maturity Date falls on a day that is not a Business Day, the required payment of principal, premium, if any, and/or interest shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue with respect to such payment for the period from and after such Interest Payment Date or the Maturity Date, as the case may be, to the date of such payment on the next succeeding Business Day.

As used herein, “Business Day” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York; provided , however , that if the Specified Currency is other than United States dollars, such day must also not be a day on which commercial banks are authorized or required by law, regulation or executive order to close in the

Principal Financial Center (as defined below) of the country issuing the Specified Currency (or, if the Specified Currency is Euro, such day must also be a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open). "Principal Financial Center" means the capital city of the country issuing the Specified Currency, except that with respect to United States dollars, Australian dollars, Canadian dollars, Euros, South African rands and Swiss francs, the "Principal Financial Center" shall be The City of New York, Sydney, Toronto, Johannesburg and Zurich, respectively.

The Company is obligated to make payment of principal, premium, if any, and interest in respect of this Note in the currency in which this Note is denominated above (or, if such currency is not at the time of such payment legal tender for the payment of public and private debts in the country issuing such currency or, if such currency is Euro, in the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, then the currency which is at the time of such payment legal tender in the related country or in the adopting member states of the European Union, as the case may be) (the "Specified Currency"). If the Specified Currency is other than United States dollars, except as otherwise provided below, any such amounts so payable by the Company will be converted by the Exchange Rate Agent specified above into United States dollars for payment to the Holder of this Note.

Any United States dollar amount to be received by the Holder of this Note will be based on the highest bid quotation in The City of New York received by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Business Day preceding the applicable payment date from three recognized foreign exchange dealers (one of whom may be the Exchange Rate Agent) selected by the Exchange Rate Agent and approved by the Company for the purchase by the quoting dealer of the Specified Currency for United States dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all Holders of Notes scheduled to receive United States dollar payments and at which the applicable dealer commits to execute a contract. All currency exchange costs will be borne by the Holder of this Note by deductions from such payments. If three such bid quotations are not available, payments on this Note will be made in the Specified Currency.

If the Specified Currency is other than United States dollars, the Holder of this Note may elect to receive all or a specified portion of any payment of principal,

premium, if any, and/or interest, if any, in respect of this Note in the Specified Currency by submitting a written request for such payment to the Trustee at its corporate trust office in The City of New York on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be. Such written request may be mailed or hand delivered or sent by cable, telex or other form of facsimile transmission. The Holder of this Note may elect to receive all or a specified portion of all future payments in the Specified Currency in respect of such principal, premium, if any, and/or interest, if any, and need not file a separate election for each payment. Such election will remain in effect until revoked by written notice delivered to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be.

If the Specified Currency is other than United States dollars and the Holder of this Note shall have duly made an election to receive all or a specified portion of any payment of principal, premium, if any, and/or interest, if any, in respect of this Note in the Specified Currency, but the Specified Currency is not available due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the Holder of this Note by making such payment in United States dollars on the basis of the Market Exchange Rate (as defined below) determined by the Exchange Rate Agent on the second Business Day prior to such payment date or, if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate. The "Market Exchange Rate" for the Specified Currency other than United States dollars means the noon dollar buying rate in The City of New York for cable transfers for the Specified Currency as certified for customs purposes (or, if not so certified, as otherwise determined) by the Federal Reserve Bank of New York. Any payment made in United States dollars under such circumstances shall not constitute an Event of Default (as defined in the Indenture).

All determinations referred to above made by the Exchange Rate Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Holder of this Note.

The Company agrees to indemnify the Holder of any Note against any loss incurred by such Holder as a result of any judgment or order being given or made against the Company for any amount due hereunder and such judgment or order requiring payment in a currency (the "Judgment Currency") other than the Specified Currency, and as a result of any variation between (i) the rate of exchange at which the Specified Currency amount is converted into the Judgment Currency for the purpose of such judgment or order, and (ii) the rate of exchange at which such Holder, on the date of payment of such judgment or order, is able to purchase the Specified Currency with the amount of the Judgment Currency actually received by such Holder, as the case may be. The foregoing indemnity constitutes a separate and independent obligation of the Company and continues in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" includes any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof and, if so specified on the face hereof, in an Addendum hereto, which further provisions shall have the same force and effect as if set forth on the face hereof.

Notwithstanding the foregoing, if an Addendum is attached hereto or "Other/Additional Provisions" apply to this Note as specified above, this Note shall be subject to the terms set forth in such Addendum or such "Other/Additional Provisions".

Unless the Certificate of Authentication hereon has been executed by the Trustee by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, UDR, Inc. has caused this Note to be duly executed by one of its duly authorized officers.

UDR, INC.

By: /s/ David L. Messenger
Name: David L. Messenger
Title: Senior Vice President and Chief Financial Officer

ATTEST:

By: /s/ Leslie E. Green
Name: Leslie E. Green
Title: Assistant Secretary

Dated: January 10, 2012

TRUSTEE'S CERTIFICATE OF AUTHENTICATION:

This is one of the Debt Securities of
the series designated therein referred
to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ K. Wendy Kumar Authentication Date: January 10, 2012
Authorized Signatory

[REVERSE OF NOTE]

UDR, INC.

MEDIUM-TERM NOTE, SERIES A
DUE NINE MONTHS OR MORE FROM DATE OF ISSUE, FULLY AND
UNCONDITIONALLY GUARANTEED BY UNITED DOMINION REALTY, L.P.
(Fixed Rate)

This Note is one of a duly authorized series of Debt Securities (the "Debt Securities") of the Company issued and to be issued under an Indenture, dated as of November 1, 1995, as amended, modified or supplemented from time to time (the "Indenture"), between the Company (successor by merger to UDR, Inc., a Virginia corporation) and U.S. Bank National Association, successor trustee to Wachovia Bank, National Association, (formerly known as First Union National Bank of Virginia) as trustee (the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Debt Securities, and of the terms upon which the Debt Securities are, and are to be, authenticated and delivered. This Note is one of the series of Debt Securities designated as "Medium-Term Notes, Series A Due Nine Months or More From Date of Issue, Fully and Unconditionally Guaranteed by United Dominion Realty, L.P." (the "Notes"). All terms used but not defined in this Note or in an Addendum hereto shall have the meanings assigned to such terms in the Indenture or on the face hereof, as the case may be.

United Dominion Realty, L.P., a Delaware limited partnership (the "Operating Partnership") as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees to the Holder and to the Trustee and their successors and assigns (a) the full and punctual payment when due, whether at the Maturity Date, by acceleration or otherwise, of all obligations of the Company now or hereafter existing under the Indenture whether for principal of or interest on the Notes (and premium and Make-Whole Amount, if applicable) and all other monetary obligations of the Company under the Indenture and the Notes and (b) the full and punctual performance within the applicable grace periods of all other obligations of the Company under the Indenture and the Notes (all such obligations guaranteed hereby by the Operating Partnership being the "Guarantee"). The Holder of this Note may enforce its rights under the Guarantee directly against the Operating Partnership without first making a demand or taking action against the Company or any other person or entity. The Operating Partnership may, without the consent of the Holder of this Note, assume all of the Company's rights and obligations under this Note and, upon such assumption, the Company will be released from its liabilities under the Indenture and this Note.

This Note is issuable only in registered form without coupons in minimum denominations of U.S. $1,000 and integral multiples thereof or other Authorized Denomination specified on the face hereof.

This Note will not be subject to any sinking fund and, unless otherwise specified on the face hereof in accordance with the provisions of the following two paragraphs, will not be redeemable or repayable prior to the Stated Maturity Date.

This Note will be subject to redemption at the option of the Company on any date on or after the Initial Redemption Date, if any, specified on the face hereof, in whole or from time to time in part in increments of U.S. $1,000 or other integral multiple of an Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. $1,000 or such other minimum Authorized Denomination), at the Redemption Price (as defined below), together with unpaid interest accrued thereon to the date fixed for redemption (the "Redemption Date"), on written notice given to the Holder hereof (in accordance with the provisions of the Indenture) not more than 60 nor less than 30 calendar days prior to the Redemption Date. The "Redemption Price" shall be an amount equal to the Initial Redemption Percentage specified on the face hereof (as adjusted by the Annual Redemption Percentage Reduction, if any, specified on the face hereof) multiplied by the unpaid principal amount of this Note to be redeemed. The Initial Redemption Percentage, if any, shall decline at each anniversary of the Initial Redemption Date by the Annual Redemption Percentage Reduction, if any, until the Redemption Price is 100% of unpaid principal amount to be redeemed. In the event of redemption of this Note in part only, a new Note of like tenor for the unredeemed portion hereof and otherwise having the same terms and provisions as this Note shall be issued by the Company in the name of the Holder hereof upon the presentation and surrender hereof.

This Note will be subject to repayment by the Company at the option of the Holder hereof on the Optional Repayment Date(s), if any, specified on the face hereof, in whole or in part in increments of U.S. $1,000 or other integral multiple of an Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. $1,000 or such other minimum Authorized Denomination), at a repayment price equal to 100% of the unpaid principal amount to be repaid, together with unpaid interest accrued thereon to the date fixed for repayment (the "Repayment Date"). For this Note to be repaid, the Trustee must receive at its corporate trust office in the Borough of Manhattan, The City of New York, not more than 60 nor less than 30 calendar days prior to the Repayment Date, such Note and instructions to such effect forwarded by the Holder hereof. Exercise of such repayment option by the Holder hereof shall be irrevocable. In the event of repayment of this Note in part only, a new Note of like tenor for the unrepaid portion hereof and otherwise having the same terms and provisions as this Note shall be issued by the Company in the name of the Holder hereof upon the presentation and surrender hereof.

If this Note is specified on the face hereof to be a Discount Note, the amount payable to the Holder of this Note in the event of redemption, repayment or acceleration of maturity will be equal to the sum of (1) the Issue Price specified on the face hereof (increased by any accruals of the Discount, as defined below) and, in the event of any redemption of this Note (if applicable), multiplied by the Initial Redemption Percentage (as adjusted by the Annual Redemption Percentage Reduction, if applicable) and (2) any unpaid interest accrued thereon to the Redemption Date, Repayment Date or date of acceleration of maturity, as the case may be. The difference between the Issue Price and 100% of the principal amount of this Note is referred to herein as the "Discount".

For purposes of determining the amount of Discount that has accrued as of any Redemption Date, Repayment Date or date of acceleration of maturity of this Note, such Discount will be accrued so as to cause the yield on the Note to be constant. The constant yield will be calculated using a 30-day month, 360-day year convention, a compounding period that, except for the Initial Period (as defined below), corresponds to the shortest period between Interest Payment Dates (with ratable accruals within a compounding period) and an assumption that the maturity of this Note will not be accelerated. If the period from the Original Issue Date to the initial Interest Payment Date (the "Initial Period") is shorter than the compounding period for this Note, a proportionate amount of the yield for an entire compounding period will be accrued. If the Initial Period is longer than the compounding period, then such period will be divided into a regular compounding period and a short period, with the short period being treated as provided in the preceding sentence.

The covenants set forth in Section 1004(a) and Section 1007 of the Indenture shall not apply to this Note, and the following covenants shall instead apply to this Note in place of the covenants set forth in Section 1004(a) and Section 1007 of the Indenture:

"The Trust will, and will cause the Subsidiaries to, have at all times Total Unencumbered Assets of not less than 150% of the aggregate principal amount of all of the Trust's outstanding Unsecured Debt and the outstanding Unsecured Debt of the Subsidiaries, determined on a consolidated basis in accordance with GAAP.

The Trust will not, and will not permit any Subsidiary to, incur any Debt if, immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds thereof, the aggregate principal amount of all outstanding Debt of the Trust and its Subsidiaries on a consolidated basis determined in accordance with GAAP is greater than 65% of the sum of (without duplication) (i) the Trust's Total Assets as of the end of the calendar quarter covered in the Trust's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the Commission (or, if such filing is not permitted under the Exchange Act, with the Trustee) prior to the incurrence of such additional Debt and (ii) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by the Trust or any Subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt.

'Total Unencumbered Assets' means the sum of, without duplication, those Undepreciated Real Estate Assets which are not subject to a lien securing Debt and all other assets, excluding accounts receivable and intangibles, of the Trust and the Subsidiaries not subject to a lien securing Debt, all determined on a consolidated basis in accordance with GAAP; provided, however, that all investments by the Trust and the Subsidiaries in unconsolidated joint ventures, unconsolidated limited partnerships, unconsolidated limited liability

companies and other unconsolidated entities shall be excluded from Total Unencumbered Assets to the extent that such investments would have otherwise been included."

If an Event of Default shall occur and be continuing, the principal of the Notes may, and in certain cases shall, be accelerated in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance of (i) the entire indebtedness of the Notes or (ii) certain covenants and Events of Default with respect to the Notes, in each case upon compliance with certain conditions set forth therein, which provisions apply to the Notes.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Debt Securities at any time by the Company and the Trustee with the consent of the Holders of a majority of the aggregate principal amount of all Debt Securities at the time outstanding and affected thereby. The Indenture also contains provisions permitting the Holders of a majority of the aggregate principal amount of the outstanding Debt Securities of any series, on behalf of the Holders of all such Debt Securities, to waive compliance by the Company with certain provisions of the Indenture. Furthermore, provisions in the Indenture permit the Holders of a majority of the aggregate principal amount of the outstanding Debt Securities of any series, in certain instances, to waive, on behalf of all of the Holders of Debt Securities of such series, certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and other Notes issued upon the registration of transfer hereof or in exchange heretofore or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay principal, premium, if any, and interest in respect of this Note at the times, places and rate or formula, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein and herein set forth, the transfer of this Note is registrable in the Security Register of the Company upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal hereof and any premium or interest hereon are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or by his attorney duly authorized in writing, and thereupon one or more new Notes having the same terms and provisions, of Authorized Denominations and for the same aggregate principal amount, will be issued by the Company to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein and herein set forth, this Note is exchangeable for a like aggregate principal amount of Notes of different Authorized Denominations but otherwise having the same terms and provisions, as requested by the Holder hereof surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Holder as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary, except as required by law.

THE INDENTURE AND THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIFT MIN ACT	- _____ Custodian _____ (Cust) (Minor) under Uniform Gifts to Minors Act _____ (State)
TEN ENT	- as tenants by the entireties		
JT TEN	- as joint tenants with right of survivorship and not as tenants in common		

Additional abbreviations may also be used though not in the above list.

_____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY
OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

_____

(Please print or typewrite name and address including postal zip code of assignee)

this Note and all rights thereunder hereby irrevocably constituting and appointing

Attorney to transfer this Note on the books of the Company, with full power of substitution in the premises.

Dated: _____ _____

_____ _____

Notice: The signature(s) on this Assignment must correspond with the name(s) as written upon the face of this Note in every particular, without alteration or enlargement or any change whatsoever.

UDR, INC.

ADDENDUM TO MEDIUM-TERM NOTE
(Fixed Rate)

The Company may redeem all or part of this Note at any time at its option at a redemption price equal the greater of (1) the principal amount of this Note being redeemed plus accrued and unpaid interest to the redemption date or (2) the Make-Whole Amount for the principal amount of this Note being redeemed. If this Note is redeemed on or after 90 days prior to the maturity date, the redemption price will equal the principal amount of this Note being redeemed plus accrued and unpaid interest to the redemption date.

"Make-Whole Amount" means, as determined by the Quotation Agent, the sum of the present values of the principal amount of this Note to be redeemed, together with the scheduled payments of interest (exclusive of interest to the redemption date) from the redemption date to the maturity date of this Note being redeemed, in each case discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate, plus accrued and unpaid interest on the principal amount of this Note being redeemed to the redemption date.

"Adjusted Treasury Rate" means, with respect to any redemption date, the sum of (x) either (1) the yield for the maturity corresponding to the Comparable Treasury Issue, under the heading that represents the average for the immediately preceding week, appearing in the most recent published statistical release designated "H.15 (519)" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities" (provided, if no maturity is within three months before or after the remaining term of this Note, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounded to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third business day preceding the redemption date, and (y) 0.45%.

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the redemption date to the maturity date of this Note that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of this Note.

"Comparable Treasury Price" means, with respect to any redemption date, (x) the average of three Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations so obtained or (y) if fewer than five Reference Treasury Dealer Quotations are so obtained, the average of all such Reference Treasury Dealer Quotations so obtained.

"Quotation Agent" means the Reference Treasury Dealer selected by the indenture trustee after consultation with the Company.

"Reference Treasury Dealer" means any of Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Credit Suisse Securities (USA) LLC, Morgan Keegan & Company, Inc., their respective successors and assigns and one other nationally recognized investment banking firm selected by the Company that is a primary U.S. Government securities dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the indenture trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the indenture trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Exhibit 4.18

UDR, INC.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (THE "DEPOSITARY") (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER HEREOF OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN CERTIFICATED FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.

REGISTERED No.	CUSIP No.: 90265EAH3	PRINCIPAL AMOUNT: $300,000,000

UDR, INC.

MEDIUM-TERM NOTE
SERIES A
DUE NINE MONTHS OR
MORE FROM DATE OF ISSUE,
FULLY AND
UNCONDITIONALLY
GUARANTEED BY UNITED
DOMINION REALTY, L.P.
(Fixed Rate)

ORIGINAL ISSUE DATE: September 26, 2013	INTEREST RATE: 3.700%	STATED MATURITY DATE: October 1, 2020
INTEREST PAYMENT DATE(S) [X] April 1, and October 1, commencing April 1, 2014 [ ] Other:	[X] CHECK IF DISCOUNT NOTE Issue Price: 99.981% plus accrued interest from September 26, 2013	
INITIAL REDEMPTION DATE: See Addendum	INITIAL REDEMPTION PERCENTAGE: See Addendum	ANNUAL REDEMPTION PERCENTAGE REDUCTION: See Addendum
OPTIONAL REPAYMENT DATE(S): See Addendum		
SPECIFIED CURRENCY: [X] United States dollars [ ] Other:	AUTHORIZED DENOMINATION: [X] $1,000 and integral multiples thereof [ ] Other:	EXCHANGE RATE AGENT: N/A
ADDENDUM ATTACHED [X] Yes [ ] No	DEFAULT INTEREST RATE: N/A	OTHER/ADDITIONAL PROVISIONS: N/A

UDR, INC., a Maryland corporation (the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & Co., as nominee for The Depository Trust Company, or registered assigns, the Principal Amount of THREE HUNDRED MILLION DOLLARS ($300,000.000), on the Stated Maturity Date specified above (or any Redemption Date or Repayment Date, each as defined on the reverse hereof, or any earlier date of acceleration of maturity) (each such date being hereinafter referred to as the "Maturity Date" with respect to the principal repayable on such date) and to pay interest thereon (and on any overdue principal, premium and/or interest to the extent legally enforceable) at the Interest Rate per annum specified above, until the principal hereof is paid or duly made available for payment. The Company will pay interest in arrears on each Interest Payment Date, if any, specified above (each, an "Interest Payment Date"), commencing with the first Interest Payment Date next succeeding the Original Issue Date specified above, and on the Maturity Date; provided , however , that if the Original Issue Date occurs between a Record Date (as defined below) and the next succeeding Interest Payment Date, interest payment will commence on the Interest Payment Date immediately following the next succeeding Record Date to the registered holder (the "Holder") of this Note on the next succeeding Record Date. Interest on this Note will be computed on the basis of a 360-day year of twelve 30-day months.

United Dominion Realty, L.P., a Delaware limited partnership (the "Operating Partnership") as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees to the Holder and to the Trustee and their successors and assigns (a) the full and punctual payment when due, whether at the Maturity Date, by acceleration or otherwise, of all obligations of the Company now or hereafter existing under the Indenture whether for principal of or interest on the Notes (and premium and Make-Whole Amount, if applicable) and all other monetary obligations of the Company under the Indenture and the Notes and (b) the full and punctual performance within the applicable grace periods of all other obligations of the Company under the Indenture and the Notes (all such obligations guaranteed hereby by the Operating Partnership being the "Guarantee"). The Holder of this Note may enforce its rights under the Guarantee directly against the Operating Partnership without first making a demand or taking action against the Company or any other person or entity. The Operating Partnership may, without the consent of the Holder of this Note, assume all of the Company's rights and obligations under this Note and, upon such assumption, the Company will be released from its liabilities under the Indenture and this Note.

Interest on this Note will accrue from, and including, the immediately preceding Interest Payment Date to which interest has been paid or duly provided for (or from, and including, the Original Issue Date if no interest has been paid or duly provided for) to, but excluding, the applicable Interest Payment Date or the Maturity Date, as the case may be (each, an "Interest Period"). The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, subject to certain exceptions described herein, be paid to the person in whose name this Note (or one or more predecessor Notes, as defined on the reverse hereof) is registered at the close of business on the fifteenth calendar day (whether or not a Business Day, as defined below) immediately preceding such Interest Payment Date (the "Record Date"); provided , however , that interest payable on the Maturity Date will be payable to the person to whom the principal hereof and premium, if any, hereon shall be payable. Any such interest not so punctually paid or duly provided for on any Interest Payment Date other than the Maturity Date ("Defaulted Interest") shall forthwith cease to be payable to the Holder on the close of business on any Record Date and, instead, shall be paid to the person in whose name this Note is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by the Trustee hereinafter referred to, notice whereof shall be given to the Holder of this Note by the Trustee not less than 10 calendar days prior to such Special Record Date or may be paid at any time in any other lawful manner, all as more fully provided for in the Indenture.

Payment of principal, premium, if any, and interest in respect of this Note due on the Maturity Date will be made in immediately available funds upon presentation and surrender of this Note (and, with respect to any applicable repayment of this Note, upon delivery of instructions as contemplated on the reverse hereof) at the office or agency maintained by the Company for that purpose in the Borough of Manhattan, The City of New York, currently the corporate trust office of the Trustee located at 40 Broad Street, 5th Floor, New York, New York 10004, or at such other paying agency in the Borough of Manhattan, The City of New York, as the Company may determine; provided , however , that if the Specified Currency (as defined below) is other than United States dollars and such payment is to be made in the Specified Currency in accordance with the provisions set forth below, such payment will be made by wire transfer of immediately available funds to an account with a bank designated by the Holder hereof at least 15 calendar days prior to the Maturity Date, provided that such bank has appropriate facilities therefor and that this Note is presented and surrendered and, if applicable, instructions are delivered at the aforementioned office or agency maintained by the Company in time for the Trustee to make such payment in such funds in accordance with its normal procedures. Payment of interest due on any Interest Payment Date other than the Maturity Date

will be made at the aforementioned office or agency maintained by the Company or, at the option of the Company, by check mailed to the address of the person entitled thereto as such address shall appear in the Security Register maintained by the Trustee; provided , however , that a Holder of U.S.$10,000,000 (or, if the Specified Currency is other than United States dollars, the equivalent thereof in the Specified Currency) or more in aggregate principal amount of Notes (whether having identical or different terms and provisions) will be entitled to receive interest payments on such Interest Payment Date by wire transfer of immediately available funds if such Holder has delivered appropriate wire transfer instructions in writing to the Trustee not less than 15 calendar days prior to such Interest Payment Date. Any such wire transfer instructions received by the Trustee shall remain in effect until revoked by such Holder.

If any Interest Payment Date or the Maturity Date falls on a day that is not a Business Day, the required payment of principal, premium, if any, and/or interest shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue with respect to such payment for the period from and after such Interest Payment Date or the Maturity Date, as the case may be, to the date of such payment on the next succeeding Business Day.

As used herein, “Business Day” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York; provided , however , that if the Specified Currency is other than United States dollars, such day must also not be a day on which commercial banks are authorized or required by law, regulation or executive order to close in the

Principal Financial Center (as defined below) of the country issuing the Specified Currency (or, if the Specified Currency is Euro, such day must also be a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open). "Principal Financial Center" means the capital city of the country issuing the Specified Currency, except that with respect to United States dollars, Australian dollars, Canadian dollars, Euros, South African rands and Swiss francs, the "Principal Financial Center" shall be The City of New York, Sydney, Toronto, Johannesburg and Zurich, respectively.

The Company is obligated to make payment of principal, premium, if any, and interest in respect of this Note in the currency in which this Note is denominated above (or, if such currency is not at the time of such payment legal tender for the payment of public and private debts in the country issuing such currency or, if such currency is Euro, in the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, then the currency which is at the time of such payment legal tender in the related country or in the adopting member states of the European Union, as the case may be) (the "Specified Currency"). If the Specified Currency is other than United States dollars, except as otherwise provided below, any such amounts so payable by the Company will be converted by the Exchange Rate Agent specified above into United States dollars for payment to the Holder of this Note.

Any United States dollar amount to be received by the Holder of this Note will be based on the highest bid quotation in The City of New York received by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Business Day preceding the applicable payment date from three recognized foreign exchange dealers (one of whom may be the Exchange Rate Agent) selected by the Exchange Rate Agent and approved by the Company for the purchase by the quoting dealer of the Specified Currency for United States dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all Holders of Notes scheduled to receive United States dollar payments and at which the applicable dealer commits to execute a contract. All currency exchange costs will be borne by the Holder of this Note by deductions from such payments. If three such bid quotations are not available, payments on this Note will be made in the Specified Currency.

If the Specified Currency is other than United States dollars, the Holder of this Note may elect to receive all or a specified portion of any payment of principal,

premium, if any, and/or interest, if any, in respect of this Note in the Specified Currency by submitting a written request for such payment to the Trustee at its corporate trust office in The City of New York on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be. Such written request may be mailed or hand delivered or sent by cable, telex or other form of facsimile transmission. The Holder of this Note may elect to receive all or a specified portion of all future payments in the Specified Currency in respect of such principal, premium, if any, and/or interest, if any, and need not file a separate election for each payment. Such election will remain in effect until revoked by written notice delivered to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be.

If the Specified Currency is other than United States dollars and the Holder of this Note shall have duly made an election to receive all or a specified portion of any payment of principal, premium, if any, and/or interest, if any, in respect of this Note in the Specified Currency, but the Specified Currency is not available due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the Holder of this Note by making such payment in United States dollars on the basis of the Market Exchange Rate (as defined below) determined by the Exchange Rate Agent on the second Business Day prior to such payment date or, if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate. The "Market Exchange Rate" for the Specified Currency other than United States dollars means the noon dollar buying rate in The City of New York for cable transfers for the Specified Currency as certified for customs purposes (or, if not so certified, as otherwise determined) by the Federal Reserve Bank of New York. Any payment made in United States dollars under such circumstances shall not constitute an Event of Default (as defined in the Indenture).

All determinations referred to above made by the Exchange Rate Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Holder of this Note.

The Company agrees to indemnify the Holder of any Note against any loss incurred by such Holder as a result of any judgment or order being given or made against the Company for any amount due hereunder and such judgment or order requiring payment in a currency (the "Judgment Currency") other than the Specified Currency, and as a result of any variation between (i) the rate of exchange at which the Specified Currency amount is converted into the Judgment Currency for the purpose of such judgment or order, and (ii) the rate of exchange at which such Holder, on the date of payment of such judgment or order, is able to purchase the Specified Currency with the amount of the Judgment Currency actually received by such Holder, as the case may be. The foregoing indemnity constitutes a separate and independent obligation of the Company and continues in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" includes any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof and, if so specified on the face hereof, in an Addendum hereto, which further provisions shall have the same force and effect as if set forth on the face hereof.

Notwithstanding the foregoing, if an Addendum is attached hereto or "Other/Additional Provisions" apply to this Note as specified above, this Note shall be subject to the terms set forth in such Addendum or such "Other/Additional Provisions".

Unless the Certificate of Authentication hereon has been executed by the Trustee by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, UDR, Inc. has caused this Note to be duly executed by one of its duly authorized officers.

UDR, Inc.
a Maryland corporation

By: /s/ Thomas M. Herzog
Name: Thomas M. Herzog
Title: Senior Vice President and Chief Financial Officer

ATTEST:

By: /s/ Leslie E. Green
Name: Leslie E. Green
Title: Assistant Secretary

Dated: September 26, 2013

TRUSTEE'S CERTIFICATE OF AUTHENTICATION:

This is one of the Debt Securities of
the series designated therein referred
to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ K. Wendy Kumar Authentication Date: September 26, 2013
Authorized Signatory

[REVERSE OF NOTE]

UDR, INC.

MEDIUM-TERM NOTE, SERIES A
DUE NINE MONTHS OR MORE FROM DATE OF ISSUE, FULLY AND
UNCONDITIONALLY GUARANTEED BY UNITED DOMINION REALTY, L.P.
(Fixed Rate)

This Note is one of a duly authorized series of Debt Securities (the "Debt Securities") of the Company issued and to be issued under an Indenture, dated as of November 1, 1995, as amended, modified or supplemented from time to time (the "Indenture"), between the Company (successor by merger to UDR, Inc., a Virginia corporation) and U.S. Bank National Association, successor trustee to Wachovia Bank, National Association, (formerly known as First Union National Bank of Virginia) as trustee (the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Debt Securities, and of the terms upon which the Debt Securities are, and are to be, authenticated and delivered. This Note is one of the series of Debt Securities designated as "Medium-Term Notes, Series A Due Nine Months or More From Date of Issue, Fully and Unconditionally Guaranteed by United Dominion Realty, L.P." (the "Notes"). All terms used but not defined in this Note or in an Addendum hereto shall have the meanings assigned to such terms in the Indenture or on the face hereof, as the case may be.

United Dominion Realty, L.P., a Delaware limited partnership (the "Operating Partnership") as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees to the Holder and to the Trustee and their successors and assigns (a) the full and punctual payment when due, whether at the Maturity Date, by acceleration or otherwise, of all obligations of the Company now or hereafter existing under the Indenture whether for principal of or interest on the Notes (and premium and Make-Whole Amount, if applicable) and all other monetary obligations of the Company under the Indenture and the Notes and (b) the full and punctual performance within the applicable grace periods of all other obligations of the Company under the Indenture and the Notes (all such obligations guaranteed hereby by the Operating Partnership being the "Guarantee"). The Holder of this Note may enforce its rights under the Guarantee directly against the Operating Partnership without first making a demand or taking action against the Company or any other person or entity. The Operating Partnership may, without the consent of the Holder of this Note, assume all of the Company's rights and obligations under this Note and, upon such assumption, the Company will be released from its liabilities under the Indenture and this Note.

This Note is issuable only in registered form without coupons in minimum denominations of U.S. $1,000 and integral multiples thereof or other Authorized Denomination specified on the face hereof.

This Note will not be subject to any sinking fund and, unless otherwise specified on the face hereof in accordance with the provisions of the following two paragraphs, will not be redeemable or repayable prior to the Stated Maturity Date.

This Note will be subject to redemption at the option of the Company on any date on or after the Initial Redemption Date, if any, specified on the face hereof, in whole or from time to time in part in increments of U.S. $1,000 or other integral multiple of an Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. $1,000 or such other minimum Authorized Denomination), at the Redemption Price (as defined below), together with unpaid interest accrued thereon to the date fixed for redemption (the "Redemption Date"), on written notice given to the Holder hereof (in accordance with the provisions of the Indenture) not more than 60 nor less than 30 calendar days prior to the Redemption Date. The "Redemption Price" shall be an amount equal to the Initial Redemption Percentage specified on the face hereof (as adjusted by the Annual Redemption Percentage Reduction, if any, specified on the face hereof) multiplied by the unpaid principal amount of this Note to be redeemed. The Initial Redemption Percentage, if any, shall decline at each anniversary of the Initial Redemption Date by the Annual Redemption Percentage Reduction, if any, until the Redemption Price is 100% of unpaid principal amount to be redeemed. In the event of redemption of this Note in part only, a new Note of like tenor for the unredeemed portion hereof and otherwise having the same terms and provisions as this Note shall be issued by the Company in the name of the Holder hereof upon the presentation and surrender hereof.

This Note will be subject to repayment by the Company at the option of the Holder hereof on the Optional Repayment Date(s), if any, specified on the face hereof, in whole or in part in increments of U.S. $1,000 or other integral multiple of an Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. $1,000 or such other minimum Authorized Denomination), at a repayment price equal to 100% of the unpaid principal amount to be repaid, together with unpaid interest accrued thereon to the date fixed for repayment (the "Repayment Date"). For this Note to be repaid, the Trustee must receive at its corporate trust office in the Borough of Manhattan, The City of New York, not more than 60 nor less than 30 calendar days prior to the Repayment Date, such Note and instructions to such effect forwarded by the Holder hereof. Exercise of such repayment option by the Holder hereof shall be irrevocable. In the event of repayment of this Note in part only, a new Note of like tenor for the unrepaid portion hereof and otherwise having the same terms and provisions as this Note shall be issued by the Company in the name of the Holder hereof upon the presentation and surrender hereof.

If this Note is specified on the face hereof to be a Discount Note, the amount payable to the Holder of this Note in the event of redemption, repayment or acceleration of maturity will be equal to the sum of (1) the Issue Price specified on the face hereof (increased by any accruals of the Discount, as defined below) and, in the event of any redemption of this Note (if applicable), multiplied by the Initial Redemption Percentage (as adjusted by the Annual Redemption Percentage Reduction, if applicable) and (2) any unpaid interest accrued thereon to the Redemption Date, Repayment Date or date of acceleration of maturity, as the case may be. The difference between the Issue Price and 100% of the principal amount of this Note is referred to herein as the "Discount".

For purposes of determining the amount of Discount that has accrued as of any Redemption Date, Repayment Date or date of acceleration of maturity of this Note, such Discount will be accrued so as to cause the yield on the Note to be constant. The constant yield will be calculated using a 30-day month, 360-day year convention, a compounding period that, except for the Initial Period (as defined below), corresponds to the shortest period between Interest Payment Dates (with ratable accruals within a compounding period) and an assumption that the maturity of this Note will not be accelerated. If the period from the Original Issue Date to the initial Interest Payment Date (the "Initial Period") is shorter than the compounding period for this Note, a proportionate amount of the yield for an entire compounding period will be accrued. If the Initial Period is longer than the compounding period, then such period will be divided into a regular compounding period and a short period, with the short period being treated as provided in the preceding sentence.

The covenants set forth in Section 1004(a) and Section 1007 of the Indenture shall not apply to this Note, and the following covenants shall instead apply to this Note in place of the covenants set forth in Section 1004(a) and Section 1007 of the Indenture:

"The Trust will, and will cause the Subsidiaries to, have at all times Total Unencumbered Assets of not less than 150% of the aggregate principal amount of all of the Trust's outstanding Unsecured Debt and the outstanding Unsecured Debt of the Subsidiaries, determined on a consolidated basis in accordance with GAAP.

The Trust will not, and will not permit any Subsidiary to, incur any Debt if, immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds thereof, the aggregate principal amount of all outstanding Debt of the Trust and its Subsidiaries on a consolidated basis determined in accordance with GAAP is greater than 65% of the sum of (without duplication) (i) the Trust's Total Assets as of the end of the calendar quarter covered in the Trust's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the Commission (or, if such filing is not permitted under the Exchange Act, with the Trustee) prior to the incurrence of such additional Debt and (ii) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by the Trust or any Subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt.

'Total Unencumbered Assets' means the sum of, without duplication, those Undepreciated Real Estate Assets which are not subject to a lien securing Debt and all other assets, excluding accounts receivable and intangibles, of the Trust and the Subsidiaries not subject to a lien securing Debt, all determined on a consolidated basis in accordance with GAAP; provided, however, that all investments by the Trust and the Subsidiaries in unconsolidated joint ventures, unconsolidated limited partnerships, unconsolidated limited liability

companies and other unconsolidated entities shall be excluded from Total Unencumbered Assets to the extent that such investments would have otherwise been included."

If an Event of Default shall occur and be continuing, the principal of the Notes may, and in certain cases shall, be accelerated in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance of (i) the entire indebtedness of the Notes or (ii) certain covenants and Events of Default with respect to the Notes, in each case upon compliance with certain conditions set forth therein, which provisions apply to the Notes.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Debt Securities at any time by the Company and the Trustee with the consent of the Holders of a majority of the aggregate principal amount of all Debt Securities at the time outstanding and affected thereby. The Indenture also contains provisions permitting the Holders of a majority of the aggregate principal amount of the outstanding Debt Securities of any series, on behalf of the Holders of all such Debt Securities, to waive compliance by the Company with certain provisions of the Indenture. Furthermore, provisions in the Indenture permit the Holders of a majority of the aggregate principal amount of the outstanding Debt Securities of any series, in certain instances, to waive, on behalf of all of the Holders of Debt Securities of such series, certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and other Notes issued upon the registration of transfer hereof or in exchange heretofore or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay principal, premium, if any, and interest in respect of this Note at the times, places and rate or formula, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein and herein set forth, the transfer of this Note is registrable in the Security Register of the Company upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal hereof and any premium or interest hereon are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or by his attorney duly authorized in writing, and thereupon one or more new Notes having the same terms and provisions, of Authorized Denominations and for the same aggregate principal amount, will be issued by the Company to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein and herein set forth, this Note is exchangeable for a like aggregate principal amount of Notes of different Authorized Denominations but otherwise having the same terms and provisions, as requested by the Holder hereof surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Holder as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary, except as required by law.

THE INDENTURE AND THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIFT MIN ACT	- _____ Custodian _____ (Cust) (Minor) under Uniform Gifts to Minors Act _____ (State)
TEN ENT	- as tenants by the entireties		
JT TEN	- as joint tenants with right of survivorship and not as tenants in common		

Additional abbreviations may also be used though not in the above list.

_____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY
OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

_____

(Please print or typewrite name and address including postal zip code of assignee)

this Note and all rights thereunder hereby irrevocably constituting and appointing

Attorney to transfer this Note on the books of the Company, with full power of substitution in the premises.

Dated: _____ _____

_____ _____

Notice: The signature(s) on this Assignment must correspond with the name(s) as written upon the face of this Note in every particular, without alteration or enlargement or any change whatsoever.

UDR, INC.

ADDENDUM TO MEDIUM-TERM NOTE
(Fixed Rate)

The Company may redeem all or part of this Note at any time at its option at a redemption price equal the greater of (1) the principal amount of this Note being redeemed plus accrued and unpaid interest to the redemption date or (2) the Make-Whole Amount for the principal amount of this Note being redeemed. If this Note is redeemed on or after 90 days prior to the maturity date, the redemption price will equal the principal amount of this Note being redeemed plus accrued and unpaid interest to the redemption date.

"Make-Whole Amount" means, as determined by the Quotation Agent, the sum of the present values of the principal amount of this Note to be redeemed, together with the scheduled payments of interest (exclusive of interest to the redemption date) from the redemption date to the maturity date of this Note being redeemed, in each case discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate, plus accrued and unpaid interest on the principal amount of this Note being redeemed to the redemption date.

"Adjusted Treasury Rate" means, with respect to any redemption date, the sum of (x) either (1) the yield for the maturity corresponding to the Comparable Treasury Issue, under the heading that represents the average for the immediately preceding week, appearing in the most recent published statistical release designated "H.15 (519)" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities" (provided, if no maturity is within three months before or after the remaining term of this Note, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounded to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third business day preceding the redemption date, and (y) 0.45%.

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the redemption date to the maturity date of this Note that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of this Note.

"Comparable Treasury Price" means, with respect to any redemption date, (x) the average of three Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations so obtained or (y) if fewer than five Reference Treasury Dealer Quotations are so obtained, the average of all such Reference Treasury Dealer Quotations so obtained.

"Quotation Agent" means the Reference Treasury Dealer selected by the indenture trustee after consultation with the Company.

"Reference Treasury Dealer" means any of J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, Credit Suisse Securities (USA) LLC, Mitsubishi UFJ Securities (USA), Inc., U.S. Bancorp Investments, Inc., their respective successors and assigns and one other nationally recognized investment banking firm selected by the Company that is a primary U.S. Government securities dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the indenture trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the indenture trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Exhibit 10.22

March 1, 2013

To: UDR, Inc. Bank Group

Re: Amendment to Credit Agreement dated as of October 25, 2011 (the "Credit Agreement") among UDR, Inc. ("UDR"), the Lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent (the "Administrative Agent").

UDR has requested that Wells Fargo, as Administrative Agent, approve Fitch, Inc. as a Rating Agency under the Credit Agreement. Wells Fargo, as Administrative Agent, is supportive of this request.

In addition, UDR has asked the Lenders to amend the first paragraph of the definition of "Applicable Margin" so that it reads as follows:

> **"Applicable Margin"** means the percentage rate set forth in the table below corresponding to the level (each a "Level") into which the Borrower's Credit Rating then falls. As of the Agreement Date, the Applicable Margin is determined based on Level 31 Any change in the Borrower's Credit Rating which would cause it to move to a different Level shall be effective as of the first day of the first calendar month immediately following receipt by the Administrative Agent of written notice delivered by the Borrower in accordance with Section 8.4.(k) that the Borrower's Credit Rating has changed; provided, however, if the Borrower has not delivered the notice required by such Section but the Administrative Agent becomes aware that the Borrower's Credit Rating has changed, then the Administrative Agent may, in its sole discretion, adjust the Level effective as of the first day of the first calendar month following the date the Administrative Agent becomes aware that the Borrower's Credit Rating has changed. During any period for which the Borrower has received three Credit Ratings which are not equivalent, the Applicable Margin will be determined by (a) the highest Credit Rating if they differ by only one Level and (b) the average of the two highest Credit Ratings if they differ by two or more Levels (unless the average is not a recognized Level, in which case the Applicable Margin will be based on the Level corresponding to the second highest Credit Rating). During any period for which the Borrower has received only two Credit Ratings and such Credit Ratings are not equivalent, the Applicable Margin will be determined by (i) the highest Credit Rating if they differ by only one Level and (ii) the median of the two Credit Ratings if they differ by two or more Levels (unless the median is not a recognized Level, in which case the Applicable Margin will be based on the Credit Rating one Level below the Level corresponding to the higher Credit Rating). During any period for which the Borrower has received a Credit Rating from only one Rating Agency, the Applicable Margin shall be determined based on such Credit Rating so long as such Credit Rating is from either S&P or Moody's. During any period that the Borrower has (x) not received a Credit Rating from any Rating Agency or (x) received a Credit Rating from only one Rating Agency that is neither S&P or Moody's, the Applicable Margin shall be determined based on Levels. The provisions of this definition shall be subject to Section 2.5.(c).

Wells Fargo, as Administrative Agent and Lender, is supportive of UDR's request to amend the definition of "Applicable Margin" as set forth above and recommends each Lender agree to the requested amendment. To signify agreement to the requested amendment, a Lender should complete and execute the signature block on the following page of this letter agreement and send a pdf of the executed letter agreement by e-mail to Paul Cushing (paul.cushing@alston.com) by no later than s:oo pm EST on Wednesday, March 13, 2013.

If you have any questions of a business nature, please contact Amit Khimji at (704) 410-1150, or if you have questions of a legal nature please contact Paul Cushing at (404) 881-7578 at Alston & Bird.

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By: /s/ Carl Skanderup
Name: Carl Skanderup
Title: Vice President

Agreed and accepted:

Wells Fargo Bank, NA.
[Type Name of Lender]

By: /s/ Carl Skanderup
Name: Carl Skanderup
Title: Vice President

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

SunTrust Bank
[Type Name of Lender]

By: /s/ Gregory T. Horsfman
Name: Gregory T. Horsfman
Title: Senior Vice President

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Regions Bank
[Type Name of Lender]

By: /s/ Lori Chambers
Name: Lori Chambers
Title: Vice President

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Compass Bank

By: /s/ Brian Tuerff
Name: Brian Tuerff
Title: Senior Vice President

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Citibank, NA

By: /s/ John C. Rowland
Name: John C. Rowland
Title: Vice President

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Union Bank

[Type Name of Lender]

By: /s/ Warren H. Li
Name: Warren H. Li
Title: V.P.

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

JP MORGAN CHASE BANK, N.A.

By: /s/ Kimberly Turner
Name: Kimberly Turner
Title: Executive Director

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Morgan Stanley Bank, N.A.

By: /s/ Nick Zangarl
Name: Nick Zangarl
Title: Authorized Signatory

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Bank of America, N.A.

By: /s/ Helen Chan
Name: Helen Chan
Title: Vice President

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Capital One, N.A.
[Type Name of Lender]

By: /s/ Frederick H. Denecke
Name: Frederick H. Denecke
Title: Vice President

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

PNC BANK, NATIONAL ASSOCIATION

By: /s/ James A. Harmann
Name: James A. Harmann
Title: Senior Vice President

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

U.S. Bank
[Type Name of Lender]

By: /s/ Andrew Hyde
Name: Andrew Hyde
Title: Vice President

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Credit Suisse AG,
CAYMAN ISLANDS BRANCH
[Type Name of Lender]

By: /s/ Mikhail Faybusovich
Name: Mikhail Faybusovich
Title: Director

By: /s/ Tyler R. Smith
Name: Tyler R. Smith
Title: Associate

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

BRANCH BANKING AND TRUST COMPANY
[Type Name of Lender]

By: /s/ Steve Whitcomb
Name: Steve Whitcomb
Title: Senior Vice President

Exhibit 10.24

March 4, 2013

To: UDR, Inc. Bank Group

Re: Amendment to Term Loan Agreement dated as of December 29, 2010 (the "Loan Agreement") among UDR, Inc. ("UDR"), the Lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent (the "Administrative Agent").

UDR has requested that Wells Fargo, as Administrative Agent, approve Fitch, Inc. as a Rating Agency under the Credit Agreement. Wells Fargo, as Administrative Agent, is supportive of this request.

In addition, UDR has asked the Lenders to amend the first paragraph of the definition of "Applicable Margin" so that it reads as follows:

> **"Applicable Margin"** means the percentage per annum determined, at any time, based on the range into which the Borrower's Credit Rating then falls, in accordance with the levels in the table set forth below (each a "Level"). Any change in the Borrower's Credit Rating which would cause it to move to a different Level shall be effective as of the first day of the first calendar month immediately following receipt by the Agent of written notice delivered by the Borrower in accordance with Section 8-4.(m) that the Borrower's Credit Rating has changed; provided, however, if the Borrower has not delivered the notice required by such Section but the Agent becomes aware that the Borrower's Credit Rating has changed, then the Agent may, in its sole discretion, adjust the Level effective as of the first day of the first calendar month following the date the Agent becomes aware that the Borrower's Credit Rating has changed. During any period for which the Borrower has received three Credit Ratings which are not equivalent, the Applicable Margin be determined by (a) the highest Credit Rating if they differ by only one Level and (b) the average of the two highest Credit Ratings if they differ by two or more Levels (unless the average is not a recognized Level, in which case the Applicable Margin will be based on the Level corresponding to the second highest Credit Rating). During any period for which the Borrower has received only two Credit Ratings and such Credit Ratings are not equivalent, the Applicable Margin will be determined by (i) the highest Credit Rating if they differ by only one Level and (ii) the median of the two Credit Ratings if they differ by two or more Levels (unless the median is not a recognized Level, in which case the Applicable Margin will be based on the Credit Rating one Level below the Level corresponding to the higher Credit Rating). During any period for which the Borrower has received a Credit Rating from only one Rating Agency, the Applicable Margin shall be determined based on such Credit Rating so long as such Credit Rating is from either S&P or Moody's. During any period that the Borrower has (x) not received a Credit Rating from any Rating Agency or (y) received a Credit Rating from only one Rating Agency that is neither S&P or Moody's, the Applicable Margin shall be determined based on Level 4.

Wells Fargo, as Administrative Agent and Lender, is supportive of UDR's request to amend the definition of "Applicable Margin" as set forth above and recommends each Lender agree to the requested amendment. To signify agreement to the requested amendment, a Lender should complete and execute the signature block on the following page of this letter agreement and send a pdf of the executed letter agreement by e-mail to Paul Cushing (paul.cushing@alston.com) by no later than s:oo pm EST on Wednesday, March 13, 2013

If you have any questions of a business nature, please contact Amit Khimji at (704) 410-1150, or if you have questions of a legal nature please contact Paul Cushing at (404) 881-7578 at Alston & Bird.

Terms not defined herein that are defined in the Loan Agreement have the respective meanings given them in the Loan Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By: /s/ Carl Skanderup
Name: Carl Skanderup
Title: Vice President

Agreed and accepted:

Wells Fargo Bank, NA.
[Type Name of Lender]

By: /s/ Carl Skanderup
Name: Carl Skanderup
Title: Vice President

Terms not defined herein that are defined in the Loan Agreement have the respective meanings given them in the Loan Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Compass Bank

By: /s/ Brian Tuerff
Name: Brian Tuerff
Title: Senior Vice President

Terms not defined herein that are defined in the Loan Agreement have the respective meanings given them in the Loan Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Citicorp North America, Inc.

By: /s/ John C. Rowland
Name: John C. Rowland
Title: Vice President

Terms not defined herein that are defined in the Loan Agreement have the respective meanings given them in the Loan Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Union Bank

By: /s/ Warren H. Li
Name: Warren H. Li
Title: V.P.

Terms not defined herein that are defined in the Loan Agreement have the respective meanings given them in the Loan Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Capital One, N.A.

By: /s/ Frederick H. Denecke
Name: Frederick H. Denecke
Title: Vice President

Terms not defined herein that are defined in the Loan Agreement have the respective meanings given them in the Loan Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

PNC BANK, NATIONAL ASSOCIATION

By: /s/ James A. Harmann
Name: James A. Harmann
Title: Senior Vice President

Terms not defined herein that are defined in the Loan Agreement have the respective meanings given them in the Loan Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Regions Bank

By: /s/ Lori Chambers
Name: Lori Chambers
Title: Vice President

Terms not defined herein that are defined in the Loan Agreement have the respective meanings given them in the Loan Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

U.S. Bank
[Type Name of Lender]

By: /s/ Andrew Hyde
Name: Andrew Hyde
Title: Vice President

Terms not defined herein that are defined in the Loan Agreement have the respective meanings given them in the Loan Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.
Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Bank of America, N.A.

By: /s/ Helen W. Chan
Name: Helen W. Chan
Title: Vice President

EXHIBIT 12.1

UDR, Inc.

Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends

(Dollars in thousands)

	Years Ended December 31,				
	2013	**2012**	**2011**	**2010**	**2009**
Earnings:					
Income/(loss) from continuing operations	**$ 2,340**	$ (46,305)	$ (126,869)	$ (121,117)	$ (106,061)
Add (from continuing operations):					
Interest on indebtedness (1)	**125,905**	139,069	151,764	142,254	139,298
Portion of rents representative of the interest factor	**2,163**	2,073	2,039	1,969	2,351
Total earnings	**$ 130,408**	$ 94,837	$ 26,934	$ 23,106	$ 35,588
Fixed charges and preferred stock dividends (from continuing operations):					
Interest on indebtedness (1)	**$ 125,905**	$ 139,069	$ 151,764	$ 142,254	$ 139,298
Interest capitalized	**29,384**	26,368	12,979	12,505	16,929
Portion of rents representative of the interest factor	**2,163**	2,073	2,039	1,969	2,351
Fixed charges	**$ 157,452**	$ 167,510	$ 166,782	$ 156,728	$ 158,578
Add:					
Preferred stock dividends	**$ 3,724**	$ 6,010	$ 9,311	$ 9,488	$ 10,912
Premium/(discount) on preferred stock redemption or repurchase, net	**—**	2,791	175	(25)	(2,586)
Combined fixed charges and preferred stock dividends	**$ 161,176**	$ 176,311	$ 176,268	$ 166,191	$ 166,904
Ratio of earnings to fixed charges	**—** (2)	— (2)	— (2)	— (2)	— (2)
Ratio of earnings to combined fixed charges and preferred stock dividends	**—** (3)	— (3)	— (3)	— (3)	— (3)

(1) Includes interest expense of consolidated subsidiaries, amortization of deferred loan costs, realized losses related to hedging activities and amortization of premiums and discounts related to indebtedness.

(2) The ratio was less than 1:1 for the years ended December 31, 2013 , 2012 , 2011 , 2010 , and 2009 as earnings were inadequate to cover fixed charges by deficiencies of approximately $27.0 million , $72.7 million , $139.8 million , $133.6 million , and $123.0 million , respectively.

(3) The ratio was less than 1:1 for the years ended December 31, 2013 , 2012 , 2011 , 2010 , and 2009 as earnings were inadequate to cover combined fixed charges and preferred stock dividends by deficiencies of approximately $30.8 million , $81.5 million , $149.3 million , $143.1 million and $131.3 million , respectively.

EXHIBIT 12.2

United Dominion Realty, L.P.

Computation of Ratio of Earnings to Fixed Charges

(Dollars in thousands)

	Years Ended December 31,				
	2013	**2012**	**2011**	**2010**	**2009**
Earnings:					
Income/(loss) from continuing operations	**$ 32,766**	$ (13,309)	$ (40,744)	$ (30,937)	$ (12,585)
Add from continuing operations:					
Interest on indebtedness (1)	**36,058**	45,234	52,817	49,140	48,310
Portion of rents representative of the interest factor	**1,705**	1,665	1,627	1,564	1,543
Total earnings	**$ 70,529**	$ 33,590	$ 13,700	$ 19,767	$ 37,268
Fixed charges from continuing operations:					
Interest on indebtedness (1)	**$ 36,058**	$ 45,234	$ 52,817	$ 49,140	$ 48,310
Interest capitalized	**5,870**	3,679	1,752	1,340	444
Portion of rents representative of the interest factor	**1,705**	1,665	1,627	1,564	1,543
Fixed charges	**$ 43,633**	$ 50,578	$ 56,196	$ 52,044	$ 50,297
Ratio of earnings to fixed charges	**1.62**	— (2)	— (2)	— (2)	— (2)

(1) Includes interest expense of consolidated subsidiaries, amortization of deferred loan costs, realized losses related to hedging activities and amortization of premiums and discounts related to indebtedness.

(2) The ratio was less than 1:1 for the years ended December 31, 2012 , 2011 , 2010 , and 2009 as earnings were inadequate to cover fixed charges by deficiencies of approximately $17.0 million , $42.5 million , $32.3 million , and $13.0 million , respectively.

EXHIBIT 21

The Company has the following subsidiaries. Joint Venture entities are shown with an asterisk. United Dominion Realty, L.P. is a limited partnership with outside limited partners holding minimal percentage interests. The Company owns general and limited partnership interests in United Dominion Realty, L.P. constituting approximately 95% of the aggregate partnership interest. Entities marked with double asterisks are those entities in which United Dominion Realty, L.P. is either a member or a partner. All other entities are wholly-owned.

Subsidiary	State of Incorporation or Organization
1001 Properties, LLC*	Delaware
101 Colorado High-Rise, LP*	Delaware
101 Colorado Master Condominium Association, Inc.*	Texas
1020 Tower, GP LLC*	Delaware
1020 Tower, LP*	Delaware
10700 Wilshire, LLC*	Delaware
13th And Market Properties LLC	Delaware
20 Lambourne LLC	Delaware
24 Hundred Properties LLC*	Delaware
2000 Post Owners Association	Delaware
399 Fremont LLC*	Delaware
6104 Hollywood, LLC*	Delaware
AAC Funding II, Inc.	Delaware
AAC Funding III LLC**	Delaware
AAC Funding IV LLC**	California
AAC Funding IV, Inc.	Delaware
AAC Funding Partnership II**	Delaware
AAC Seattle I, Inc.	Delaware
AAC/FSC Crown Pointe Investors, LLC	Washington
AAC/FSC Hilltop Investors, LLC	Washington
AAC/FSC Seattle Properties, LLC**	Delaware
Acoma High-Rise, LP*	Delaware
Andover House LLC	Delaware
Andover Member 1 LLC	Delaware
Andover Member 2 LLC	Delaware
Apartments on Chestnut Limited Partnership*	Delaware
Ashton at Dublin Station, LLC*	Delaware
Ashwood Commons, L.L.C.	Washington
Ashwood Commons North LLC	Washington
ASR Investments Corporation	Maryland
Bella Terra Villas LLC	Delaware
Bellevue Plaza Development LLC	Delaware
Block R Master Condominium Association, Inc*	Texas
CMP-1, LLC	Delaware
Calvert’s Walk LLC	Delaware
Cedar Street High-Rise, L.P.*	Delaware
Circle Towers LLC**	Delaware
Coastal Monterey Properties LLC**	Delaware

Subsidiary	State of Incorporation or Organization
Columbus Square 775 LLC*	Delaware
Columbus Square 795 LLC*	Delaware
Columbus Square 801 LLC*	Delaware
Columbus Square 805 LLC*	Delaware
Columbus Square 808 LLC*	Delaware
Consolidated-Hampton, LLC	Maryland
Coronado South Apartments, L.P**	Delaware
DCO 1015 Grandview LP	Delaware
DCO 2400 14th Street LLC	Delaware
DCO 2919 Wilshire LLC	Delaware
DCO 3032 Wilshire LLC	Delaware
DCO 3033 Wilshire LLC	Delaware
DCO Addison at Brookhaven LP	Delaware
DCO Arbors at Lee Vista LLC	Delaware
DCO Beach Walk LLC	Delaware
DCO Bennett Development LP	Delaware
DCO Borgata LLC	Delaware
DCO Brookhaven Center LP	Delaware
DCO Caroline Development LLC	Delaware
DCO Clipper Pointe LP	Delaware
DCO College Park LLC	Delaware
DCO/CWP 2919 Wilshire LLC*	Delaware
DCO/CWP 3032 Wilshire LLC*	Delaware
DCO Fiori LLC	Delaware
DCO Garden Oaks LP	Delaware
DCO Glenwood Apartments GP LLC	Delaware
DCO Glenwood Apartments LP	Delaware
DCO Greenbrook Apartments LP	Delaware
DCO Greenhaven LP	Delaware
DCO Highlands LLC	Delaware
DCO Market LLC	Delaware
DCO Mission Bay LP	Delaware
DCO Option 2 LLC	Delaware
DCO Pine Avenue LP	Delaware
DCO Realty, Inc.	Delaware
DCO Realty LP LLC	Delaware
DCO Savoye LLC	Delaware
DCO Savoye 2 LLC	Delaware
DCO Springhaven LP	Delaware
DCO Stoughton LLC	Delaware
DCO Talisker LP	Delaware
Dominion Constant Friendship LLC	Delaware
Dominion Eden Brook LLC	Delaware
Dominion Kings Place LLC	Delaware

Subsidiary	State of Incorporation or Organization
Domus SPE General Partner, LLC*	Delaware
Eastern Residential, Inc.	Delaware
Easton Partners I, LP*	Delaware
FMP Member, Inc.	Delaware
Fiori LLC*	Delaware
Foxborough Lodge Limited Partnership*	Delaware
Garrison Harcourt Square LLC	Delaware
Governour's Square of Columbus Co. Ltd**	Ohio
HPI 2161 Sutter LP	Delaware
HPI Option 2 LLC	Delaware
Hanover Square SPE LLC**	Delaware
Harding Park LP LLC	Delaware
Hawthorne Apartments LLC	Delaware
Heritage Communities LLC	Delaware
Icon Tower, LP*	Delaware
Inlet Bay at Gateway, LLC	Delaware
Inwood Development LLC**	Delaware
Jamestown of St. Matthews Limited Partnership**	Ohio
Jefferson at Marina del Rey, L.P.	Delaware
K/UDR Venture LLC*	Delaware
Kelvin and Jamboree Properties, LLC*	Delaware
L.A. Southpark High Rise, LP*	Delaware
La Jolla Wilshire, LLC*	Delaware
Lakeside Mill LLC	Delaware
Lenox Farms Limited Partnership*	Delaware
Lincoln TC II, L.P.	Delaware
Lodge at Ames Pond Limited Partnership*	Delaware
Lofts at Charles River Landing, LLC*	Delaware
Lofts on Miracle Mile, LP*	Delaware
LPC Millenia Place Apartments LLC	Delaware
MacAlpine Place Apartment Partners, Ltd**	Florida
Management Company Services, Inc.	Delaware
Ninety Five Wall Street LLC**	Delaware
Northbay Properties II, L.P**	California
Olive Way High-Rise LP*	Delaware
Pacific Los Alisos LLC	Delaware
Parker's Landing Condominiums LLC	Delaware
Parker's Landing Townhomes LLC	Delaware
Pine at Sixth Owners' Association	California
Polo Park Apartments LLC**	Delaware
Portico Properties, LLC*	Delaware
RE3, Inc.	Delaware
Rancho Cucamonga Town Square Owners Association*	California
Savoye LLC*	Delaware
Saveoye 2 LLC*	Delaware

Subsidiary	State of Incorporation or Organization
Strata Properties, LLC*	Delaware
THC/UDR Domain College Park LLC	Delaware
THC/UDR Seaport Development Venture LLC	Delaware
The Commons of Columbia, Inc.	Virginia
The Domain Condominium Association, Inc.*	Texas
The Gallery At Bayport II Condominium Association, Inc.	Florida
Thomas Circle Properties LLC*	Delaware
Town Square Commons, LLC	District of Columbia
Towson Holdings, LLC*	Delaware
Towson Promenade, LLC*	Delaware
Trilon Townhouses, LLC	District of Columbia
TSTW LLC	Delaware
UDR 10 Hanover LLC**	Delaware
UDR 1818 Platinum LLC	Delaware
UDR Altamira Place LLC	Delaware
UDR Arborview Associates LLC	Delaware
UDR Aspen Creek, LLC	Virginia
UDR California GP, LLC**	Delaware
UDR California GP II, LLC	Delaware
UDR California Properties, LLC	Virginia
UDR Calvert, LLC**	Delaware
UDR Calvert's Walk Associates Limited Partnership	Maryland
UDR Calverts Walk GP, LLC	Delaware
UDR Carlsbad Apartments, L.P**	Delaware
UDR Carriage Homes, LLC	Delaware
UDR Chelsea LLC	Delaware
UDR Crane Brook LLC**	Delaware
UDR Developers, Inc.	Virginia
UDR Domain Brewers Hill LLC	Delaware
UDR Foxglove Associates L.L.C**	Maryland
UDR Garrison Square LLC	Delaware
UDR Harbor Greens, L.P**	Delaware
UDR Holdings, LLC**	Virginia
UDR Huntington Vista, L.P**	Delaware
UDR Inwood LLC**	Delaware
UDR, Inc.	Maryland
UDR/K Venture Member LLC	Delaware
UDR Lakeline Villas LLC	Delaware
UDR Lakeside Mill, LLC**	Virginia
UDR Legacy at Mayland LLC	Delaware
UDR Lincoln at Towne Square LLC*	Delaware
UDR Lincoln at Towne Square II LLC*	Delaware
UDR Marina Pointe LLC	Delaware
UDR Maryland Properties, LLC**	Virginia

Subsidiary	State of Incorporation or Organization
UDR/MetLife G.P. LLC*	Delaware
UDR/MetLife GP II LLC*	Delaware
UDR/MetLife Master Limited Partnership*	Delaware
UDR/MetLife Master Limited Partnership II*	Delaware
UDR/ML Venture LLC	Delaware
UDR/ML Venture 2 LLC	Delaware
UDR Midlands Acquisition, LLC**	Delaware
UDR Newport Beach North, L.P**	Delaware
UDR Ocean Villa Apartments, L.P**	Delaware
UDR of Tennessee, L.P**	Virginia
UDR Okeeheelee LLC*	Delaware
UDR Pinebrook, L.P**	Delaware
UDR Presidential Greens, L.L.C.	Delaware
UDR Presidio, L.P**	Delaware
UDR Rancho Cucamonga, L.P.	Delaware
UDR Red Stone Ranch LLC	Delaware
UDR Ridgewood (II) Garden, LLC**	Virginia
UDR Ridge at Blue Hills LLC	Delaware
UDR River Terrace LLC	Delaware
UDR Rivergate LLC	Delaware
UDR Stone Canyon LLC*	Delaware
UDR Texas Properties LLC	Delaware
UDR Texas Ventures LLC*	Delaware
UDR The Bradford LLC*	Delaware
UDR The Cliffs LLC*	Delaware
UDR The Legend at Park Ten LLC*	Delaware
UDR The Mandolin LLC*	Delaware
UDR The Meridian LLC*	Delaware
UDR Towers By The Bay LLC	Delaware
UDR TX Fund LLC	Delaware
UDR Villa Venetia Apartments, L.P**	Delaware
UDR Virginia Properties, LLC	Virginia
UDR Wellington Place LLC	Delaware
UDR Windjammer, L.P**	Delaware
UDR Woodland Apartments II, L.P.	Delaware
UDR Woodland GP, LLC	Delaware
UDRT of Delaware 4 LLC**	Delaware
United Dominion Realty, L.P.	Delaware
View 14 Investments LLC	Delaware
VPDEV 1 LLC*	Delaware
VPDEV 2 LLC*	Delaware
Washington Vue, LP*	Delaware
Waterside Towers, L.L.C.	Delaware
West El Camino Real, LLC*	Delaware

Subsidiary	State of Incorporation or Organization
Western Residential, Inc.	Virginia
Wilshire Crescent Heights, LLC*	Delaware
Windemere at Sycamore Highlands, LLC	Delaware
Winterland San Francisco Partners**	California
Woodlake Village, L.P**	California

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements of UDR, Inc. and in the related Prospectuses of our reports dated February 25, 2014 **,** with respect to the consolidated financial statements and schedule of UDR, Inc., and the effectiveness of internal control over financial reporting of UDR, Inc., included in this Annual Report (Form 10-K) for the year ended December 31, 2013 :

Registration Statement Number	**Description**
333-129743	Form S-3, pertaining to the registration of 11,000,000 shares of Common Stock, including rights to purchase Series C Junior Participating Redeemable Preferred Stock, issuable under the Company's Dividend Reinvestment and Stock Purchase Plan.
333-176616	Form S-3, Shelf Registration Statement, pertaining to the registration of an indeterminate amount of Common Stock, Preferred Stock, Debt Securities, Guarantees of Debt Securities, Warrants, Subscription Rights, Purchase Contracts and Purchase Units.
333-167270	Form S-3, pertaining to the registration of 3,882,187 shares of Common Stock.
333-180553	Form S-3, pertaining to the registration of 2,569,606 shares of Common Stock.
333-183510	Form S-3, pertaining to the registration of 1,802,239 shares of Common Stock.
333-160180	Form S-8, pertaining to the Company's 1999 Long-Term Incentive Plan.

/s/ Ernst & Young LLP

Denver, Colorado
February 25, 2014

EXHIBIT 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements of UDR, Inc. and related Prospectuses of our report dated February 25, 2014 **,** with respect to the consolidated financial statements and schedule of United Dominion Realty, L.P., included in this Annual Report (Form 10-K) for the year ended December 31, 2013 :

Registration Statement Number	**Description**
333-129743	Form S-3, pertaining to the registration of 11,000,000 shares of Common Stock, including rights to purchase Series C Junior Participating Redeemable Preferred Stock, issuable under the Company's Dividend Reinvestment and Stock Purchase Plan.
333-176616	Form S-3, Shelf Registration Statement, pertaining to the registration of an indeterminate amount of Common Stock, Preferred Stock, Debt Securities, Guarantees of Debt Securities, Warrants, Subscription Rights, Purchase Contracts and Purchase Units.
333-167270	Form S-3, pertaining to the registration of 3,882,187 shares of Common Stock
333-180553	Form S-3, pertaining to the registration of 2,569,606 shares of Common Stock.
333-183510	Form S-3, pertaining to the registration of 1,802,239 shares of Common Stock.
333-160180	Form S-8, pertaining to the Company's 1999 Long-Term Incentive Plan.

/s/ Ernst & Young LLP

Denver, Colorado
February 25, 2014

EXHIBIT 31.1

CERTIFICATION

I, Thomas W. Toomey, certify that:

1. I have reviewed this annual report on Form 10-K of UDR, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2014

/s/ Thomas W. Toomey

Thomas W. Toomey
Chief Executive Officer and President
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Thomas M. Herzog, certify that:

1. I have reviewed this annual report on Form 10-K of UDR, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2014

/s/ Thomas M. Herzog

Thomas M. Herzog

Senior Vice President and Chief Financial Officer (Principal Financial Officer)

EXHIBIT 31.3

CERTIFICATION

I, Thomas W. Toomey, certify that:

1. I have reviewed this annual report on Form 10-K of United Dominion Realty, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2014

/s/ Thomas W. Toomey

Thomas W. Toomey
Chief Executive Officer and President of UDR, Inc. (Principal Executive Officer),
general partner of United Dominion Realty, L.P.

EXHIBIT 31.4

CERTIFICATION

I, Thomas M. Herzog, certify that:

1. I have reviewed this annual report on Form 10-K of United Dominion Realty, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2014

/s/ Thomas M. Herzog

Thomas M. Herzog
Senior Vice President and Chief Financial Officer of UDR, Inc.
(Principal Financial Officer),
general partner of United Dominion Realty, L.P.

EXHIBIT 32.1

CERTIFICATION

In connection with the periodic report of UDR, Inc. (the "Company") on Form 10-K for the year ended December 31, 2013 , as filed with the Securities and Exchange Commission (the "Report"), I, Thomas W. Toomey, Chief Executive Officer and President of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: February 25, 2014

/s/ Thomas W. Toomey

Thomas W. Toomey
Chief Executive Officer and President (Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION

In connection with the periodic report of UDR, Inc. (the "Company") on Form 10-K for the year ended December 31, 2013 , as filed with the Securities and Exchange Commission (the "Report"), I, Thomas M. Herzog, Senior Vice President and Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: February 25, 2014

/s/ Thomas M. Herzog

Thomas M. Herzog
Senior Vice President and Chief Financial Officer (Principal Financial Officer)

EXHIBIT 32.3

CERTIFICATION

In connection with the periodic report of United Dominion Realty, L.P. (the "Operating Partnership") on Form 10-K for the year ended December 31, 2013 , as filed with the Securities and Exchange Commission (the "Report"), I, Thomas W. Toomey, Chief Executive Officer and President of UDR, Inc., the general partner of the Operating Partnership, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership at the dates and for the periods indicated.

Date: February 25, 2014

/s/ Thomas W. Toomey

Thomas W. Toomey
Chief Executive Officer and President of UDR, Inc. (Principal Executive Officer),
general partner of United Dominion Realty, L.P.

EXHIBIT 32.4

CERTIFICATION

In connection with the periodic report of United Dominion Realty, L.P. (the "Operating Partnership") on Form 10-K for the year ended December 31, 2013 , as filed with the Securities and Exchange Commission (the "Report"), I, Tomas M. Herzog, Senior Vice President and Chief Financial Officer of UDR, Inc., the general partner of the Operating Partnership, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership at the dates and for the periods indicated.

Date: February 25, 2014

/s/ Thomas M. Herzog

Thomas M. Herzog
Senior Vice President and Chief Financial Officer of UDR, Inc.
(Principal Financial Officer),
general partner of United Dominion Realty, L.P.

Exhibit 4.16

UDR, INC.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (THE "DEPOSITARY") (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER HEREOF OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN CERTIFICATED FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.

REGISTERED No. FXR-9	CUSIP No.: 91019PCS9	PRINCIPAL AMOUNT: $300,000,000

UDR, INC.

MEDIUM-TERM NOTE
SERIES A
DUE NINE MONTHS OR
MORE FROM DATE OF ISSUE,
FULLY AND
UNCONDITIONALLY
GUARANTEED BY UNITED
DOMINION REALTY, L.P.
(Fixed Rate)

ORIGINAL ISSUE DATE: May 23, 2011	INTEREST RATE: 4.250%	STATED MATURITY DATE: June 1, 2018
INTEREST PAYMENT DATE(S) [X] June 1 and December 1, commencing December 1, 2011 [ ] Other:	[ ] CHECK IF DISCOUNT NOTE Issue Price: 98.988% plus accrued interest from May 23, 2011	
INITIAL REDEMPTION DATE: See Addendum	INITIAL REDEMPTION PERCENTAGE: See Addendum	ANNUAL REDEMPTION PERCENTAGE REDUCTION: See Addendum
OPTIONAL REPAYMENT DATE(S): See Addendum		
SPECIFIED CURRENCY: [X] United States dollars [ ] Other:	AUTHORIZED DENOMINATION: [X] $1,000 and integral multiples thereof [ ] Other:	EXCHANGE RATE AGENT: N/A
ADDENDUM ATTACHED [X] Yes [ ] No	DEFAULT INTEREST RATE: N/A	OTHER/ADDITIONAL PROVISIONS: N/A

UDR, INC., a Maryland corporation (the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & Co., as nominee for The Depository Trust Company, or registered assigns, the Principal Amount of THREE HUNDRED MILLION DOLLARS ($300,000,000), on the Stated Maturity Date specified above (or any Redemption Date or Repayment Date, each as defined on the reverse hereof, or any earlier date of acceleration of maturity) (each such date being hereinafter referred to as the "Maturity Date" with respect to the principal repayable on such date) and to pay interest thereon (and on any overdue principal, premium and/or interest to the extent legally enforceable) at the Interest Rate per annum specified above, until the principal hereof is paid or duly made available for payment. The Company will pay interest in arrears on each Interest Payment Date, if any, specified above (each, an "Interest Payment Date"), commencing with the first Interest Payment Date next succeeding the Original Issue Date specified above, and on the Maturity Date; provided , however , that if the Original Issue Date occurs between a Record Date (as defined below) and the next succeeding Interest Payment Date, interest payment will commence on the Interest Payment Date immediately following the next succeeding Record Date to the registered holder (the "Holder") of this Note on the next succeeding Record Date. Interest on this Note will be computed on the basis of a 360-day year of twelve 30-day months.

United Dominion Realty, L.P., a Delaware limited partnership (the "Operating Partnership") as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees to the Holder and to the Trustee and their successors and assigns (a) the full and punctual payment when due, whether at the Maturity Date, by acceleration or otherwise, of all obligations of the Company now or hereafter existing under the Indenture whether for principal of or interest on the Notes (and premium and Make-Whole Amount, if applicable) and all other monetary obligations of the Company under the Indenture and the Notes and (b) the full and punctual performance within the applicable grace periods of all other obligations of the Company under the Indenture and the Notes (all such obligations guaranteed hereby by the Operating Partnership being the "Guarantee"). The Holder of this Note may enforce its rights under the Guarantee directly against the Operating Partnership without first making a demand or taking action against the Company or any other person or entity. The Operating Partnership may, without the consent of the Holder of this Note, assume all of the Company's rights and obligations under this Note and, upon such assumption, the Company will be released from its liabilities under the Indenture and this Note.

Interest on this Note will accrue from, and including, the immediately preceding Interest Payment Date to which interest has been paid or duly provided for (or from, and including, the Original Issue Date if no interest has been paid or duly provided for) to, but excluding, the applicable Interest Payment Date or the Maturity Date, as the case may be (each, an "Interest Period"). The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, subject to certain exceptions described herein, be paid to the person in whose name this Note (or one or more predecessor Notes, as defined on the reverse hereof) is registered at the close of business on the fifteenth calendar day (whether or not a Business Day, as defined below) immediately preceding such Interest Payment Date (the "Record Date"); provided , however , that interest payable on the Maturity Date will be payable to the person to whom the principal hereof and premium, if any, hereon shall be payable. Any such interest not so punctually paid or duly provided for on any Interest Payment Date other than the Maturity Date ("Defaulted Interest") shall forthwith cease to be payable to the Holder on the close of business on any Record Date and, instead, shall be paid to the person in whose name this Note is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by the Trustee hereinafter referred to, notice whereof shall be given to the Holder of this Note by the Trustee not less than 10 calendar days prior to such Special Record Date or may be paid at any time in any other lawful manner, all as more fully provided for in the Indenture.

Payment of principal, premium, if any, and interest in respect of this Note due on the Maturity Date will be made in immediately available funds upon presentation and surrender of this Note (and, with respect to any applicable repayment of this Note, upon delivery of instructions as contemplated on the reverse hereof) at the office or agency maintained by the Company for that purpose in the Borough of Manhattan, The City of New York, currently the corporate trust office of the Trustee located at 40 Broad Street, 5th Floor, New York, New York 10004, or at such other paying agency in the Borough of Manhattan, The City of New York, as the Company may determine; provided , however , that if the Specified Currency (as defined below) is other than United States dollars and such payment is to be made in the Specified Currency in accordance with the provisions set forth below, such payment will be made by wire transfer of immediately available funds to an account with a bank designated by the Holder hereof at least 15 calendar days prior to the Maturity Date, provided that such bank has appropriate facilities therefor and that this Note is presented and surrendered and, if applicable, instructions are delivered at the aforementioned office or agency maintained by the Company in time for the Trustee to make such payment in such funds in accordance with its normal procedures. Payment of interest due on any Interest Payment Date other than the Maturity Date

will be made at the aforementioned office or agency maintained by the Company or, at the option of the Company, by check mailed to the address of the person entitled thereto as such address shall appear in the Security Register maintained by the Trustee; provided , however , that a Holder of U.S.$10,000,000 (or, if the Specified Currency is other than United States dollars, the equivalent thereof in the Specified Currency) or more in aggregate principal amount of Notes (whether having identical or different terms and provisions) will be entitled to receive interest payments on such Interest Payment Date by wire transfer of immediately available funds if such Holder has delivered appropriate wire transfer instructions in writing to the Trustee not less than 15 calendar days prior to such Interest Payment Date. Any such wire transfer instructions received by the Trustee shall remain in effect until revoked by such Holder.

If any Interest Payment Date or the Maturity Date falls on a day that is not a Business Day, the required payment of principal, premium, if any, and/or interest shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue with respect to such payment for the period from and after such Interest Payment Date or the Maturity Date, as the case may be, to the date of such payment on the next succeeding Business Day.

As used herein, “Business Day” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York; provided, however, that if the Specified Currency is other than United States dollars, such day must also not be a day on which commercial banks are authorized or required by law, regulation or executive order to close in the

Principal Financial Center (as defined below) of the country issuing the Specified Currency (or, if the Specified Currency is Euro, such day must also be a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open). "Principal Financial Center" means the capital city of the country issuing the Specified Currency, except that with respect to United States dollars, Australian dollars, Canadian dollars, Euros, South African rands and Swiss francs, the "Principal Financial Center" shall be The City of New York, Sydney, Toronto, Johannesburg and Zurich, respectively.

The Company is obligated to make payment of principal, premium, if any, and interest in respect of this Note in the currency in which this Note is denominated above (or, if such currency is not at the time of such payment legal tender for the payment of public and private debts in the country issuing such currency or, if such currency is Euro, in the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, then the currency which is at the time of such payment legal tender in the related country or in the adopting member states of the European Union, as the case may be) (the "Specified Currency"). If the Specified Currency is other than United States dollars, except as otherwise provided below, any such amounts so payable by the Company will be converted by the Exchange Rate Agent specified above into United States dollars for payment to the Holder of this Note.

Any United States dollar amount to be received by the Holder of this Note will be based on the highest bid quotation in The City of New York received by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Business Day preceding the applicable payment date from three recognized foreign exchange dealers (one of whom may be the Exchange Rate Agent) selected by the Exchange Rate Agent and approved by the Company for the purchase by the quoting dealer of the Specified Currency for United States dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all Holders of Notes scheduled to receive United States dollar payments and at which the applicable dealer commits to execute a contract. All currency exchange costs will be borne by the Holder of this Note by deductions from such payments. If three such bid quotations are not available, payments on this Note will be made in the Specified Currency.

If the Specified Currency is other than United States dollars, the Holder of this Note may elect to receive all or a specified portion of any payment of principal,

premium, if any, and/or interest, if any, in respect of this Note in the Specified Currency by submitting a written request for such payment to the Trustee at its corporate trust office in The City of New York on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be. Such written request may be mailed or hand delivered or sent by cable, telex or other form of facsimile transmission. The Holder of this Note may elect to receive all or a specified portion of all future payments in the Specified Currency in respect of such principal, premium, if any, and/or interest, if any, and need not file a separate election for each payment. Such election will remain in effect until revoked by written notice delivered to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be.

If the Specified Currency is other than United States dollars and the Holder of this Note shall have duly made an election to receive all or a specified portion of any payment of principal, premium, if any, and/or interest, if any, in respect of this Note in the Specified Currency, but the Specified Currency is not available due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the Holder of this Note by making such payment in United States dollars on the basis of the Market Exchange Rate (as defined below) determined by the Exchange Rate Agent on the second Business Day prior to such payment date or, if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate. The "Market Exchange Rate" for the Specified Currency other than United States dollars means the noon dollar buying rate in The City of New York for cable transfers for the Specified Currency as certified for customs purposes (or, if not so certified, as otherwise determined) by the Federal Reserve Bank of New York. Any payment made in United States dollars under such circumstances shall not constitute an Event of Default (as defined in the Indenture).

All determinations referred to above made by the Exchange Rate Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Holder of this Note.

The Company agrees to indemnify the Holder of any Note against any loss incurred by such Holder as a result of any judgment or order being given or made against the Company for any amount due hereunder and such judgment or order requiring payment in a currency (the "Judgment Currency") other than the Specified Currency, and as a result of any variation between (i) the rate of exchange at which the Specified Currency amount is converted into the Judgment Currency for the purpose of such judgment or order, and (ii) the rate of exchange at which such Holder, on the date of payment of such judgment or order, is able to purchase the Specified Currency with the amount of the Judgment Currency actually received by such Holder, as the case may be. The foregoing indemnity constitutes a separate and independent obligation of the Company and continues in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" includes any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof and, if so specified on the face hereof, in an Addendum hereto, which further provisions shall have the same force and effect as if set forth on the face hereof.

Notwithstanding the foregoing, if an Addendum is attached hereto or "Other/Additional Provisions" apply to this Note as specified above, this Note shall be subject to the terms set forth in such Addendum or such "Other/Additional Provisions".

Unless the Certificate of Authentication hereon has been executed by the Trustee by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, UDR, Inc. has caused this Note to be duly executed by one of its duly authorized officers.

UDR, INC.

By: /s/ David L. Messenger
Name: David L. Messenger
Title: Senior Vice President and Chief Financial Officer

ATTEST:

By: /s/ Thomas W. Toomey
Name: Thomas W. Toomey
Title: President & Chief Executive Officer

Dated: May 23, 2011

TRUSTEE'S CERTIFICATE OF AUTHENTICATION:

This is one of the Debt Securities of
the series designated therein referred
to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ K. Wendy Kumar Authentication Date: May 23, 2011

[REVERSE OF NOTE]

UDR, INC.

MEDIUM-TERM NOTE, SERIES A
DUE NINE MONTHS OR MORE FROM DATE OF ISSUE, FULLY AND
UNCONDITIONALLY GUARANTEED BY UNITED DOMINION REALTY, L.P.
(Fixed Rate)

This Note is one of a duly authorized series of Debt Securities (the "Debt Securities") of the Company issued and to be issued under an Indenture, dated as of November 1, 1995, as amended, modified or supplemented from time to time (the "Indenture"), between the Company (successor by merger to UDR, Inc., a Virginia corporation) and U.S. Bank National Association, successor trustee to Wachovia Bank, National Association, (formerly known as First Union National Bank of Virginia) as trustee (the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Debt Securities, and of the terms upon which the Debt Securities are, and are to be, authenticated and delivered. This Note is one of the series of Debt Securities designated as "Medium-Term Notes, Series A Due Nine Months or More From Date of Issue, Fully and Unconditionally Guaranteed by United Dominion Realty, L.P." (the "Notes"). All terms used but not defined in this Note or in an Addendum hereto shall have the meanings assigned to such terms in the Indenture or on the face hereof, as the case may be.

United Dominion Realty, L.P., a Delaware limited partnership (the "Operating Partnership") as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees to the Holder and to the Trustee and their successors and assigns (a) the full and punctual payment when due, whether at the Maturity Date, by acceleration or otherwise, of all obligations of the Company now or hereafter existing under the Indenture whether for principal of or interest on the Notes (and premium and Make-Whole Amount, if applicable) and all other monetary obligations of the Company under the Indenture and the Notes and (b) the full and punctual performance within the applicable grace periods of all other obligations of the Company under the Indenture and the Notes (all such obligations guaranteed hereby by the Operating Partnership being the "Guarantee"). The Holder of this Note may enforce its rights under the Guarantee directly against the Operating Partnership without first making a demand or taking action against the Company or any other person or entity. The Operating Partnership may, without the consent of the Holder of this Note, assume all of the Company's rights and obligations under this Note and, upon such assumption, the Company will be released from its liabilities under the Indenture and this Note.

This Note is issuable only in registered form without coupons in minimum denominations of U.S. $1,000 and integral multiples thereof or other Authorized Denomination specified on the face hereof.

This Note will not be subject to any sinking fund and, unless otherwise specified on the face hereof in accordance with the provisions of the following two paragraphs, will not be redeemable or repayable prior to the Stated Maturity Date.

This Note will be subject to redemption at the option of the Company on any date on or after the Initial Redemption Date, if any, specified on the face hereof, in whole or from time to time in part in increments of U.S. $1,000 or other integral multiple of an Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. $1,000 or such other minimum Authorized Denomination), at the Redemption Price (as defined below), together with unpaid interest accrued thereon to the date fixed for redemption (the "Redemption Date"), on written notice given to the Holder hereof (in accordance with the provisions of the Indenture) not more than 60 nor less than 30 calendar days prior to the Redemption Date. The "Redemption Price" shall be an amount equal to the Initial Redemption Percentage specified on the face hereof (as adjusted by the Annual Redemption Percentage Reduction, if any, specified on the face hereof) multiplied by the unpaid principal amount of this Note to be redeemed. The Initial Redemption Percentage, if any, shall decline at each anniversary of the Initial Redemption Date by the Annual Redemption Percentage Reduction, if any, until the Redemption Price is 100% of unpaid principal amount to be redeemed. In the event of redemption of this Note in part only, a new Note of like tenor for the unredeemed portion hereof and otherwise having the same terms and provisions as this Note shall be issued by the Company in the name of the Holder hereof upon the presentation and surrender hereof.

This Note will be subject to repayment by the Company at the option of the Holder hereof on the Optional Repayment Date(s), if any, specified on the face hereof, in whole or in part in increments of U.S. $1,000 or other integral multiple of an Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. $1,000 or such other minimum Authorized Denomination), at a repayment price equal to 100% of the unpaid principal amount to be repaid, together with unpaid interest accrued thereon to the date fixed for repayment (the "Repayment Date"). For this Note to be repaid, the Trustee must receive at its corporate trust office in the Borough of Manhattan, The City of New York, not more than 60 nor less than 30 calendar days prior to the Repayment Date, such Note and instructions to such effect forwarded by the Holder hereof. Exercise of such repayment option by the Holder hereof shall be irrevocable. In the event of repayment of this Note in part only, a new Note of like tenor for the unrepaid portion hereof and otherwise having the same terms and provisions as this Note shall be issued by the Company in the name of the Holder hereof upon the presentation and surrender hereof.

If this Note is specified on the face hereof to be a Discount Note, the amount payable to the Holder of this Note in the event of redemption, repayment or acceleration of maturity will be equal to the sum of (1) the Issue Price specified on the face hereof (increased by any accruals of the Discount, as defined below) and, in the event of any redemption of this Note (if applicable), multiplied by the Initial Redemption Percentage (as adjusted by the Annual Redemption Percentage Reduction, if applicable) and (2) any unpaid interest accrued thereon to the Redemption Date, Repayment Date or date of acceleration of maturity, as the case may be. The difference between the Issue Price and 100% of the principal amount of this Note is referred to herein as the "Discount".

For purposes of determining the amount of Discount that has accrued as of any Redemption Date, Repayment Date or date of acceleration of maturity of this Note, such Discount will be accrued so as to cause the yield on the Note to be constant. The constant yield will be calculated using a 30-day month, 360-day year convention, a compounding period that, except for the Initial Period (as defined below), corresponds to the shortest period between Interest Payment Dates (with ratable accruals within a compounding period) and an assumption that the maturity of this Note will not be accelerated. If the period from the Original Issue Date to the initial Interest Payment Date (the "Initial Period") is shorter than the compounding period for this Note, a proportionate amount of the yield for an entire compounding period will be accrued. If the Initial Period is longer than the compounding period, then such period will be divided into a regular compounding period and a short period, with the short period being treated as provided in the preceding sentence.

The covenants set forth in Section 1004(a) and Section 1007 of the Indenture shall not apply to this Note, and the following covenants shall instead apply to this Note in place of the covenants set forth in Section 1004(a) and Section 1007 of the Indenture:

"The Trust will, and will cause the Subsidiaries to, have at all times Total Unencumbered Assets of not less than 150% of the aggregate principal amount of all of the Trust's outstanding Unsecured Debt and the outstanding Unsecured Debt of the Subsidiaries, determined on a consolidated basis in accordance with GAAP.

The Trust will not, and will not permit any Subsidiary to, incur any Debt if, immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds thereof, the aggregate principal amount of all outstanding Debt of the Trust and its Subsidiaries on a consolidated basis determined in accordance with GAAP is greater than 65% of the sum of (without duplication) (i) the Trust's Total Assets as of the end of the calendar quarter covered in the Trust's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the Commission (or, if such filing is not permitted under the Exchange Act, with the Trustee) prior to the incurrence of such additional Debt and (ii) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by the Trust or any Subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt.

'Total Unencumbered Assets' means the sum of, without duplication, those Undepreciated Real Estate Assets which are not subject to a lien securing Debt and all other assets, excluding accounts receivable and intangibles, of the Trust and the Subsidiaries not subject to a lien securing Debt, all determined on a consolidated basis in accordance with GAAP; provided, however, that all investments by the Trust and the Subsidiaries in unconsolidated joint ventures, unconsolidated limited partnerships, unconsolidated limited liability

companies and other unconsolidated entities shall be excluded from Total Unencumbered Assets to the extent that such investments would have otherwise been included."

If an Event of Default shall occur and be continuing, the principal of the Notes may, and in certain cases shall, be accelerated in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance of (i) the entire indebtedness of the Notes or (ii) certain covenants and Events of Default with respect to the Notes, in each case upon compliance with certain conditions set forth therein, which provisions apply to the Notes.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Debt Securities at any time by the Company and the Trustee with the consent of the Holders of a majority of the aggregate principal amount of all Debt Securities at the time outstanding and affected thereby. The Indenture also contains provisions permitting the Holders of a majority of the aggregate principal amount of the outstanding Debt Securities of any series, on behalf of the Holders of all such Debt Securities, to waive compliance by the Company with certain provisions of the Indenture. Furthermore, provisions in the Indenture permit the Holders of a majority of the aggregate principal amount of the outstanding Debt Securities of any series, in certain instances, to waive, on behalf of all of the Holders of Debt Securities of such series, certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and other Notes issued upon the registration of transfer hereof or in exchange heretofore or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay principal, premium, if any, and interest in respect of this Note at the times, places and rate or formula, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein and herein set forth, the transfer of this Note is registrable in the Security Register of the Company upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal hereof and any premium or interest hereon are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or by his attorney duly authorized in writing, and thereupon one or more new Notes having the same terms and provisions, of Authorized Denominations and for the same aggregate principal amount, will be issued by the Company to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein and herein set forth, this Note is exchangeable for a like aggregate principal amount of Notes of different Authorized Denominations but otherwise having the same terms and provisions, as requested by the Holder hereof surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Holder as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary, except as required by law.

THE INDENTURE AND THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIFT MIN ACT	- _____ Custodian _____ (Cust) (Minor) under Uniform Gifts to Minors Act _____ (State)
TEN ENT	- as tenants by the entireties		
JT TEN	- as joint tenants with right of survivorship and not as tenants in common		

Additional abbreviations may also be used though not in the above list.

_____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY
OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

_____

(Please print or typewrite name and address including postal zip code of assignee)

this Note and all rights thereunder hereby irrevocably constituting and appointing

Attorney to transfer this Note on the books of the Company, with full power of substitution in the premises.

Dated: _____ _____

_____ _____

Notice: The signature(s) on this Assignment must correspond with the name(s) as written upon the face of this Note in every particular, without alteration or enlargement or any change whatsoever.

UDR, INC.

ADDENDUM TO MEDIUM-TERM NOTE
(Fixed Rate)

The Company may redeem all or part of this Note at any time at its option at a redemption price equal to the greater of (1) the principal amount of this Note being redeemed plus accrued and unpaid interest to the redemption date or (2) the Make-Whole Amount for the principal amount of this Note being redeemed.

"Make-Whole Amount" means, as determined by the Quotation Agent, the sum of the present values of the principal amount of this Note to be redeemed, together with the scheduled payments of interest (exclusive of interest to the redemption date) from the redemption date to the maturity date of this Note being redeemed, in each case discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate, plus accrued and unpaid interest on the principal amount of this Note being redeemed to the redemption date.

"Adjusted Treasury Rate" means, with respect to any redemption date, the sum of (x) either (1) the yield for the maturity corresponding to the Comparable Treasury Issue, under the heading that represents the average for the immediately preceding week, appearing in the most recent published statistical release designated "H.15 (519)" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities" (provided, if no maturity is within three months before or after the remaining term of this Note, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounded to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third business day preceding the redemption date, and (y) 0.30%.

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the redemption date to the maturity date of this Note that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of this Note.

"Comparable Treasury Price" means, with respect to any redemption date, (x) the average of three Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations so obtained or (y) if fewer than five Reference Treasury Dealer Quotations are so obtained, the average of all such Reference Treasury Dealer Quotations so obtained.

"Quotation Agent" means the Reference Treasury Dealer selected by the indenture trustee after consultation with the Company.

"Reference Treasury Dealer" means any of Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., their respective successors and assigns and one other nationally recognized investment banking firm selected by the Company that is a primary U.S. Government securities dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the indenture trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the indenture trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Exhibit 4.17

UDR, INC.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (THE "DEPOSITARY") (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER HEREOF OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN CERTIFICATED FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.

REGISTERED No. FXR-10	CUSIP No.: 90265EAG5	PRINCIPAL AMOUNT: $400,000,000

UDR, INC.

MEDIUM-TERM NOTE
SERIES A
DUE NINE MONTHS OR
MORE FROM DATE OF ISSUE,
FULLY AND
UNCONDITIONALLY
GUARANTEED BY UNITED
DOMINION REALTY, L.P.
(Fixed Rate)

ORIGINAL ISSUE DATE: January 10, 2012	INTEREST RATE: 4.625%	STATED MATURITY DATE: January 10, 2022
INTEREST PAYMENT DATE(S) [X] January 10, and July 10, commencing July 10, 2012 [ ] Other:	[X] CHECK IF DISCOUNT NOTE Issue Price: 99.100% plus accrued interest from January 10, 2012	
INITIAL REDEMPTION DATE: See Addendum	INITIAL REDEMPTION PERCENTAGE: See Addendum	ANNUAL REDEMPTION PERCENTAGE REDUCTION: See Addendum
OPTIONAL REPAYMENT DATE(S): See Addendum		
SPECIFIED CURRENCY: [X] United States dollars [ ] Other:	AUTHORIZED DENOMINATION: [X] $1,000 and integral multiples thereof [ ] Other:	EXCHANGE RATE AGENT: N/A
ADDENDUM ATTACHED [X] Yes [ ] No	DEFAULT INTEREST RATE: N/A	OTHER/ADDITIONAL PROVISIONS: N/A

UDR, INC., a Maryland corporation (the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & Co., as nominee for The Depository Trust Company, or registered assigns, the Principal Amount of FOUR HUNDRED MILLION DOLLARS ($400,000.000), on the Stated Maturity Date specified above (or any Redemption Date or Repayment Date, each as defined on the reverse hereof, or any earlier date of acceleration of maturity) (each such date being hereinafter referred to as the "Maturity Date" with respect to the principal repayable on such date) and to pay interest thereon (and on any overdue principal, premium and/or interest to the extent legally enforceable) at the Interest Rate per annum specified above, until the principal hereof is paid or duly made available for payment. The Company will pay interest in arrears on each Interest Payment Date, if any, specified above (each, an "Interest Payment Date"), commencing with the first Interest Payment Date next succeeding the Original Issue Date specified above, and on the Maturity Date; provided , however , that if the Original Issue Date occurs between a Record Date (as defined below) and the next succeeding Interest Payment Date, interest payment will commence on the Interest Payment Date immediately following the next succeeding Record Date to the registered holder (the "Holder") of this Note on the next succeeding Record Date. Interest on this Note will be computed on the basis of a 360-day year of twelve 30-day months.

United Dominion Realty, L.P., a Delaware limited partnership (the "Operating Partnership") as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees to the Holder and to the Trustee and their successors and assigns (a) the full and punctual payment when due, whether at the Maturity Date, by acceleration or otherwise, of all obligations of the Company now or hereafter existing under the Indenture whether for principal of or interest on the Notes (and premium and Make-Whole Amount, if applicable) and all other monetary obligations of the Company under the Indenture and the Notes and (b) the full and punctual performance within the applicable grace periods of all other obligations of the Company under the Indenture and the Notes (all such obligations guaranteed hereby by the Operating Partnership being the "Guarantee"). The Holder of this Note may enforce its rights under the Guarantee directly against the Operating Partnership without first making a demand or taking action against the Company or any other person or entity. The Operating Partnership may, without the consent of the Holder of this Note, assume all of the Company's rights and obligations under this Note and, upon such assumption, the Company will be released from its liabilities under the Indenture and this Note.

Interest on this Note will accrue from, and including, the immediately preceding Interest Payment Date to which interest has been paid or duly provided for (or from, and including, the Original Issue Date if no interest has been paid or duly provided for) to, but excluding, the applicable Interest Payment Date or the Maturity Date, as the case may be (each, an "Interest Period"). The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, subject to certain exceptions described herein, be paid to the person in whose name this Note (or one or more predecessor Notes, as defined on the reverse hereof) is registered at the close of business on the fifteenth calendar day (whether or not a Business Day, as defined below) immediately preceding such Interest Payment Date (the "Record Date"); provided , however , that interest payable on the Maturity Date will be payable to the person to whom the principal hereof and premium, if any, hereon shall be payable. Any such interest not so punctually paid or duly provided for on any Interest Payment Date other than the Maturity Date ("Defaulted Interest") shall forthwith cease to be payable to the Holder on the close of business on any Record Date and, instead, shall be paid to the person in whose name this Note is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by the Trustee hereinafter referred to, notice whereof shall be given to the Holder of this Note by the Trustee not less than 10 calendar days prior to such Special Record Date or may be paid at any time in any other lawful manner, all as more fully provided for in the Indenture.

Payment of principal, premium, if any, and interest in respect of this Note due on the Maturity Date will be made in immediately available funds upon presentation and surrender of this Note (and, with respect to any applicable repayment of this Note, upon delivery of instructions as contemplated on the reverse hereof) at the office or agency maintained by the Company for that purpose in the Borough of Manhattan, The City of New York, currently the corporate trust office of the Trustee located at 40 Broad Street, 5th Floor, New York, New York 10004, or at such other paying agency in the Borough of Manhattan, The City of New York, as the Company may determine; provided , however , that if the Specified Currency (as defined below) is other than United States dollars and such payment is to be made in the Specified Currency in accordance with the provisions set forth below, such payment will be made by wire transfer of immediately available funds to an account with a bank designated by the Holder hereof at least 15 calendar days prior to the Maturity Date, provided that such bank has appropriate facilities therefor and that this Note is presented and surrendered and, if applicable, instructions are delivered at the aforementioned office or agency maintained by the Company in time for the Trustee to make such payment in such funds in accordance with its normal procedures. Payment of interest due on any Interest Payment Date other than the Maturity Date

will be made at the aforementioned office or agency maintained by the Company or, at the option of the Company, by check mailed to the address of the person entitled thereto as such address shall appear in the Security Register maintained by the Trustee; provided , however , that a Holder of U.S.$10,000,000 (or, if the Specified Currency is other than United States dollars, the equivalent thereof in the Specified Currency) or more in aggregate principal amount of Notes (whether having identical or different terms and provisions) will be entitled to receive interest payments on such Interest Payment Date by wire transfer of immediately available funds if such Holder has delivered appropriate wire transfer instructions in writing to the Trustee not less than 15 calendar days prior to such Interest Payment Date. Any such wire transfer instructions received by the Trustee shall remain in effect until revoked by such Holder.

If any Interest Payment Date or the Maturity Date falls on a day that is not a Business Day, the required payment of principal, premium, if any, and/or interest shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue with respect to such payment for the period from and after such Interest Payment Date or the Maturity Date, as the case may be, to the date of such payment on the next succeeding Business Day.

As used herein, “Business Day” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York; provided , however , that if the Specified Currency is other than United States dollars, such day must also not be a day on which commercial banks are authorized or required by law, regulation or executive order to close in the

Principal Financial Center (as defined below) of the country issuing the Specified Currency (or, if the Specified Currency is Euro, such day must also be a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open). "Principal Financial Center" means the capital city of the country issuing the Specified Currency, except that with respect to United States dollars, Australian dollars, Canadian dollars, Euros, South African rands and Swiss francs, the "Principal Financial Center" shall be The City of New York, Sydney, Toronto, Johannesburg and Zurich, respectively.

The Company is obligated to make payment of principal, premium, if any, and interest in respect of this Note in the currency in which this Note is denominated above (or, if such currency is not at the time of such payment legal tender for the payment of public and private debts in the country issuing such currency or, if such currency is Euro, in the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, then the currency which is at the time of such payment legal tender in the related country or in the adopting member states of the European Union, as the case may be) (the "Specified Currency"). If the Specified Currency is other than United States dollars, except as otherwise provided below, any such amounts so payable by the Company will be converted by the Exchange Rate Agent specified above into United States dollars for payment to the Holder of this Note.

Any United States dollar amount to be received by the Holder of this Note will be based on the highest bid quotation in The City of New York received by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Business Day preceding the applicable payment date from three recognized foreign exchange dealers (one of whom may be the Exchange Rate Agent) selected by the Exchange Rate Agent and approved by the Company for the purchase by the quoting dealer of the Specified Currency for United States dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all Holders of Notes scheduled to receive United States dollar payments and at which the applicable dealer commits to execute a contract. All currency exchange costs will be borne by the Holder of this Note by deductions from such payments. If three such bid quotations are not available, payments on this Note will be made in the Specified Currency.

If the Specified Currency is other than United States dollars, the Holder of this Note may elect to receive all or a specified portion of any payment of principal,

premium, if any, and/or interest, if any, in respect of this Note in the Specified Currency by submitting a written request for such payment to the Trustee at its corporate trust office in The City of New York on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be. Such written request may be mailed or hand delivered or sent by cable, telex or other form of facsimile transmission. The Holder of this Note may elect to receive all or a specified portion of all future payments in the Specified Currency in respect of such principal, premium, if any, and/or interest, if any, and need not file a separate election for each payment. Such election will remain in effect until revoked by written notice delivered to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be.

If the Specified Currency is other than United States dollars and the Holder of this Note shall have duly made an election to receive all or a specified portion of any payment of principal, premium, if any, and/or interest, if any, in respect of this Note in the Specified Currency, but the Specified Currency is not available due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the Holder of this Note by making such payment in United States dollars on the basis of the Market Exchange Rate (as defined below) determined by the Exchange Rate Agent on the second Business Day prior to such payment date or, if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate. The "Market Exchange Rate" for the Specified Currency other than United States dollars means the noon dollar buying rate in The City of New York for cable transfers for the Specified Currency as certified for customs purposes (or, if not so certified, as otherwise determined) by the Federal Reserve Bank of New York. Any payment made in United States dollars under such circumstances shall not constitute an Event of Default (as defined in the Indenture).

All determinations referred to above made by the Exchange Rate Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Holder of this Note.

The Company agrees to indemnify the Holder of any Note against any loss incurred by such Holder as a result of any judgment or order being given or made against the Company for any amount due hereunder and such judgment or order requiring payment in a currency (the "Judgment Currency") other than the Specified Currency, and as a result of any variation between (i) the rate of exchange at which the Specified Currency amount is converted into the Judgment Currency for the purpose of such judgment or order, and (ii) the rate of exchange at which such Holder, on the date of payment of such judgment or order, is able to purchase the Specified Currency with the amount of the Judgment Currency actually received by such Holder, as the case may be. The foregoing indemnity constitutes a separate and independent obligation of the Company and continues in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" includes any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof and, if so specified on the face hereof, in an Addendum hereto, which further provisions shall have the same force and effect as if set forth on the face hereof.

Notwithstanding the foregoing, if an Addendum is attached hereto or "Other/Additional Provisions" apply to this Note as specified above, this Note shall be subject to the terms set forth in such Addendum or such "Other/Additional Provisions".

Unless the Certificate of Authentication hereon has been executed by the Trustee by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, UDR, Inc. has caused this Note to be duly executed by one of its duly authorized officers.

UDR, INC.

By: /s/ David L. Messenger
Name: David L. Messenger
Title: Senior Vice President and Chief Financial Officer

ATTEST:

By: /s/ Leslie E. Green
Name: Leslie E. Green
Title: Assistant Secretary

Dated: January 10, 2012

TRUSTEE'S CERTIFICATE OF AUTHENTICATION:

This is one of the Debt Securities of
the series designated therein referred
to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ K. Wendy Kumar Authentication Date: January 10, 2012
Authorized Signatory

[REVERSE OF NOTE]

UDR, INC.

MEDIUM-TERM NOTE, SERIES A
DUE NINE MONTHS OR MORE FROM DATE OF ISSUE, FULLY AND
UNCONDITIONALLY GUARANTEED BY UNITED DOMINION REALTY, L.P.
(Fixed Rate)

This Note is one of a duly authorized series of Debt Securities (the "Debt Securities") of the Company issued and to be issued under an Indenture, dated as of November 1, 1995, as amended, modified or supplemented from time to time (the "Indenture"), between the Company (successor by merger to UDR, Inc., a Virginia corporation) and U.S. Bank National Association, successor trustee to Wachovia Bank, National Association, (formerly known as First Union National Bank of Virginia) as trustee (the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Debt Securities, and of the terms upon which the Debt Securities are, and are to be, authenticated and delivered. This Note is one of the series of Debt Securities designated as "Medium-Term Notes, Series A Due Nine Months or More From Date of Issue, Fully and Unconditionally Guaranteed by United Dominion Realty, L.P." (the "Notes"). All terms used but not defined in this Note or in an Addendum hereto shall have the meanings assigned to such terms in the Indenture or on the face hereof, as the case may be.

United Dominion Realty, L.P., a Delaware limited partnership (the "Operating Partnership") as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees to the Holder and to the Trustee and their successors and assigns (a) the full and punctual payment when due, whether at the Maturity Date, by acceleration or otherwise, of all obligations of the Company now or hereafter existing under the Indenture whether for principal of or interest on the Notes (and premium and Make-Whole Amount, if applicable) and all other monetary obligations of the Company under the Indenture and the Notes and (b) the full and punctual performance within the applicable grace periods of all other obligations of the Company under the Indenture and the Notes (all such obligations guaranteed hereby by the Operating Partnership being the "Guarantee"). The Holder of this Note may enforce its rights under the Guarantee directly against the Operating Partnership without first making a demand or taking action against the Company or any other person or entity. The Operating Partnership may, without the consent of the Holder of this Note, assume all of the Company's rights and obligations under this Note and, upon such assumption, the Company will be released from its liabilities under the Indenture and this Note.

This Note is issuable only in registered form without coupons in minimum denominations of U.S. $1,000 and integral multiples thereof or other Authorized Denomination specified on the face hereof.

This Note will not be subject to any sinking fund and, unless otherwise specified on the face hereof in accordance with the provisions of the following two paragraphs, will not be redeemable or repayable prior to the Stated Maturity Date.

This Note will be subject to redemption at the option of the Company on any date on or after the Initial Redemption Date, if any, specified on the face hereof, in whole or from time to time in part in increments of U.S. $1,000 or other integral multiple of an Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. $1,000 or such other minimum Authorized Denomination), at the Redemption Price (as defined below), together with unpaid interest accrued thereon to the date fixed for redemption (the "Redemption Date"), on written notice given to the Holder hereof (in accordance with the provisions of the Indenture) not more than 60 nor less than 30 calendar days prior to the Redemption Date. The "Redemption Price" shall be an amount equal to the Initial Redemption Percentage specified on the face hereof (as adjusted by the Annual Redemption Percentage Reduction, if any, specified on the face hereof) multiplied by the unpaid principal amount of this Note to be redeemed. The Initial Redemption Percentage, if any, shall decline at each anniversary of the Initial Redemption Date by the Annual Redemption Percentage Reduction, if any, until the Redemption Price is 100% of unpaid principal amount to be redeemed. In the event of redemption of this Note in part only, a new Note of like tenor for the unredeemed portion hereof and otherwise having the same terms and provisions as this Note shall be issued by the Company in the name of the Holder hereof upon the presentation and surrender hereof.

This Note will be subject to repayment by the Company at the option of the Holder hereof on the Optional Repayment Date(s), if any, specified on the face hereof, in whole or in part in increments of U.S. $1,000 or other integral multiple of an Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. $1,000 or such other minimum Authorized Denomination), at a repayment price equal to 100% of the unpaid principal amount to be repaid, together with unpaid interest accrued thereon to the date fixed for repayment (the "Repayment Date"). For this Note to be repaid, the Trustee must receive at its corporate trust office in the Borough of Manhattan, The City of New York, not more than 60 nor less than 30 calendar days prior to the Repayment Date, such Note and instructions to such effect forwarded by the Holder hereof. Exercise of such repayment option by the Holder hereof shall be irrevocable. In the event of repayment of this Note in part only, a new Note of like tenor for the unrepaid portion hereof and otherwise having the same terms and provisions as this Note shall be issued by the Company in the name of the Holder hereof upon the presentation and surrender hereof.

If this Note is specified on the face hereof to be a Discount Note, the amount payable to the Holder of this Note in the event of redemption, repayment or acceleration of maturity will be equal to the sum of (1) the Issue Price specified on the face hereof (increased by any accruals of the Discount, as defined below) and, in the event of any redemption of this Note (if applicable), multiplied by the Initial Redemption Percentage (as adjusted by the Annual Redemption Percentage Reduction, if applicable) and (2) any unpaid interest accrued thereon to the Redemption Date, Repayment Date or date of acceleration of maturity, as the case may be. The difference between the Issue Price and 100% of the principal amount of this Note is referred to herein as the "Discount".

For purposes of determining the amount of Discount that has accrued as of any Redemption Date, Repayment Date or date of acceleration of maturity of this Note, such Discount will be accrued so as to cause the yield on the Note to be constant. The constant yield will be calculated using a 30-day month, 360-day year convention, a compounding period that, except for the Initial Period (as defined below), corresponds to the shortest period between Interest Payment Dates (with ratable accruals within a compounding period) and an assumption that the maturity of this Note will not be accelerated. If the period from the Original Issue Date to the initial Interest Payment Date (the "Initial Period") is shorter than the compounding period for this Note, a proportionate amount of the yield for an entire compounding period will be accrued. If the Initial Period is longer than the compounding period, then such period will be divided into a regular compounding period and a short period, with the short period being treated as provided in the preceding sentence.

The covenants set forth in Section 1004(a) and Section 1007 of the Indenture shall not apply to this Note, and the following covenants shall instead apply to this Note in place of the covenants set forth in Section 1004(a) and Section 1007 of the Indenture:

"The Trust will, and will cause the Subsidiaries to, have at all times Total Unencumbered Assets of not less than 150% of the aggregate principal amount of all of the Trust's outstanding Unsecured Debt and the outstanding Unsecured Debt of the Subsidiaries, determined on a consolidated basis in accordance with GAAP.

The Trust will not, and will not permit any Subsidiary to, incur any Debt if, immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds thereof, the aggregate principal amount of all outstanding Debt of the Trust and its Subsidiaries on a consolidated basis determined in accordance with GAAP is greater than 65% of the sum of (without duplication) (i) the Trust's Total Assets as of the end of the calendar quarter covered in the Trust's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the Commission (or, if such filing is not permitted under the Exchange Act, with the Trustee) prior to the incurrence of such additional Debt and (ii) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by the Trust or any Subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt.

'Total Unencumbered Assets' means the sum of, without duplication, those Undepreciated Real Estate Assets which are not subject to a lien securing Debt and all other assets, excluding accounts receivable and intangibles, of the Trust and the Subsidiaries not subject to a lien securing Debt, all determined on a consolidated basis in accordance with GAAP; provided, however, that all investments by the Trust and the Subsidiaries in unconsolidated joint ventures, unconsolidated limited partnerships, unconsolidated limited liability

companies and other unconsolidated entities shall be excluded from Total Unencumbered Assets to the extent that such investments would have otherwise been included."

If an Event of Default shall occur and be continuing, the principal of the Notes may, and in certain cases shall, be accelerated in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance of (i) the entire indebtedness of the Notes or (ii) certain covenants and Events of Default with respect to the Notes, in each case upon compliance with certain conditions set forth therein, which provisions apply to the Notes.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Debt Securities at any time by the Company and the Trustee with the consent of the Holders of a majority of the aggregate principal amount of all Debt Securities at the time outstanding and affected thereby. The Indenture also contains provisions permitting the Holders of a majority of the aggregate principal amount of the outstanding Debt Securities of any series, on behalf of the Holders of all such Debt Securities, to waive compliance by the Company with certain provisions of the Indenture. Furthermore, provisions in the Indenture permit the Holders of a majority of the aggregate principal amount of the outstanding Debt Securities of any series, in certain instances, to waive, on behalf of all of the Holders of Debt Securities of such series, certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and other Notes issued upon the registration of transfer hereof or in exchange heretofore or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay principal, premium, if any, and interest in respect of this Note at the times, places and rate or formula, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein and herein set forth, the transfer of this Note is registrable in the Security Register of the Company upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal hereof and any premium or interest hereon are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or by his attorney duly authorized in writing, and thereupon one or more new Notes having the same terms and provisions, of Authorized Denominations and for the same aggregate principal amount, will be issued by the Company to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein and herein set forth, this Note is exchangeable for a like aggregate principal amount of Notes of different Authorized Denominations but otherwise having the same terms and provisions, as requested by the Holder hereof surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Holder as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary, except as required by law.

THE INDENTURE AND THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIFT MIN ACT	- _____ Custodian _____ (Cust) (Minor) under Uniform Gifts to Minors Act _____ (State)
TEN ENT	- as tenants by the entireties		
JT TEN	- as joint tenants with right of survivorship and not as tenants in common		

Additional abbreviations may also be used though not in the above list.

_____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY
OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

_____

(Please print or typewrite name and address including postal zip code of assignee)

this Note and all rights thereunder hereby irrevocably constituting and appointing

Attorney to transfer this Note on the books of the Company, with full power of substitution in the premises.

Dated: _____ _____

_____ _____

Notice: The signature(s) on this Assignment must correspond with the name(s) as written upon the face of this Note in every particular, without alteration or enlargement or any change whatsoever.

UDR, INC.

ADDENDUM TO MEDIUM-TERM NOTE
(Fixed Rate)

The Company may redeem all or part of this Note at any time at its option at a redemption price equal the greater of (1) the principal amount of this Note being redeemed plus accrued and unpaid interest to the redemption date or (2) the Make-Whole Amount for the principal amount of this Note being redeemed. If this Note is redeemed on or after 90 days prior to the maturity date, the redemption price will equal the principal amount of this Note being redeemed plus accrued and unpaid interest to the redemption date.

"Make-Whole Amount" means, as determined by the Quotation Agent, the sum of the present values of the principal amount of this Note to be redeemed, together with the scheduled payments of interest (exclusive of interest to the redemption date) from the redemption date to the maturity date of this Note being redeemed, in each case discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate, plus accrued and unpaid interest on the principal amount of this Note being redeemed to the redemption date.

"Adjusted Treasury Rate" means, with respect to any redemption date, the sum of (x) either (1) the yield for the maturity corresponding to the Comparable Treasury Issue, under the heading that represents the average for the immediately preceding week, appearing in the most recent published statistical release designated "H.15 (519)" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities" (provided, if no maturity is within three months before or after the remaining term of this Note, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounded to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third business day preceding the redemption date, and (y) 0.45%.

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the redemption date to the maturity date of this Note that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of this Note.

"Comparable Treasury Price" means, with respect to any redemption date, (x) the average of three Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations so obtained or (y) if fewer than five Reference Treasury Dealer Quotations are so obtained, the average of all such Reference Treasury Dealer Quotations so obtained.

"Quotation Agent" means the Reference Treasury Dealer selected by the indenture trustee after consultation with the Company.

"Reference Treasury Dealer" means any of Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Credit Suisse Securities (USA) LLC, Morgan Keegan & Company, Inc., their respective successors and assigns and one other nationally recognized investment banking firm selected by the Company that is a primary U.S. Government securities dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the indenture trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the indenture trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Exhibit 4.18

UDR, INC.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (THE "DEPOSITARY") (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER HEREOF OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN CERTIFICATED FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.

REGISTERED No.	CUSIP No.: 90265EAH3	PRINCIPAL AMOUNT: $300,000,000

UDR, INC.

MEDIUM-TERM NOTE
SERIES A
DUE NINE MONTHS OR
MORE FROM DATE OF ISSUE,
FULLY AND
UNCONDITIONALLY
GUARANTEED BY UNITED
DOMINION REALTY, L.P.
(Fixed Rate)

ORIGINAL ISSUE DATE: September 26, 2013	INTEREST RATE: 3.700%	STATED MATURITY DATE: October 1, 2020
INTEREST PAYMENT DATE(S) [X] April 1, and October 1, commencing April 1, 2014 [ ] Other:	[X] CHECK IF DISCOUNT NOTE Issue Price: 99.981% plus accrued interest from September 26, 2013	
INITIAL REDEMPTION DATE: See Addendum	INITIAL REDEMPTION PERCENTAGE: See Addendum	ANNUAL REDEMPTION PERCENTAGE REDUCTION: See Addendum
OPTIONAL REPAYMENT DATE(S): See Addendum		
SPECIFIED CURRENCY: [X] United States dollars [ ] Other:	AUTHORIZED DENOMINATION: [X] $1,000 and integral multiples thereof [ ] Other:	EXCHANGE RATE AGENT: N/A
ADDENDUM ATTACHED [X] Yes [ ] No	DEFAULT INTEREST RATE: N/A	OTHER/ADDITIONAL PROVISIONS: N/A

UDR, INC., a Maryland corporation (the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & Co., as nominee for The Depository Trust Company, or registered assigns, the Principal Amount of THREE HUNDRED MILLION DOLLARS ($300,000.000), on the Stated Maturity Date specified above (or any Redemption Date or Repayment Date, each as defined on the reverse hereof, or any earlier date of acceleration of maturity) (each such date being hereinafter referred to as the "Maturity Date" with respect to the principal repayable on such date) and to pay interest thereon (and on any overdue principal, premium and/or interest to the extent legally enforceable) at the Interest Rate per annum specified above, until the principal hereof is paid or duly made available for payment. The Company will pay interest in arrears on each Interest Payment Date, if any, specified above (each, an "Interest Payment Date"), commencing with the first Interest Payment Date next succeeding the Original Issue Date specified above, and on the Maturity Date; provided , however , that if the Original Issue Date occurs between a Record Date (as defined below) and the next succeeding Interest Payment Date, interest payment will commence on the Interest Payment Date immediately following the next succeeding Record Date to the registered holder (the "Holder") of this Note on the next succeeding Record Date. Interest on this Note will be computed on the basis of a 360-day year of twelve 30-day months.

United Dominion Realty, L.P., a Delaware limited partnership (the "Operating Partnership") as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees to the Holder and to the Trustee and their successors and assigns (a) the full and punctual payment when due, whether at the Maturity Date, by acceleration or otherwise, of all obligations of the Company now or hereafter existing under the Indenture whether for principal of or interest on the Notes (and premium and Make-Whole Amount, if applicable) and all other monetary obligations of the Company under the Indenture and the Notes and (b) the full and punctual performance within the applicable grace periods of all other obligations of the Company under the Indenture and the Notes (all such obligations guaranteed hereby by the Operating Partnership being the "Guarantee"). The Holder of this Note may enforce its rights under the Guarantee directly against the Operating Partnership without first making a demand or taking action against the Company or any other person or entity. The Operating Partnership may, without the consent of the Holder of this Note, assume all of the Company's rights and obligations under this Note and, upon such assumption, the Company will be released from its liabilities under the Indenture and this Note.

Interest on this Note will accrue from, and including, the immediately preceding Interest Payment Date to which interest has been paid or duly provided for (or from, and including, the Original Issue Date if no interest has been paid or duly provided for) to, but excluding, the applicable Interest Payment Date or the Maturity Date, as the case may be (each, an "Interest Period"). The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, subject to certain exceptions described herein, be paid to the person in whose name this Note (or one or more predecessor Notes, as defined on the reverse hereof) is registered at the close of business on the fifteenth calendar day (whether or not a Business Day, as defined below) immediately preceding such Interest Payment Date (the "Record Date"); provided , however , that interest payable on the Maturity Date will be payable to the person to whom the principal hereof and premium, if any, hereon shall be payable. Any such interest not so punctually paid or duly provided for on any Interest Payment Date other than the Maturity Date ("Defaulted Interest") shall forthwith cease to be payable to the Holder on the close of business on any Record Date and, instead, shall be paid to the person in whose name this Note is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by the Trustee hereinafter referred to, notice whereof shall be given to the Holder of this Note by the Trustee not less than 10 calendar days prior to such Special Record Date or may be paid at any time in any other lawful manner, all as more fully provided for in the Indenture.

Payment of principal, premium, if any, and interest in respect of this Note due on the Maturity Date will be made in immediately available funds upon presentation and surrender of this Note (and, with respect to any applicable repayment of this Note, upon delivery of instructions as contemplated on the reverse hereof) at the office or agency maintained by the Company for that purpose in the Borough of Manhattan, The City of New York, currently the corporate trust office of the Trustee located at 40 Broad Street, 5th Floor, New York, New York 10004, or at such other paying agency in the Borough of Manhattan, The City of New York, as the Company may determine; provided , however , that if the Specified Currency (as defined below) is other than United States dollars and such payment is to be made in the Specified Currency in accordance with the provisions set forth below, such payment will be made by wire transfer of immediately available funds to an account with a bank designated by the Holder hereof at least 15 calendar days prior to the Maturity Date, provided that such bank has appropriate facilities therefor and that this Note is presented and surrendered and, if applicable, instructions are delivered at the aforementioned office or agency maintained by the Company in time for the Trustee to make such payment in such funds in accordance with its normal procedures. Payment of interest due on any Interest Payment Date other than the Maturity Date

will be made at the aforementioned office or agency maintained by the Company or, at the option of the Company, by check mailed to the address of the person entitled thereto as such address shall appear in the Security Register maintained by the Trustee; provided , however , that a Holder of U.S.$10,000,000 (or, if the Specified Currency is other than United States dollars, the equivalent thereof in the Specified Currency) or more in aggregate principal amount of Notes (whether having identical or different terms and provisions) will be entitled to receive interest payments on such Interest Payment Date by wire transfer of immediately available funds if such Holder has delivered appropriate wire transfer instructions in writing to the Trustee not less than 15 calendar days prior to such Interest Payment Date. Any such wire transfer instructions received by the Trustee shall remain in effect until revoked by such Holder.

If any Interest Payment Date or the Maturity Date falls on a day that is not a Business Day, the required payment of principal, premium, if any, and/or interest shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue with respect to such payment for the period from and after such Interest Payment Date or the Maturity Date, as the case may be, to the date of such payment on the next succeeding Business Day.

As used herein, “Business Day” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York; provided , however , that if the Specified Currency is other than United States dollars, such day must also not be a day on which commercial banks are authorized or required by law, regulation or executive order to close in the

Principal Financial Center (as defined below) of the country issuing the Specified Currency (or, if the Specified Currency is Euro, such day must also be a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open). "Principal Financial Center" means the capital city of the country issuing the Specified Currency, except that with respect to United States dollars, Australian dollars, Canadian dollars, Euros, South African rands and Swiss francs, the "Principal Financial Center" shall be The City of New York, Sydney, Toronto, Johannesburg and Zurich, respectively.

The Company is obligated to make payment of principal, premium, if any, and interest in respect of this Note in the currency in which this Note is denominated above (or, if such currency is not at the time of such payment legal tender for the payment of public and private debts in the country issuing such currency or, if such currency is Euro, in the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, then the currency which is at the time of such payment legal tender in the related country or in the adopting member states of the European Union, as the case may be) (the "Specified Currency"). If the Specified Currency is other than United States dollars, except as otherwise provided below, any such amounts so payable by the Company will be converted by the Exchange Rate Agent specified above into United States dollars for payment to the Holder of this Note.

Any United States dollar amount to be received by the Holder of this Note will be based on the highest bid quotation in The City of New York received by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Business Day preceding the applicable payment date from three recognized foreign exchange dealers (one of whom may be the Exchange Rate Agent) selected by the Exchange Rate Agent and approved by the Company for the purchase by the quoting dealer of the Specified Currency for United States dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all Holders of Notes scheduled to receive United States dollar payments and at which the applicable dealer commits to execute a contract. All currency exchange costs will be borne by the Holder of this Note by deductions from such payments. If three such bid quotations are not available, payments on this Note will be made in the Specified Currency.

If the Specified Currency is other than United States dollars, the Holder of this Note may elect to receive all or a specified portion of any payment of principal,

premium, if any, and/or interest, if any, in respect of this Note in the Specified Currency by submitting a written request for such payment to the Trustee at its corporate trust office in The City of New York on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be. Such written request may be mailed or hand delivered or sent by cable, telex or other form of facsimile transmission. The Holder of this Note may elect to receive all or a specified portion of all future payments in the Specified Currency in respect of such principal, premium, if any, and/or interest, if any, and need not file a separate election for each payment. Such election will remain in effect until revoked by written notice delivered to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be.

If the Specified Currency is other than United States dollars and the Holder of this Note shall have duly made an election to receive all or a specified portion of any payment of principal, premium, if any, and/or interest, if any, in respect of this Note in the Specified Currency, but the Specified Currency is not available due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the Holder of this Note by making such payment in United States dollars on the basis of the Market Exchange Rate (as defined below) determined by the Exchange Rate Agent on the second Business Day prior to such payment date or, if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate. The "Market Exchange Rate" for the Specified Currency other than United States dollars means the noon dollar buying rate in The City of New York for cable transfers for the Specified Currency as certified for customs purposes (or, if not so certified, as otherwise determined) by the Federal Reserve Bank of New York. Any payment made in United States dollars under such circumstances shall not constitute an Event of Default (as defined in the Indenture).

All determinations referred to above made by the Exchange Rate Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Holder of this Note.

The Company agrees to indemnify the Holder of any Note against any loss incurred by such Holder as a result of any judgment or order being given or made against the Company for any amount due hereunder and such judgment or order requiring payment in a currency (the "Judgment Currency") other than the Specified Currency, and as a result of any variation between (i) the rate of exchange at which the Specified Currency amount is converted into the Judgment Currency for the purpose of such judgment or order, and (ii) the rate of exchange at which such Holder, on the date of payment of such judgment or order, is able to purchase the Specified Currency with the amount of the Judgment Currency actually received by such Holder, as the case may be. The foregoing indemnity constitutes a separate and independent obligation of the Company and continues in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" includes any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof and, if so specified on the face hereof, in an Addendum hereto, which further provisions shall have the same force and effect as if set forth on the face hereof.

Notwithstanding the foregoing, if an Addendum is attached hereto or "Other/Additional Provisions" apply to this Note as specified above, this Note shall be subject to the terms set forth in such Addendum or such "Other/Additional Provisions".

Unless the Certificate of Authentication hereon has been executed by the Trustee by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, UDR, Inc. has caused this Note to be duly executed by one of its duly authorized officers.

UDR, Inc.
a Maryland corporation

By: /s/ Thomas M. Herzog
Name: Thomas M. Herzog
Title: Senior Vice President and Chief Financial Officer

ATTEST:

By: /s/ Leslie E. Green
Name: Leslie E. Green
Title: Assistant Secretary

Dated: September 26, 2013

TRUSTEE'S CERTIFICATE OF AUTHENTICATION:

This is one of the Debt Securities of
the series designated therein referred
to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ K. Wendy Kumar Authentication Date: September 26, 2013
Authorized Signatory

[REVERSE OF NOTE]

UDR, INC.

MEDIUM-TERM NOTE, SERIES A
DUE NINE MONTHS OR MORE FROM DATE OF ISSUE, FULLY AND
UNCONDITIONALLY GUARANTEED BY UNITED DOMINION REALTY, L.P.
(Fixed Rate)

This Note is one of a duly authorized series of Debt Securities (the "Debt Securities") of the Company issued and to be issued under an Indenture, dated as of November 1, 1995, as amended, modified or supplemented from time to time (the "Indenture"), between the Company (successor by merger to UDR, Inc., a Virginia corporation) and U.S. Bank National Association, successor trustee to Wachovia Bank, National Association, (formerly known as First Union National Bank of Virginia) as trustee (the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Debt Securities, and of the terms upon which the Debt Securities are, and are to be, authenticated and delivered. This Note is one of the series of Debt Securities designated as "Medium-Term Notes, Series A Due Nine Months or More From Date of Issue, Fully and Unconditionally Guaranteed by United Dominion Realty, L.P." (the "Notes"). All terms used but not defined in this Note or in an Addendum hereto shall have the meanings assigned to such terms in the Indenture or on the face hereof, as the case may be.

United Dominion Realty, L.P., a Delaware limited partnership (the "Operating Partnership") as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees to the Holder and to the Trustee and their successors and assigns (a) the full and punctual payment when due, whether at the Maturity Date, by acceleration or otherwise, of all obligations of the Company now or hereafter existing under the Indenture whether for principal of or interest on the Notes (and premium and Make-Whole Amount, if applicable) and all other monetary obligations of the Company under the Indenture and the Notes and (b) the full and punctual performance within the applicable grace periods of all other obligations of the Company under the Indenture and the Notes (all such obligations guaranteed hereby by the Operating Partnership being the "Guarantee"). The Holder of this Note may enforce its rights under the Guarantee directly against the Operating Partnership without first making a demand or taking action against the Company or any other person or entity. The Operating Partnership may, without the consent of the Holder of this Note, assume all of the Company's rights and obligations under this Note and, upon such assumption, the Company will be released from its liabilities under the Indenture and this Note.

This Note is issuable only in registered form without coupons in minimum denominations of U.S. $1,000 and integral multiples thereof or other Authorized Denomination specified on the face hereof.

This Note will not be subject to any sinking fund and, unless otherwise specified on the face hereof in accordance with the provisions of the following two paragraphs, will not be redeemable or repayable prior to the Stated Maturity Date.

This Note will be subject to redemption at the option of the Company on any date on or after the Initial Redemption Date, if any, specified on the face hereof, in whole or from time to time in part in increments of U.S. $1,000 or other integral multiple of an Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. $1,000 or such other minimum Authorized Denomination), at the Redemption Price (as defined below), together with unpaid interest accrued thereon to the date fixed for redemption (the "Redemption Date"), on written notice given to the Holder hereof (in accordance with the provisions of the Indenture) not more than 60 nor less than 30 calendar days prior to the Redemption Date. The "Redemption Price" shall be an amount equal to the Initial Redemption Percentage specified on the face hereof (as adjusted by the Annual Redemption Percentage Reduction, if any, specified on the face hereof) multiplied by the unpaid principal amount of this Note to be redeemed. The Initial Redemption Percentage, if any, shall decline at each anniversary of the Initial Redemption Date by the Annual Redemption Percentage Reduction, if any, until the Redemption Price is 100% of unpaid principal amount to be redeemed. In the event of redemption of this Note in part only, a new Note of like tenor for the unredeemed portion hereof and otherwise having the same terms and provisions as this Note shall be issued by the Company in the name of the Holder hereof upon the presentation and surrender hereof.

This Note will be subject to repayment by the Company at the option of the Holder hereof on the Optional Repayment Date(s), if any, specified on the face hereof, in whole or in part in increments of U.S. $1,000 or other integral multiple of an Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. $1,000 or such other minimum Authorized Denomination), at a repayment price equal to 100% of the unpaid principal amount to be repaid, together with unpaid interest accrued thereon to the date fixed for repayment (the "Repayment Date"). For this Note to be repaid, the Trustee must receive at its corporate trust office in the Borough of Manhattan, The City of New York, not more than 60 nor less than 30 calendar days prior to the Repayment Date, such Note and instructions to such effect forwarded by the Holder hereof. Exercise of such repayment option by the Holder hereof shall be irrevocable. In the event of repayment of this Note in part only, a new Note of like tenor for the unrepaid portion hereof and otherwise having the same terms and provisions as this Note shall be issued by the Company in the name of the Holder hereof upon the presentation and surrender hereof.

If this Note is specified on the face hereof to be a Discount Note, the amount payable to the Holder of this Note in the event of redemption, repayment or acceleration of maturity will be equal to the sum of (1) the Issue Price specified on the face hereof (increased by any accruals of the Discount, as defined below) and, in the event of any redemption of this Note (if applicable), multiplied by the Initial Redemption Percentage (as adjusted by the Annual Redemption Percentage Reduction, if applicable) and (2) any unpaid interest accrued thereon to the Redemption Date, Repayment Date or date of acceleration of maturity, as the case may be. The difference between the Issue Price and 100% of the principal amount of this Note is referred to herein as the "Discount".

For purposes of determining the amount of Discount that has accrued as of any Redemption Date, Repayment Date or date of acceleration of maturity of this Note, such Discount will be accrued so as to cause the yield on the Note to be constant. The constant yield will be calculated using a 30-day month, 360-day year convention, a compounding period that, except for the Initial Period (as defined below), corresponds to the shortest period between Interest Payment Dates (with ratable accruals within a compounding period) and an assumption that the maturity of this Note will not be accelerated. If the period from the Original Issue Date to the initial Interest Payment Date (the "Initial Period") is shorter than the compounding period for this Note, a proportionate amount of the yield for an entire compounding period will be accrued. If the Initial Period is longer than the compounding period, then such period will be divided into a regular compounding period and a short period, with the short period being treated as provided in the preceding sentence.

The covenants set forth in Section 1004(a) and Section 1007 of the Indenture shall not apply to this Note, and the following covenants shall instead apply to this Note in place of the covenants set forth in Section 1004(a) and Section 1007 of the Indenture:

"The Trust will, and will cause the Subsidiaries to, have at all times Total Unencumbered Assets of not less than 150% of the aggregate principal amount of all of the Trust's outstanding Unsecured Debt and the outstanding Unsecured Debt of the Subsidiaries, determined on a consolidated basis in accordance with GAAP.

The Trust will not, and will not permit any Subsidiary to, incur any Debt if, immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds thereof, the aggregate principal amount of all outstanding Debt of the Trust and its Subsidiaries on a consolidated basis determined in accordance with GAAP is greater than 65% of the sum of (without duplication) (i) the Trust's Total Assets as of the end of the calendar quarter covered in the Trust's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the Commission (or, if such filing is not permitted under the Exchange Act, with the Trustee) prior to the incurrence of such additional Debt and (ii) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by the Trust or any Subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt.

'Total Unencumbered Assets' means the sum of, without duplication, those Undepreciated Real Estate Assets which are not subject to a lien securing Debt and all other assets, excluding accounts receivable and intangibles, of the Trust and the Subsidiaries not subject to a lien securing Debt, all determined on a consolidated basis in accordance with GAAP; provided, however, that all investments by the Trust and the Subsidiaries in unconsolidated joint ventures, unconsolidated limited partnerships, unconsolidated limited liability

companies and other unconsolidated entities shall be excluded from Total Unencumbered Assets to the extent that such investments would have otherwise been included."

If an Event of Default shall occur and be continuing, the principal of the Notes may, and in certain cases shall, be accelerated in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance of (i) the entire indebtedness of the Notes or (ii) certain covenants and Events of Default with respect to the Notes, in each case upon compliance with certain conditions set forth therein, which provisions apply to the Notes.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Debt Securities at any time by the Company and the Trustee with the consent of the Holders of a majority of the aggregate principal amount of all Debt Securities at the time outstanding and affected thereby. The Indenture also contains provisions permitting the Holders of a majority of the aggregate principal amount of the outstanding Debt Securities of any series, on behalf of the Holders of all such Debt Securities, to waive compliance by the Company with certain provisions of the Indenture. Furthermore, provisions in the Indenture permit the Holders of a majority of the aggregate principal amount of the outstanding Debt Securities of any series, in certain instances, to waive, on behalf of all of the Holders of Debt Securities of such series, certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and other Notes issued upon the registration of transfer hereof or in exchange heretofore or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay principal, premium, if any, and interest in respect of this Note at the times, places and rate or formula, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein and herein set forth, the transfer of this Note is registrable in the Security Register of the Company upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal hereof and any premium or interest hereon are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or by his attorney duly authorized in writing, and thereupon one or more new Notes having the same terms and provisions, of Authorized Denominations and for the same aggregate principal amount, will be issued by the Company to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein and herein set forth, this Note is exchangeable for a like aggregate principal amount of Notes of different Authorized Denominations but otherwise having the same terms and provisions, as requested by the Holder hereof surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Holder as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary, except as required by law.

THE INDENTURE AND THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIFT MIN ACT	- _____ Custodian _____ (Cust) (Minor) under Uniform Gifts to Minors Act _____ (State)
TEN ENT	- as tenants by the entireties		
JT TEN	- as joint tenants with right of survivorship and not as tenants in common		

Additional abbreviations may also be used though not in the above list.

_____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY
OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

_____

(Please print or typewrite name and address including postal zip code of assignee)

this Note and all rights thereunder hereby irrevocably constituting and appointing

Attorney to transfer this Note on the books of the Company, with full power of substitution in the premises.

Dated: _____ _____

_____ _____

Notice: The signature(s) on this Assignment must correspond with the name(s) as written upon the face of this Note in every particular, without alteration or enlargement or any change whatsoever.

UDR, INC.

ADDENDUM TO MEDIUM-TERM NOTE
(Fixed Rate)

The Company may redeem all or part of this Note at any time at its option at a redemption price equal the greater of (1) the principal amount of this Note being redeemed plus accrued and unpaid interest to the redemption date or (2) the Make-Whole Amount for the principal amount of this Note being redeemed. If this Note is redeemed on or after 90 days prior to the maturity date, the redemption price will equal the principal amount of this Note being redeemed plus accrued and unpaid interest to the redemption date.

"Make-Whole Amount" means, as determined by the Quotation Agent, the sum of the present values of the principal amount of this Note to be redeemed, together with the scheduled payments of interest (exclusive of interest to the redemption date) from the redemption date to the maturity date of this Note being redeemed, in each case discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate, plus accrued and unpaid interest on the principal amount of this Note being redeemed to the redemption date.

"Adjusted Treasury Rate" means, with respect to any redemption date, the sum of (x) either (1) the yield for the maturity corresponding to the Comparable Treasury Issue, under the heading that represents the average for the immediately preceding week, appearing in the most recent published statistical release designated "H.15 (519)" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities" (provided, if no maturity is within three months before or after the remaining term of this Note, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounded to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third business day preceding the redemption date, and (y) 0.45%.

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the redemption date to the maturity date of this Note that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of this Note.

"Comparable Treasury Price" means, with respect to any redemption date, (x) the average of three Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations so obtained or (y) if fewer than five Reference Treasury Dealer Quotations are so obtained, the average of all such Reference Treasury Dealer Quotations so obtained.

"Quotation Agent" means the Reference Treasury Dealer selected by the indenture trustee after consultation with the Company.

"Reference Treasury Dealer" means any of J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, Credit Suisse Securities (USA) LLC, Mitsubishi UFJ Securities (USA), Inc., U.S. Bancorp Investments, Inc., their respective successors and assigns and one other nationally recognized investment banking firm selected by the Company that is a primary U.S. Government securities dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the indenture trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the indenture trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Exhibit 10.22

March 1, 2013

To: UDR, Inc. Bank Group

Re: Amendment to Credit Agreement dated as of October 25, 2011 (the "Credit Agreement") among UDR, Inc. ("UDR"), the Lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent (the "Administrative Agent").

UDR has requested that Wells Fargo, as Administrative Agent, approve Fitch, Inc. as a Rating Agency under the Credit Agreement. Wells Fargo, as Administrative Agent, is supportive of this request.

In addition, UDR has asked the Lenders to amend the first paragraph of the definition of "Applicable Margin" so that it reads as follows:

> **"Applicable Margin"** means the percentage rate set forth in the table below corresponding to the level (each a "Level") into which the Borrower's Credit Rating then falls. As of the Agreement Date, the Applicable Margin is determined based on Level 31 Any change in the Borrower's Credit Rating which would cause it to move to a different Level shall be effective as of the first day of the first calendar month immediately following receipt by the Administrative Agent of written notice delivered by the Borrower in accordance with Section 8.4.(k) that the Borrower's Credit Rating has changed; provided, however, if the Borrower has not delivered the notice required by such Section but the Administrative Agent becomes aware that the Borrower's Credit Rating has changed, then the Administrative Agent may, in its sole discretion, adjust the Level effective as of the first day of the first calendar month following the date the Administrative Agent becomes aware that the Borrower's Credit Rating has changed. During any period for which the Borrower has received three Credit Ratings which are not equivalent, the Applicable Margin will be determined by (a) the highest Credit Rating if they differ by only one Level and (b) the average of the two highest Credit Ratings if they differ by two or more Levels (unless the average is not a recognized Level, in which case the Applicable Margin will be based on the Level corresponding to the second highest Credit Rating). During any period for which the Borrower has received only two Credit Ratings and such Credit Ratings are not equivalent, the Applicable Margin will be determined by (i) the highest Credit Rating if they differ by only one Level and (ii) the median of the two Credit Ratings if they differ by two or more Levels (unless the median is not a recognized Level, in which case the Applicable Margin will be based on the Credit Rating one Level below the Level corresponding to the higher Credit Rating). During any period for which the Borrower has received a Credit Rating from only one Rating Agency, the Applicable Margin shall be determined based on such Credit Rating so long as such Credit Rating is from either S&P or Moody's. During any period that the Borrower has (x) not received a Credit Rating from any Rating Agency or (x) received a Credit Rating from only one Rating Agency that is neither S&P or Moody's, the Applicable Margin shall be determined based on Levels. The provisions of this definition shall be subject to Section 2.5.(c).

Wells Fargo, as Administrative Agent and Lender, is supportive of UDR's request to amend the definition of "Applicable Margin" as set forth above and recommends each Lender agree to the requested amendment. To signify agreement to the requested amendment, a Lender should complete and execute the signature block on the following page of this letter agreement and send a pdf of the executed letter agreement by e-mail to Paul Cushing (paul.cushing@alston.com) by no later than s:oo pm EST on Wednesday, March 13, 2013.

If you have any questions of a business nature, please contact Amit Khimji at (704) 410-1150, or if you have questions of a legal nature please contact Paul Cushing at (404) 881-7578 at Alston & Bird.

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By: /s/ Carl Skanderup
Name: Carl Skanderup
Title: Vice President

Agreed and accepted:

Wells Fargo Bank, NA.
[Type Name of Lender]

By: /s/ Carl Skanderup
Name: Carl Skanderup
Title: Vice President

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

SunTrust Bank
[Type Name of Lender]

By: /s/ Gregory T. Horsfman
Name: Gregory T. Horsfman
Title: Senior Vice President

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Regions Bank
[Type Name of Lender]

By: /s/ Lori Chambers
Name: Lori Chambers
Title: Vice President

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Compass Bank

By: /s/ Brian Tuerff
Name: Brian Tuerff
Title: Senior Vice President

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Citibank, NA

By: /s/ John C. Rowland
Name: John C. Rowland
Title: Vice President

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Union Bank

[Type Name of Lender]

By: /s/ Warren H. Li
Name: Warren H. Li
Title: V.P.

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

JP MORGAN CHASE BANK, N.A.

By: /s/ Kimberly Turner
Name: Kimberly Turner
Title: Executive Director

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Morgan Stanley Bank, N.A.

By: /s/ Nick Zangarl
Name: Nick Zangarl
Title: Authorized Signatory

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Bank of America, N.A.

By: /s/ Helen Chan
Name: Helen Chan
Title: Vice President

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Capital One, N.A.
[Type Name of Lender]

By: /s/ Frederick H. Denecke
Name: Frederick H. Denecke
Title: Vice President

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

PNC BANK, NATIONAL ASSOCIATION

By: /s/ James A. Harmann
Name: James A. Harmann
Title: Senior Vice President

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

U.S. Bank
[Type Name of Lender]

By: /s/ Andrew Hyde
Name: Andrew Hyde
Title: Vice President

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Credit Suisse AG,
CAYMAN ISLANDS BRANCH
[Type Name of Lender]

By: /s/ Mikhail Faybusovich
Name: Mikhail Faybusovich
Title: Director

By: /s/ Tyler R. Smith
Name: Tyler R. Smith
Title: Associate

Terms not defined herein that are defined in the Credit Agreement have the respective meanings given them in the Credit Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

BRANCH BANKING AND TRUST COMPANY
[Type Name of Lender]

By: /s/ Steve Whitcomb
Name: Steve Whitcomb
Title: Senior Vice President

Exhibit 10.24

March 4, 2013

To: UDR, Inc. Bank Group

Re: Amendment to Term Loan Agreement dated as of December 29, 2010 (the "Loan Agreement") among UDR, Inc. ("UDR"), the Lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent (the "Administrative Agent").

UDR has requested that Wells Fargo, as Administrative Agent, approve Fitch, Inc. as a Rating Agency under the Credit Agreement. Wells Fargo, as Administrative Agent, is supportive of this request.

In addition, UDR has asked the Lenders to amend the first paragraph of the definition of "Applicable Margin" so that it reads as follows:

> **"Applicable Margin"** means the percentage per annum determined, at any time, based on the range into which the Borrower's Credit Rating then falls, in accordance with the levels in the table set forth below (each a "Level"). Any change in the Borrower's Credit Rating which would cause it to move to a different Level shall be effective as of the first day of the first calendar month immediately following receipt by the Agent of written notice delivered by the Borrower in accordance with Section 8-4.(m) that the Borrower's Credit Rating has changed; provided, however, if the Borrower has not delivered the notice required by such Section but the Agent becomes aware that the Borrower's Credit Rating has changed, then the Agent may, in its sole discretion, adjust the Level effective as of the first day of the first calendar month following the date the Agent becomes aware that the Borrower's Credit Rating has changed. During any period for which the Borrower has received three Credit Ratings which are not equivalent, the Applicable Margin be determined by (a) the highest Credit Rating if they differ by only one Level and (b) the average of the two highest Credit Ratings if they differ by two or more Levels (unless the average is not a recognized Level, in which case the Applicable Margin will be based on the Level corresponding to the second highest Credit Rating). During any period for which the Borrower has received only two Credit Ratings and such Credit Ratings are not equivalent, the Applicable Margin will be determined by (i) the highest Credit Rating if they differ by only one Level and (ii) the median of the two Credit Ratings if they differ by two or more Levels (unless the median is not a recognized Level, in which case the Applicable Margin will be based on the Credit Rating one Level below the Level corresponding to the higher Credit Rating). During any period for which the Borrower has received a Credit Rating from only one Rating Agency, the Applicable Margin shall be determined based on such Credit Rating so long as such Credit Rating is from either S&P or Moody's. During any period that the Borrower has (x) not received a Credit Rating from any Rating Agency or (y) received a Credit Rating from only one Rating Agency that is neither S&P or Moody's, the Applicable Margin shall be determined based on Level 4.

Wells Fargo, as Administrative Agent and Lender, is supportive of UDR's request to amend the definition of "Applicable Margin" as set forth above and recommends each Lender agree to the requested amendment. To signify agreement to the requested amendment, a Lender should complete and execute the signature block on the following page of this letter agreement and send a pdf of the executed letter agreement by e-mail to Paul Cushing (paul.cushing@alston.com) by no later than s:oo pm EST on Wednesday, March 13, 2013

If you have any questions of a business nature, please contact Amit Khimji at (704) 410-1150, or if you have questions of a legal nature please contact Paul Cushing at (404) 881-7578 at Alston & Bird.

Terms not defined herein that are defined in the Loan Agreement have the respective meanings given them in the Loan Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By: /s/ Carl Skanderup
Name: Carl Skanderup
Title: Vice President

Agreed and accepted:

Wells Fargo Bank, NA.
[Type Name of Lender]

By: /s/ Carl Skanderup
Name: Carl Skanderup
Title: Vice President

Terms not defined herein that are defined in the Loan Agreement have the respective meanings given them in the Loan Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Compass Bank

By: /s/ Brian Tuerff
Name: Brian Tuerff
Title: Senior Vice President

Terms not defined herein that are defined in the Loan Agreement have the respective meanings given them in the Loan Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Citicorp North America, Inc.

By: /s/ John C. Rowland
Name: John C. Rowland
Title: Vice President

Terms not defined herein that are defined in the Loan Agreement have the respective meanings given them in the Loan Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Union Bank

By: /s/ Warren H. Li
Name: Warren H. Li
Title: V.P.

Terms not defined herein that are defined in the Loan Agreement have the respective meanings given them in the Loan Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Capital One, N.A.

By: /s/ Frederick H. Denecke
Name: Frederick H. Denecke
Title: Vice President

Terms not defined herein that are defined in the Loan Agreement have the respective meanings given them in the Loan Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

PNC BANK, NATIONAL ASSOCIATION

By: /s/ James A. Harmann
Name: James A. Harmann
Title: Senior Vice President

Terms not defined herein that are defined in the Loan Agreement have the respective meanings given them in the Loan Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Regions Bank

By: /s/ Lori Chambers
Name: Lori Chambers
Title: Vice President

Terms not defined herein that are defined in the Loan Agreement have the respective meanings given them in the Loan Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.

Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

U.S. Bank
[Type Name of Lender]

By: /s/ Andrew Hyde
Name: Andrew Hyde
Title: Vice President

Terms not defined herein that are defined in the Loan Agreement have the respective meanings given them in the Loan Agreement. This letter agreement may be executed in counterparts, and shall be governed by and construed in accordance with the laws of the State of New York.
Thank you for your consideration.

Sincerely,

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By:
Name:
Title:

Agreed and accepted:

Bank of America, N.A.

By: /s/ Helen W. Chan
Name: Helen W. Chan
Title: Vice President

EXHIBIT 12.1

UDR, Inc.

Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends

(Dollars in thousands)

	Years Ended December 31,				
	2013	**2012**	**2011**	**2010**	**2009**
Earnings:					
Income/(loss) from continuing operations	**$ 2,340**	$ (46,305)	$ (126,869)	$ (121,117)	$ (106,061)
Add (from continuing operations):					
Interest on indebtedness (1)	**125,905**	139,069	151,764	142,254	139,298
Portion of rents representative of the interest factor	**2,163**	2,073	2,039	1,969	2,351
Total earnings	**$ 130,408**	$ 94,837	$ 26,934	$ 23,106	$ 35,588
Fixed charges and preferred stock dividends (from continuing operations):					
Interest on indebtedness (1)	**$ 125,905**	$ 139,069	$ 151,764	$ 142,254	$ 139,298
Interest capitalized	**29,384**	26,368	12,979	12,505	16,929
Portion of rents representative of the interest factor	**2,163**	2,073	2,039	1,969	2,351
Fixed charges	**$ 157,452**	$ 167,510	$ 166,782	$ 156,728	$ 158,578
Add:					
Preferred stock dividends	**$ 3,724**	$ 6,010	$ 9,311	$ 9,488	$ 10,912
Premium/(discount) on preferred stock redemption or repurchase, net	**—**	2,791	175	(25)	(2,586)
Combined fixed charges and preferred stock dividends	**$ 161,176**	$ 176,311	$ 176,268	$ 166,191	$ 166,904
Ratio of earnings to fixed charges	**—** (2)	— (2)	— (2)	— (2)	— (2)
Ratio of earnings to combined fixed charges and preferred stock dividends	**—** (3)	— (3)	— (3)	— (3)	— (3)

(1) Includes interest expense of consolidated subsidiaries, amortization of deferred loan costs, realized losses related to hedging activities and amortization of premiums and discounts related to indebtedness.

(2) The ratio was less than 1:1 for the years ended December 31, 2013 , 2012 , 2011 , 2010 , and 2009 as earnings were inadequate to cover fixed charges by deficiencies of approximately $27.0 million , $72.7 million , $139.8 million , $133.6 million , and $123.0 million , respectively.

(3) The ratio was less than 1:1 for the years ended December 31, 2013 , 2012 , 2011 , 2010 , and 2009 as earnings were inadequate to cover combined fixed charges and preferred stock dividends by deficiencies of approximately $30.8 million , $81.5 million , $149.3 million , $143.1 million and $131.3 million , respectively.

EXHIBIT 12.2

United Dominion Realty, L.P.

Computation of Ratio of Earnings to Fixed Charges

(Dollars in thousands)

	Years Ended December 31,				
	2013	**2012**	**2011**	**2010**	**2009**
Earnings:					
Income/(loss) from continuing operations	**$ 32,766**	$ (13,309)	$ (40,744)	$ (30,937)	$ (12,585)
Add from continuing operations:					
Interest on indebtedness (1)	**36,058**	45,234	52,817	49,140	48,310
Portion of rents representative of the interest factor	**1,705**	1,665	1,627	1,564	1,543
Total earnings	**$ 70,529**	$ 33,590	$ 13,700	$ 19,767	$ 37,268
Fixed charges from continuing operations:					
Interest on indebtedness (1)	**$ 36,058**	$ 45,234	$ 52,817	$ 49,140	$ 48,310
Interest capitalized	**5,870**	3,679	1,752	1,340	444
Portion of rents representative of the interest factor	**1,705**	1,665	1,627	1,564	1,543
Fixed charges	**$ 43,633**	$ 50,578	$ 56,196	$ 52,044	$ 50,297
Ratio of earnings to fixed charges	**1.62**	— (2)	— (2)	— (2)	— (2)

(1) Includes interest expense of consolidated subsidiaries, amortization of deferred loan costs, realized losses related to hedging activities and amortization of premiums and discounts related to indebtedness.

(2) The ratio was less than 1:1 for the years ended December 31, 2012 , 2011 , 2010 , and 2009 as earnings were inadequate to cover fixed charges by deficiencies of approximately $17.0 million , $42.5 million , $32.3 million , and $13.0 million , respectively.

EXHIBIT 21

The Company has the following subsidiaries. Joint Venture entities are shown with an asterisk. United Dominion Realty, L.P. is a limited partnership with outside limited partners holding minimal percentage interests. The Company owns general and limited partnership interests in United Dominion Realty, L.P. constituting approximately 95% of the aggregate partnership interest. Entities marked with double asterisks are those entities in which United Dominion Realty, L.P. is either a member or a partner. All other entities are wholly-owned.

Subsidiary	State of Incorporation or Organization
1001 Properties, LLC*	Delaware
101 Colorado High-Rise, LP*	Delaware
101 Colorado Master Condominium Association, Inc.*	Texas
1020 Tower, GP LLC*	Delaware
1020 Tower, LP*	Delaware
10700 Wilshire, LLC*	Delaware
13th And Market Properties LLC	Delaware
20 Lambourne LLC	Delaware
24 Hundred Properties LLC*	Delaware
2000 Post Owners Association	Delaware
399 Fremont LLC*	Delaware
6104 Hollywood, LLC*	Delaware
AAC Funding II, Inc.	Delaware
AAC Funding III LLC**	Delaware
AAC Funding IV LLC**	California
AAC Funding IV, Inc.	Delaware
AAC Funding Partnership II**	Delaware
AAC Seattle I, Inc.	Delaware
AAC/FSC Crown Pointe Investors, LLC	Washington
AAC/FSC Hilltop Investors, LLC	Washington
AAC/FSC Seattle Properties, LLC**	Delaware
Acoma High-Rise, LP*	Delaware
Andover House LLC	Delaware
Andover Member 1 LLC	Delaware
Andover Member 2 LLC	Delaware
Apartments on Chestnut Limited Partnership*	Delaware
Ashton at Dublin Station, LLC*	Delaware
Ashwood Commons, L.L.C.	Washington
Ashwood Commons North LLC	Washington
ASR Investments Corporation	Maryland
Bella Terra Villas LLC	Delaware
Bellevue Plaza Development LLC	Delaware
Block R Master Condominium Association, Inc*	Texas
CMP-1, LLC	Delaware
Calvert’s Walk LLC	Delaware
Cedar Street High-Rise, L.P.*	Delaware
Circle Towers LLC**	Delaware
Coastal Monterey Properties LLC**	Delaware

Subsidiary	State of Incorporation or Organization
Columbus Square 775 LLC*	Delaware
Columbus Square 795 LLC*	Delaware
Columbus Square 801 LLC*	Delaware
Columbus Square 805 LLC*	Delaware
Columbus Square 808 LLC*	Delaware
Consolidated-Hampton, LLC	Maryland
Coronado South Apartments, L.P**	Delaware
DCO 1015 Grandview LP	Delaware
DCO 2400 14th Street LLC	Delaware
DCO 2919 Wilshire LLC	Delaware
DCO 3032 Wilshire LLC	Delaware
DCO 3033 Wilshire LLC	Delaware
DCO Addison at Brookhaven LP	Delaware
DCO Arbors at Lee Vista LLC	Delaware
DCO Beach Walk LLC	Delaware
DCO Bennett Development LP	Delaware
DCO Borgata LLC	Delaware
DCO Brookhaven Center LP	Delaware
DCO Caroline Development LLC	Delaware
DCO Clipper Pointe LP	Delaware
DCO College Park LLC	Delaware
DCO/CWP 2919 Wilshire LLC*	Delaware
DCO/CWP 3032 Wilshire LLC*	Delaware
DCO Fiori LLC	Delaware
DCO Garden Oaks LP	Delaware
DCO Glenwood Apartments GP LLC	Delaware
DCO Glenwood Apartments LP	Delaware
DCO Greenbrook Apartments LP	Delaware
DCO Greenhaven LP	Delaware
DCO Highlands LLC	Delaware
DCO Market LLC	Delaware
DCO Mission Bay LP	Delaware
DCO Option 2 LLC	Delaware
DCO Pine Avenue LP	Delaware
DCO Realty, Inc.	Delaware
DCO Realty LP LLC	Delaware
DCO Savoye LLC	Delaware
DCO Savoye 2 LLC	Delaware
DCO Springhaven LP	Delaware
DCO Stoughton LLC	Delaware
DCO Talisker LP	Delaware
Dominion Constant Friendship LLC	Delaware
Dominion Eden Brook LLC	Delaware
Dominion Kings Place LLC	Delaware

Subsidiary	State of Incorporation or Organization
Domus SPE General Partner, LLC*	Delaware
Eastern Residential, Inc.	Delaware
Easton Partners I, LP*	Delaware
FMP Member, Inc.	Delaware
Fiori LLC*	Delaware
Foxborough Lodge Limited Partnership*	Delaware
Garrison Harcourt Square LLC	Delaware
Governour's Square of Columbus Co. Ltd**	Ohio
HPI 2161 Sutter LP	Delaware
HPI Option 2 LLC	Delaware
Hanover Square SPE LLC**	Delaware
Harding Park LP LLC	Delaware
Hawthorne Apartments LLC	Delaware
Heritage Communities LLC	Delaware
Icon Tower, LP*	Delaware
Inlet Bay at Gateway, LLC	Delaware
Inwood Development LLC**	Delaware
Jamestown of St. Matthews Limited Partnership**	Ohio
Jefferson at Marina del Rey, L.P.	Delaware
K/UDR Venture LLC*	Delaware
Kelvin and Jamboree Properties, LLC*	Delaware
L.A. Southpark High Rise, LP*	Delaware
La Jolla Wilshire, LLC*	Delaware
Lakeside Mill LLC	Delaware
Lenox Farms Limited Partnership*	Delaware
Lincoln TC II, L.P.	Delaware
Lodge at Ames Pond Limited Partnership*	Delaware
Lofts at Charles River Landing, LLC*	Delaware
Lofts on Miracle Mile, LP*	Delaware
LPC Millenia Place Apartments LLC	Delaware
MacAlpine Place Apartment Partners, Ltd**	Florida
Management Company Services, Inc.	Delaware
Ninety Five Wall Street LLC**	Delaware
Northbay Properties II, L.P**	California
Olive Way High-Rise LP*	Delaware
Pacific Los Alisos LLC	Delaware
Parker's Landing Condominiums LLC	Delaware
Parker's Landing Townhomes LLC	Delaware
Pine at Sixth Owners' Association	California
Polo Park Apartments LLC**	Delaware
Portico Properties, LLC*	Delaware
RE3, Inc.	Delaware
Rancho Cucamonga Town Square Owners Association*	California
Savoye LLC*	Delaware
Saveoye 2 LLC*	Delaware

Subsidiary	State of Incorporation or Organization
Strata Properties, LLC*	Delaware
THC/UDR Domain College Park LLC	Delaware
THC/UDR Seaport Development Venture LLC	Delaware
The Commons of Columbia, Inc.	Virginia
The Domain Condominium Association, Inc.*	Texas
The Gallery At Bayport II Condominium Association, Inc.	Florida
Thomas Circle Properties LLC*	Delaware
Town Square Commons, LLC	District of Columbia
Towson Holdings, LLC*	Delaware
Towson Promenade, LLC*	Delaware
Trilon Townhouses, LLC	District of Columbia
TSTW LLC	Delaware
UDR 10 Hanover LLC**	Delaware
UDR 1818 Platinum LLC	Delaware
UDR Altamira Place LLC	Delaware
UDR Arborview Associates LLC	Delaware
UDR Aspen Creek, LLC	Virginia
UDR California GP, LLC**	Delaware
UDR California GP II, LLC	Delaware
UDR California Properties, LLC	Virginia
UDR Calvert, LLC**	Delaware
UDR Calvert's Walk Associates Limited Partnership	Maryland
UDR Calverts Walk GP, LLC	Delaware
UDR Carlsbad Apartments, L.P**	Delaware
UDR Carriage Homes, LLC	Delaware
UDR Chelsea LLC	Delaware
UDR Crane Brook LLC**	Delaware
UDR Developers, Inc.	Virginia
UDR Domain Brewers Hill LLC	Delaware
UDR Foxglove Associates L.L.C**	Maryland
UDR Garrison Square LLC	Delaware
UDR Harbor Greens, L.P**	Delaware
UDR Holdings, LLC**	Virginia
UDR Huntington Vista, L.P**	Delaware
UDR Inwood LLC**	Delaware
UDR, Inc.	Maryland
UDR/K Venture Member LLC	Delaware
UDR Lakeline Villas LLC	Delaware
UDR Lakeside Mill, LLC**	Virginia
UDR Legacy at Mayland LLC	Delaware
UDR Lincoln at Towne Square LLC*	Delaware
UDR Lincoln at Towne Square II LLC*	Delaware
UDR Marina Pointe LLC	Delaware
UDR Maryland Properties, LLC**	Virginia

Subsidiary	State of Incorporation or Organization
UDR/MetLife G.P. LLC*	Delaware
UDR/MetLife GP II LLC*	Delaware
UDR/MetLife Master Limited Partnership*	Delaware
UDR/MetLife Master Limited Partnership II*	Delaware
UDR/ML Venture LLC	Delaware
UDR/ML Venture 2 LLC	Delaware
UDR Midlands Acquisition, LLC**	Delaware
UDR Newport Beach North, L.P**	Delaware
UDR Ocean Villa Apartments, L.P**	Delaware
UDR of Tennessee, L.P**	Virginia
UDR Okeeheelee LLC*	Delaware
UDR Pinebrook, L.P**	Delaware
UDR Presidential Greens, L.L.C.	Delaware
UDR Presidio, L.P**	Delaware
UDR Rancho Cucamonga, L.P.	Delaware
UDR Red Stone Ranch LLC	Delaware
UDR Ridgewood (II) Garden, LLC**	Virginia
UDR Ridge at Blue Hills LLC	Delaware
UDR River Terrace LLC	Delaware
UDR Rivergate LLC	Delaware
UDR Stone Canyon LLC*	Delaware
UDR Texas Properties LLC	Delaware
UDR Texas Ventures LLC*	Delaware
UDR The Bradford LLC*	Delaware
UDR The Cliffs LLC*	Delaware
UDR The Legend at Park Ten LLC*	Delaware
UDR The Mandolin LLC*	Delaware
UDR The Meridian LLC*	Delaware
UDR Towers By The Bay LLC	Delaware
UDR TX Fund LLC	Delaware
UDR Villa Venetia Apartments, L.P**	Delaware
UDR Virginia Properties, LLC	Virginia
UDR Wellington Place LLC	Delaware
UDR Windjammer, L.P**	Delaware
UDR Woodland Apartments II, L.P.	Delaware
UDR Woodland GP, LLC	Delaware
UDRT of Delaware 4 LLC**	Delaware
United Dominion Realty, L.P.	Delaware
View 14 Investments LLC	Delaware
VPDEV 1 LLC*	Delaware
VPDEV 2 LLC*	Delaware
Washington Vue, LP*	Delaware
Waterside Towers, L.L.C.	Delaware
West El Camino Real, LLC*	Delaware

Subsidiary	State of Incorporation or Organization
Western Residential, Inc.	Virginia
Wilshire Crescent Heights, LLC*	Delaware
Windemere at Sycamore Highlands, LLC	Delaware
Winterland San Francisco Partners**	California
Woodlake Village, L.P**	California

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements of UDR, Inc. and in the related Prospectuses of our reports dated February 25, 2014 **,** with respect to the consolidated financial statements and schedule of UDR, Inc., and the effectiveness of internal control over financial reporting of UDR, Inc., included in this Annual Report (Form 10-K) for the year ended December 31, 2013 :

Registration Statement Number	**Description**
333-129743	Form S-3, pertaining to the registration of 11,000,000 shares of Common Stock, including rights to purchase Series C Junior Participating Redeemable Preferred Stock, issuable under the Company's Dividend Reinvestment and Stock Purchase Plan.
333-176616	Form S-3, Shelf Registration Statement, pertaining to the registration of an indeterminate amount of Common Stock, Preferred Stock, Debt Securities, Guarantees of Debt Securities, Warrants, Subscription Rights, Purchase Contracts and Purchase Units.
333-167270	Form S-3, pertaining to the registration of 3,882,187 shares of Common Stock.
333-180553	Form S-3, pertaining to the registration of 2,569,606 shares of Common Stock.
333-183510	Form S-3, pertaining to the registration of 1,802,239 shares of Common Stock.
333-160180	Form S-8, pertaining to the Company's 1999 Long-Term Incentive Plan.

/s/ Ernst & Young LLP

Denver, Colorado
February 25, 2014

EXHIBIT 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements of UDR, Inc. and related Prospectuses of our report dated February 25, 2014 **,** with respect to the consolidated financial statements and schedule of United Dominion Realty, L.P., included in this Annual Report (Form 10-K) for the year ended December 31, 2013 :

Registration Statement Number	**Description**
333-129743	Form S-3, pertaining to the registration of 11,000,000 shares of Common Stock, including rights to purchase Series C Junior Participating Redeemable Preferred Stock, issuable under the Company's Dividend Reinvestment and Stock Purchase Plan.
333-176616	Form S-3, Shelf Registration Statement, pertaining to the registration of an indeterminate amount of Common Stock, Preferred Stock, Debt Securities, Guarantees of Debt Securities, Warrants, Subscription Rights, Purchase Contracts and Purchase Units.
333-167270	Form S-3, pertaining to the registration of 3,882,187 shares of Common Stock
333-180553	Form S-3, pertaining to the registration of 2,569,606 shares of Common Stock.
333-183510	Form S-3, pertaining to the registration of 1,802,239 shares of Common Stock.
333-160180	Form S-8, pertaining to the Company's 1999 Long-Term Incentive Plan.

/s/ Ernst & Young LLP

Denver, Colorado
February 25, 2014

EXHIBIT 31.1

CERTIFICATION

I, Thomas W. Toomey, certify that:

1. I have reviewed this annual report on Form 10-K of UDR, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2014

/s/ Thomas W. Toomey

Thomas W. Toomey
Chief Executive Officer and President
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Thomas M. Herzog, certify that:

1. I have reviewed this annual report on Form 10-K of UDR, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2014

/s/ Thomas M. Herzog

Thomas M. Herzog

Senior Vice President and Chief Financial Officer (Principal Financial Officer)

EXHIBIT 31.3

CERTIFICATION

I, Thomas W. Toomey, certify that:

1. I have reviewed this annual report on Form 10-K of United Dominion Realty, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2014

/s/ Thomas W. Toomey

Thomas W. Toomey
Chief Executive Officer and President of UDR, Inc. (Principal Executive Officer),
general partner of United Dominion Realty, L.P.

EXHIBIT 31.4

CERTIFICATION

I, Thomas M. Herzog, certify that:

1. I have reviewed this annual report on Form 10-K of United Dominion Realty, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2014

/s/ Thomas M. Herzog

Thomas M. Herzog
Senior Vice President and Chief Financial Officer of UDR, Inc.
(Principal Financial Officer),
general partner of United Dominion Realty, L.P.

EXHIBIT 32.1

CERTIFICATION

In connection with the periodic report of UDR, Inc. (the "Company") on Form 10-K for the year ended December 31, 2013 , as filed with the Securities and Exchange Commission (the "Report"), I, Thomas W. Toomey, Chief Executive Officer and President of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: February 25, 2014

/s/ Thomas W. Toomey

Thomas W. Toomey
Chief Executive Officer and President (Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION

In connection with the periodic report of UDR, Inc. (the "Company") on Form 10-K for the year ended December 31, 2013 , as filed with the Securities and Exchange Commission (the "Report"), I, Thomas M. Herzog, Senior Vice President and Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: February 25, 2014

/s/ Thomas M. Herzog

Thomas M. Herzog
Senior Vice President and Chief Financial Officer (Principal Financial Officer)

EXHIBIT 32.3

CERTIFICATION

In connection with the periodic report of United Dominion Realty, L.P. (the "Operating Partnership") on Form 10-K for the year ended December 31, 2013 , as filed with the Securities and Exchange Commission (the "Report"), I, Thomas W. Toomey, Chief Executive Officer and President of UDR, Inc., the general partner of the Operating Partnership, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership at the dates and for the periods indicated.

Date: February 25, 2014

/s/ Thomas W. Toomey

Thomas W. Toomey
Chief Executive Officer and President of UDR, Inc. (Principal Executive Officer),
general partner of United Dominion Realty, L.P.

EXHIBIT 32.4

CERTIFICATION

In connection with the periodic report of United Dominion Realty, L.P. (the "Operating Partnership") on Form 10-K for the year ended December 31, 2013 , as filed with the Securities and Exchange Commission (the "Report"), I, Tomas M. Herzog, Senior Vice President and Chief Financial Officer of UDR, Inc., the general partner of the Operating Partnership, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership at the dates and for the periods indicated.

Date: February 25, 2014

/s/ Thomas M. Herzog

Thomas M. Herzog
Senior Vice President and Chief Financial Officer of UDR, Inc.
(Principal Financial Officer),
general partner of United Dominion Realty, L.P.