

UDR, Inc.
Form S-3ASR
December 08, 2008

Table of Contents

**As filed with the Securities and Exchange Commission on December 8, 2008
Registration No. 333-**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form S-3

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

UDR, INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland
*(State or Other Jurisdiction of
Incorporation or Organization)*

54-0857512
*(I.R.S. Employer
Identification No.)*

**1745 Shea Center Drive, Suite 200
Highlands Ranch, Colorado 80129
(720) 283-6120**

*(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive
Offices)*

**Warren L. Troupe
Senior Executive Vice President
UDR, Inc.
1745 Shea Center Drive, Suite 200
Highlands Ranch, Colorado 80129
(720) 283-6120**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a copy to:

Joseph A. Coco, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, NY 10036
Telephone: (212) 735-3000

Jonathan L. Friedman, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
300 South Grand Avenue
Los Angeles, CA 90071
Telephone: (213) 687-5000

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement as determined by the Registrant

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
 (Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered(1)	Amount to be Registered(2)(3)	Proposed Maximum Offering Price per Unit(2)(3)	Proposed Maximum Aggregate Offering Price(2)(3)	Amount of Registration Fee(4)(5)
Common Stock, Preferred Stock, Debt Securities, Guarantees of Debt Securities, Warrants, Subscription Rights, Purchase				

Contracts, Purchase Units

- (1) Securities registered hereunder may be sold separately, together or as units with other securities registered hereunder.
 - (2) Not required to be included pursuant to Form S-3 General Instruction II.D.
 - (3) We are registering an indeterminate aggregate principal amount and number of securities of each identified class of securities, which may be offered from time to time in unspecified numbers and at indeterminate prices, and as may be issued upon conversion, redemption, repurchase, exchange or exercise of any securities registered hereunder, including under any applicable anti-dilution provisions.
 - (4) We also are registering an indeterminate amount of guarantees by certain of our subsidiaries of debt securities. Pursuant to Rule 457(n) under the Securities Act, no separate fee is payable with respect to the Guarantees being registered hereby.
 - (5) In accordance with Rules 456(b) and 457(r), we are deferring payment of all of the registration fee, except for \$43,599 of unused filing fees previously paid by the registrant with respect to Registration Statement No. 333-115696, initially filed on May 20, 2004, which may be offset against registration fees payable in connection with offerings of securities hereunder pursuant to Rule 457(p) under the Securities Act. In connection with the securities offered hereby, except as specified in the previous sentences, we will pay pay-as-you-go registration fees in accordance with Rule 456(b).
-

Table of Contents

PROSPECTUS

UDR, INC.

**COMMON STOCK
PREFERRED STOCK
DEBT SECURITIES
GUARANTEES OF DEBT SECURITIES
WARRANTS
SUBSCRIPTION RIGHTS
PURCHASE CONTRACTS
PURCHASE UNITS**

We may from time to time offer to sell together or separately in one or more offerings:

common stock;

preferred stock;

debt securities, which may be senior, subordinated or junior subordinated and convertible or non-convertible;

warrants to purchase common stock, preferred stock or debt securities;

subscription rights to purchase common stock, preferred stock, debt securities or other securities;

purchase contracts; and

purchase units.

This prospectus describes some of the general terms that may apply to these securities. We will provide the specific prices and terms of these securities in one or more supplements to this prospectus at the time of the offering. You should read this prospectus and the accompanying prospectus supplement carefully before you make your investment decision.

We may offer and sell these securities through underwriters, dealers or agents or directly to purchasers, on a continuous or delayed basis. The securities may also be resold by selling security holders. The prospectus supplement for each offering will describe in detail the plan of distribution for that offering and will set forth the names of any underwriters, dealers or agents involved in the offering and any applicable fees, commissions or discount arrangements.

This prospectus may not be used to sell securities unless accompanied by a prospectus supplement or a free writing prospectus.

Our common stock is listed on the New York Stock Exchange, or the NYSE, under the trading symbol UDR. Each prospectus supplement will indicate if the securities offered thereby will be listed on any securities exchange.

Investing in our securities involves a high degree of risk. See Risk Factors on page 1 before you make your investment decision.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus or the accompanying prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is December 8, 2008.

TABLE OF CONTENTS

	Page
<u>ABOUT THIS PROSPECTUS</u>	ii
<u>UDR, INC.</u>	1
<u>RISK FACTORS</u>	1
<u>USE OF PROCEEDS</u>	1
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	1
<u>DESCRIPTION OF SECURITIES</u>	2
<u>DESCRIPTION OF CAPITAL STOCK</u>	2
<u>DESCRIPTION OF DEBT SECURITIES</u>	10
<u>DESCRIPTION OF GUARANTEES OF THE DEBT SECURITIES</u>	23
<u>DESCRIPTION OF WARRANTS</u>	23
<u>DESCRIPTION OF SUBSCRIPTION RIGHTS</u>	24
<u>DESCRIPTION OF PURCHASE CONTRACTS AND PURCHASE UNITS</u>	25
<u>FEDERAL INCOME TAX CONSIDERATIONS</u>	26
<u>SELLING SECURITY HOLDERS</u>	42
<u>PLAN OF DISTRIBUTION</u>	42
<u>LEGAL MATTERS</u>	46
<u>EXPERTS</u>	46
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	46
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	47
<u>EX-5.1</u>	
<u>EX-8.1</u>	
<u>EX-23.1</u>	
<u>EX-23.2</u>	
<u>EX-25.1</u>	
<u>EX-25.2</u>	

Table of Contents

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the SEC) using a shelf registration process. Under the shelf process, we may sell any combination of the securities described in this prospectus in one or more offerings.

This prospectus only provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a supplement to this prospectus that will contain specific information about the terms of that offering, including the specific amounts, prices and terms of the securities offered. The prospectus supplement may also add, update or change information contained in this prospectus. You should carefully read both this prospectus and any accompanying prospectus supplement or other offering materials, together with the additional information described under the heading **Where You Can Find More Information**.

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

This prospectus and any accompanying prospectus supplement or other offering materials do not contain all of the information included in the registration statement as permitted by the rules and regulations of the SEC. For further information, we refer you to the registration statement on Form S-3, including its exhibits. We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (Exchange Act), and, therefore, file reports and other information with the SEC. Statements contained in this prospectus and any accompanying prospectus supplement or other offering materials about the provisions or contents of any agreement or other document are only summaries. If SEC rules require that any agreement or document be filed as an exhibit to the registration statement, you should refer to that agreement or document for its complete contents.

You should not assume that the information in this prospectus, any prospectus supplement or any other offering materials is accurate as of any date other than the date on the front of each document. Our business, financial condition, results of operations and prospects may have changed since then.

In this prospectus, unless otherwise specified or the context requires otherwise, we use the terms **UDR**, **the Company**, **we**, **us** and **our** to refer to UDR, Inc.

Table of Contents

UDR, INC.

We are a self-administered real estate investment trust, or REIT, that owns, acquires, renovates, develops and manages apartment communities nationwide. As of September 30, 2008, we owned 44,223 apartment homes and had 2,047 wholly-owned homes under active development and another 684 homes under contract for development in our pre-sale program.

We have elected to be taxed as a REIT under the applicable provisions of the Internal Revenue Code of 1986, or the Code. To continue to qualify as a REIT under the Code, 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 gain) to our stockholders. As a qualified REIT, we generally will not be subject to U.S. federal income taxes on our REIT taxable income to the extent we distribute such income to our stockholders.

We were formed in 1972 as a Virginia corporation and reincorporated in the State of Maryland in June 2003. Our principal offices are located at 1745 Shea Center Drive, Suite 200, Highlands Ranch, Colorado 80129 and our telephone number at that address is (720) 283-6120. Our website address is www.udr.com. The information on, or accessible through, our website is not part of this prospectus and should not be relied upon in connection with making any investment decision with respect to the securities offered by this prospectus.

RISK FACTORS

You should consider the specific risks described in our Annual Report on Form 10-K for the year ended December 31, 2007, our Quarterly Report on Form 10-Q for the quarter ended September 20, 2008, the risk factors described under the caption **Risk Factors** in any applicable prospectus supplement and any risk factors set forth in our other filings with the SEC, pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, before making an investment decision. Each of the risks described in these documents could materially and adversely affect our business, financial condition, results of operations and prospects, and could result in a partial or complete loss of your investment. See **Where You Can Find More Information** beginning on page 47 of this prospectus.

USE OF PROCEEDS

Unless we state otherwise in the applicable prospectus supplement, we intend to use the net proceeds from the sale of the securities offered by this prospectus and the accompanying prospectus supplement for general corporate purposes. General corporate purposes may include additions to working capital, capital expenditures, repayment of debt, funding improvements to properties, and acquiring and developing additional properties. Pending application of the net proceeds, we intend to invest the proceeds in interest bearing accounts and short-term, interest bearing securities. Unless otherwise set forth in a prospectus supplement, we will not receive any proceeds in the event that the securities are sold by a selling security holder.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to combined fixed charges and preferred stock dividends for the periods indicated:

Years Ended December 31,

2007 2006 2005 2004 2003

Ratio of earnings to fixed charges(1)

Ratio of earnings to combined fixed charges and preferred stock dividend(2)

- (1) For each of the years ended December 31, 2003, 2004, 2005, 2006 and 2007, the ratio of earnings to fixed charges was deficient of achieving a 1:1 ratio by \$61.0 million, \$59.0 million, \$66.3 million, \$97.0 million and \$41,000.

Table of Contents

- (2) For each of the years ended December 31, 2003, 2004, 2005, 2006 and 2007, the ratio of earnings to combined fixed charges and preferred stock dividend was deficient of achieving a 1:1 ratio by \$106.6 million, \$84.2 million, \$81.6 million, \$112.4 million and \$16.2 million, respectively.

DESCRIPTION OF SECURITIES

This prospectus contains summary descriptions of the common stock, preferred stock, debt securities, guarantees of debt securities, warrants, subscription rights, purchase contracts and purchase units that we may offer and sell from time to time. These summary descriptions are not meant to be complete descriptions of each security. The particular terms of any security will be described in the applicable prospectus supplement.

DESCRIPTION OF CAPITAL STOCK

General

Our authorized capital stock consists of 250,000,000 shares of common stock, par value \$0.01 per share, 50,000,000 shares of preferred stock, without par value, and 300,000,000 shares of Excess Stock, par value \$0.01 per share. As of November 1, 2008, 136,180,801 shares of our common stock were issued and outstanding and 28,614,528 shares of our common stock reserved for issuance upon exercise of outstanding stock options, convertible notes, convertible preferred stock and operating partnership units exchangeable for our common stock. We currently have four designated series of Preferred Stock that are outstanding or could be issued. We have designated 1,000,000 shares as Series C Junior Participating Cumulative Redeemable Preferred Stock (Series C Preferred Stock) for use in connection with our First Amended and Restated Rights Agreement, dated September 14, 1999, which expired on February 4, 2008. We have designated 2,803,812 shares as Series E Cumulative Convertible Preferred Stock (Series E Preferred Stock), of which 2,803,812 shares were outstanding as of September 30, 2008. We have designated 20,000,000 shares as Series F Preferred Stock (Series F Preferred Stock), none of which were outstanding as of September 30, 2008. We have designated 6,000,000 shares as 6.75% Series G Cumulative Redeemable Preferred Stock (Series G Preferred Stock), of which 4,430,700 shares were outstanding as of September 30, 2008.

The following is a description of our capital stock and certain provisions of our charter, bylaws and certain provisions of applicable law. The following is only a summary and is qualified by applicable law and by the provisions of our charter and bylaws, copies of which are included as exhibits to the registration statement of which this prospectus forms a part.

Common Stock

We have one class of common stock. All holders of our common stock are entitled to the same rights and privileges, as described below.

Voting Rights. Holders of our common stock are entitled to one vote per share with respect to each matter presented to our stockholders on which the holders of common stock are entitled to vote and do not have cumulative voting rights. An election of directors by our stockholders is determined by a plurality of the votes cast by the stockholders entitled to vote on the election.

Dividends. Holders of our common stock are entitled to receive proportionately any dividends as may be declared by our board of directors, subject to any preferential dividend rights of outstanding preferred stock.

Liquidation and Dissolution. In the event of our liquidation or dissolution, the holders of our common stock are entitled to receive ratably all assets available for distribution to stockholders after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock.

Other Rights. Holders of our common stock have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of our common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Table of Contents

Restrictions on Ownership and Transfer. Our charter contains ownership and transfer restrictions relating to our stock that are designed primarily to preserve our status as a REIT. These restrictions include but are not limited to the following:

no person may beneficially own or constructively own shares of our outstanding equity stock (defined as stock that is either common stock or preferred stock) with a value in excess of 9.9% of the value of all 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;

any transfer that, if effective, would result in any person beneficially owning or constructively owning equity stock with a value in excess of 9.9% of the value of all outstanding equity stock (or such higher value not to exceed 13% as determined pursuant to an exemption from our board of directors) shall be void as to the transfer of that number of shares of equity stock which would otherwise be beneficially owned or constructively owned by such person in excess of such ownership limit; and the intended transferee shall acquire no rights in such excess shares of equity stock;

except as provided in the charter, any transfer that, if effective, would result in the equity stock being beneficially owned by fewer than 100 persons shall be void as to the transfer of that number of shares which would be otherwise beneficially owned or constructively owned by the transferee; and the intended transferee shall acquire no rights in such excess shares of equity stock; and

any transfer of shares of equity stock that, if effective, would result in us being closely held within the meaning of Section 856(h) of the Internal Revenue Code of 1986 shall be void as to the transfer of that number of shares of equity stock which would cause us to be closely held within the meaning of Section 856(h) of the Internal Revenue Code of 1986; and the intended transferee shall acquire no rights in such excess shares of equity stock.

Listing. Our common stock is listed on the NYSE under the symbol UDR.

Transfer Agent and Registrar. The transfer agent and registrar for our common stock is Wells Fargo Bank, N.A., 161 North Concord Exchange, South St. Paul, Minnesota 55075.

Preferred Stock

Under our charter we are authorized to issue up to 50,000,000 shares of preferred stock, without par value, in one or more series. Our board of directors may authorize the issuance of preferred stock in one or more series and may determine, with respect to any such series, the powers, preferences and rights of such series, and its qualifications, limitations and restrictions. We currently have four designated series of Preferred Stock that are outstanding or could be issued. We have designated 1,000,000 shares as Series C Preferred Stock for use in connection with our First Amended and Restated Rights Agreement, dated September 14, 1999, which expired on February 4, 2008. We have designated 2,803,812 shares as Series E Preferred Stock, of which 2,803,812 shares were outstanding as of September 30, 2008. We have designated 20,000,000 shares as Series F Preferred Stock, none of which were outstanding as of September 30, 2008. We have designated 6,000,000 shares as Series G Preferred Stock, of which 4,430,700 shares were outstanding as of September 30, 2008.

The prospectus supplement relating to any series of preferred stock that we may offer will contain the specific terms of the preferred stock. These terms may include the following:

Edgar Filing: UDR, Inc. - Form S-3ASR

the title of the series and the number of shares in the series;

the price at which the preferred stock will be offered;

the dividend rate or rates or method of calculating the rates, the dates on which the dividends will be payable, whether or not dividends will be cumulative or non-cumulative and, if cumulative, the dates from which dividends on the preferred stock being offered will cumulate;

the voting rights, if any, of the holders of shares of the preferred stock being offered;

Table of Contents

the provisions for a sinking fund, if any, and the provisions for redemption, if applicable, of the preferred stock being offered;

the liquidation preference per share;

the terms and conditions, if applicable, upon which the preferred stock being offered will be convertible into our common stock, including the conversion price, or the manner of calculating the conversion price, and the conversion period;

the terms and conditions, if applicable, upon which the preferred stock being offered will be exchangeable for debt securities, including the exchange price, or the manner of calculating the exchange price, and the exchange period;

any listing of the preferred stock being offered on any securities exchange;

whether interests in the shares of the series will be represented by depository shares;

a discussion of any material U.S. federal income tax considerations applicable to the preferred stock being offered;

the relative ranking and preferences of the preferred stock being offered as to dividend rights and rights upon liquidation, dissolution or the winding up of our affairs;

any limitations on the issuance of any class or series of preferred stock ranking senior or equal to the series of preferred stock being offered as to dividend rights and rights upon liquidation, dissolution or the winding up of our affairs;

information with respect to book-entry procedures, if any; and

any additional rights, preferences, qualifications, limitations and restrictions of the series.

Upon issuance, the shares of preferred stock will be fully paid and nonassessable, which means that its holders will have paid their purchase price in full, and we may not require them to pay additional funds. Holders of preferred stock will not have any preemptive rights.

Series E Preferred Stock

Ranking. The Series E Preferred Stock ranks *pari passu* with the Series G Preferred Stock and any of our other capital stock designated as ranking on parity with the Series E Preferred Stock and the Series G Preferred Stock (collectively, Parity Stock), with respect to payment of dividends and amounts upon liquidation, dissolution or winding up, and senior to our common stock, the Series F Preferred Stock and any other class of our capital stock now or hereafter issued and outstanding that ranks junior as to the payment of dividends or amounts upon liquidation, dissolution and winding up to the Series E Preferred Stock or any Parity Stock (collectively, Junior Stock). While any shares of Series E Preferred Stock are outstanding, we may not authorize or create any class or series of capital stock that ranks senior to the Series E Preferred Stock with respect to the payment of dividends or amounts upon liquidation, dissolution or winding up, or reclassify any of our authorized capital stock into any such shares, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such shares, without the consent of the holders of a majority of the outstanding Series E Preferred Stock.

Dividends. Holders of the Series E Preferred Stock are entitled to receive, out of funds legally available for payment, cumulative preferential cash dividends at an annual rate of 8% of the liquidation preference (equivalent to \$1.3288 per share of Series E Preferred Stock), until such time as the dividend on the common stock is equal to or exceeds this amount for four consecutive calendar quarters, at which time the dividends will adjust to match the dividend on the common stock. Dividends on each share of Series E Preferred Stock accrue and are cumulative from and including the date of original issue and are paid quarterly in arrears on the last day, or the next business day, of January, April, July and October, commencing July 31, 2003. Dividends on each share of Series E Preferred Stock are cumulative to the extent not declared and paid in full whether or not there exists funds legally available for the payment of such dividends or such dividends have been authorized. Accumulations of dividends on the Series E Preferred Stock do not bear interest and holders of the Series E Preferred Stock are not entitled to any dividends in

Table of Contents

excess of full cumulative dividends. Dividends payable on the Series E Preferred Stock for any partial dividend period will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends payable on the Series E Preferred Stock for each full dividend period are computed by dividing the annual dividend rate by four.

Until such time as the dividend on the common stock is equal to or exceeds \$1.3288 per share per annum for four consecutive calendar quarters, no dividend (other than in Junior Stock) will be declared or paid on any Junior Stock unless full cumulative dividends have been declared and paid or are contemporaneously declared and funds sufficient for payment set aside on the Series E Preferred Stock for all prior dividend periods, nor shall any Junior Stock or any Parity Stock be redeemed, purchased or otherwise acquired for any consideration (or any moneys paid to or made available for a sinking fund for redemption of any shares of Junior Stock or Parity Stock) (except by conversion into or exchange for other Junior Stock or Parity Stock).

We may not declare, pay or set apart funds for the payment of any dividend on share of Series E Preferred Stock at such time as the terms and provisions of any agreement to which we are bound, including any agreement relating to out indebtedness, prohibits such declaration, payment or setting apart for payment or provides that such declaration, payment or setting apart for payment would constitute a breach or a default under such an agreement, or if such declaration or payment is restricted or prohibited by law.

Liquidation Preference. The holders of Series E Preferred Stock are entitled to receive in the event of any liquidation, dissolution or winding up of UDR, whether voluntary or involuntary, \$16.61 per share of Series E Preferred Stock, which we refer to in this prospectus as the Series E Liquidation Preference, plus an amount per share of Series E Preferred Stock equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to, but not including, the date of final distribution to such holders. If, upon any liquidation, dissolution or winding up of UDR, the Series E Liquidation Preference and any amounts payable as a liquidation preference to other shares of Parity Stock are not paid in full, the holders of the shares of the Series E Preferred Stock and any such Parity Stock will share ratably in the distribution of our assets in proportion to the full respective liquidation preferences to which they are entitled.

Voting Rights. The holders of our outstanding Series E Preferred Stock are entitled to vote on an as converted (one-for-one) basis as a single class in combination with the holders of our common stock at any meeting of stockholders for the election of directors or for any other purpose on which holders of our common stock are entitled to vote.

Conversion Rights. Each share of the Series E Preferred Stock is convertible into one share of common stock. No fractional shares will be issued upon conversion of the Series E Preferred Stock. In lieu of issuing fractional shares that would otherwise be deliverable upon the conversion of one share of Series E Preferred Stock, we will pay to the holder of such share an amount in cash equal to such fraction multiplied by the closing sale price on the trading day immediately preceding the date of conversion.

If after the original date of issue we make or issue, or fix a record date for the holders of our common stock entitled to receive, a dividend or other distribution payable in securities issued by us, then and in each event, we shall make such provision so that each holder of Series E Preferred Stock will be entitled to receive, upon conversion of the Series E Preferred Stock, in addition to the shares of our common stock receivable upon conversion, such number of such securities as such holder would have received if the holder had converted the Series E Preferred Stock immediately prior to the date of such event and had continued to hold such securities until the conversion date.

Listing. The Series E Preferred Stock is not listed on any exchange.

Transfer Agent, Registrar, Dividend Disbursing Agent and Redemption Agent. The transfer agent, registrar, dividend disbursing agent and redemption agent for the Series E Preferred Stock is Wells Fargo Bank, N.A., South St. Paul, Minnesota.

Series F Preferred Stock

Ranking. In respect of rights to receive dividends and to participate in distributions or payments in the event of any liquidation, dissolution or winding up of the Corporation, the Series F Preferred Stock ranks junior to the common stock and any other class or series of capital stock.

Table of Contents

No Dividends or Liquidation Rights. The Series F Preferred Stock is not entitled to receive dividends or otherwise participate in our earnings or assets. Upon a voluntary or involuntary dissolution, liquidation or winding up, the holders of shares of the Series F Preferred Stock then outstanding will not be entitled to receive or be paid out of the assets of the corporation legally available for distribution to its stockholders. The holders of the Series F Preferred Stock as such will have no right or claim to any of our assets.

Voting Rights. Except as otherwise required by law or provided in our charter, and subject to the express terms of any other series of Preferred Stock, each share of Series F Preferred Stock will entitle the holder thereof to one vote for each share of Series F Preferred Stock held by such holder on each matter submitted to a vote at a meeting of the stockholders upon which holders of common stock are entitled to vote. The holders of Series F Preferred Stock will be entitled to receive notice of all meetings of the stockholders at which the holders of common stock are entitled to such notice.

Conversion Rights. The Series F Preferred Stock is not convertible into or exchangeable for any other property or securities of the corporation.

Redemption. The holders of Series F Preferred Stock will not have any right to redeem their shares of Series F Preferred Stock. Each share of Series F Preferred Stock will automatically be redeemed by UDR for no consideration without notice to its holder and without further action by UDR if either (A) the Partnership Unit (as defined in that certain Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P., dated as of February 23, 2004) or (B) the Limited Partnership Interest (as defined in that certain Second Amended and Restated Agreement of Limited Partnership of Heritage Communities L.P., dated as of September 18, 1997) underlying such share of Series F Preferred Stock is no longer outstanding.

Series G Preferred Stock

Ranking. The Series G Preferred Stock ranks senior to the Junior Stock, including shares of our common stock and the Series F Preferred Stock, with respect to payment of dividends and amounts upon liquidation, dissolution or winding up. While any shares of Series G Preferred Stock are outstanding, we may not authorize or create any class or series of capital stock that ranks senior to the Series G Preferred Stock with respect to the payment of dividends or amounts upon liquidation, dissolution or winding up without the consent of the holders of two-thirds of the outstanding Series G Preferred Stock voting as a single class. However, we may create additional classes or series of stock, amend our charter to increase the authorized number of shares of preferred stock or issue series of Parity Stock without the consent of any holder of Series G Preferred Stock.

Dividends. Holders of Series G Preferred Stock are entitled to receive, when, as and if authorized by our board of directors, out of funds legally available for payment, and declared by us, cumulative cash dividends at the annual rate of 6.75% per share of its liquidation preference (equivalent to \$1.6875 per annum per share of Series G Preferred Stock). However, if following a change of control (as defined below), the Series G Preferred Stock is not listed on the NYSE or the American Stock Exchange or quoted on NASDAQ (or listed or quoted on a successor exchange or quotation system), holders of the Series G Preferred Stock will be entitled to receive, when and as authorized by our board of directors and declared by us, out of funds legally available for the payment of dividends, cumulative cash dividends from, but not including, the first date on which both the change of control has occurred and the Series G Preferred Stock is not so listed or quoted at the increased annual rate of 7.75% of its liquidation preference, equivalent to \$1.9375 per annum per share of Series G Preferred Stock for as long as the Series G Preferred Stock is not so listed or quoted. Dividends on each share of Series G Preferred Stock are cumulative from the date of original issue and are payable quarterly in arrears on or about the 30th of each January, April, July and October, commencing on or about July 30, 2007 at the then applicable annual rate. Each dividend is payable to holders of record as they appear on our

stock records at the close of business on the record date, not exceeding 30 days preceding the payment dates thereof, as fixed by our board of directors. Dividends are cumulative from the most recent dividend payment date to which dividends have been paid, whether or not in any dividend period or periods there shall be funds legally available for the payment of such dividends. Accumulations of dividends on the Series G Preferred Stock do not bear interest and holders of the Series G Preferred Stock are not entitled to any dividends in excess of full cumulative dividends.

Dividends payable on the Series G Preferred Stock for any period greater or less than a full dividend period will be computed on the basis of a 360-day year consisting of twelve

Table of Contents

30-day months. Dividends payable on the Series G Preferred Stock for each full dividend period are computed by dividing the annual dividend rate by four.

No dividend will be declared or paid on any Parity Stock unless full cumulative dividends have been declared and paid or are contemporaneously declared and funds sufficient for payment set aside on the Series G Preferred Stock for all prior dividend periods; provided, however, that if accrued dividends on the Series G Preferred Stock for all prior dividend periods have not been paid in full or a sum sufficient for such payment is not set apart, then any dividend declared on the Series G Preferred Stock for any dividend period and on any Parity Stock will be declared ratably in proportion to accrued and unpaid dividends on the Series G Preferred Stock and such Parity Stock. All of our dividends on the Series G Preferred Stock, including any capital gain dividends, will be credited first to the earliest accrued and unpaid dividend date.

We may not (i) declare, pay or set apart funds for the payment of any dividend or other distribution with respect to any Junior Stock (other than a dividend or distribution payable in Junior Stock) or (ii) redeem, purchase or otherwise acquire for consideration any Junior Stock through a sinking fund or otherwise (other than a redemption or purchase or other acquisition of shares of common stock made for purposes of an employee incentive or benefit plan of UDR or any subsidiary, or a conversion into or exchange for Junior Stock or redemptions for the purpose of preserving our qualification as a REIT), unless all cumulative dividends with respect to the Series G Preferred Stock and any Parity Stock at the time such dividends are payable have been paid or funds have been set apart for payment of such dividends.

As used herein, the term dividend does not include dividends payable solely in Junior Stock on Junior Stock, or in options, warrants or rights to holders of Junior Stock to subscribe for or purchase any Junior Stock.

A change of control shall be deemed to have occurred at such time as (i) the date a person or group (within the meaning of Sections 13(d) and 14(d) of the Exchange Act) becomes the ultimate beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person or group shall be deemed to have beneficial ownership of all shares of voting stock that such person or group has the right to acquire regardless of when such right is first exercisable), directly or indirectly, of voting stock representing more than 50% of the total voting power of our total voting stock; (ii) the date we sell, transfer or otherwise dispose of all or substantially all of our assets; or (iii) the date of the consummation of a merger or stock exchange of our company with another entity where our stockholders immediately prior to the merger or stock exchange would not beneficially own, immediately after the merger or stock exchange, shares representing 50% or more of all votes (without consideration of the rights of any class of stock to elect directors by a separate group vote) to which all stockholders of the corporation issuing cash or securities in the merger or stock exchange would be entitled in the election of directors, or where members of our board of directors immediately prior to the merger or stock exchange would not immediately after the merger or stock exchange constitute a majority of the board of directors of the corporation issuing cash or securities in the merger or stock exchange. Voting stock shall mean stock of any class or kind having the power to vote generally in the election of directors.

Redemption. We may not redeem the Series G Preferred Stock prior to May 31, 2012, except in certain limited circumstances relating to the ownership limitation necessary to preserve our qualification as a REIT or at any time the Series G Preferred Stock is not listed on the NYSE or the American Stock Exchange or quoted on NASDAQ (or listed or quoted on a successor exchange or quotation service) following a change of control. On or after May 31, 2012, we, at our option, may redeem the Series G Preferred Stock, in whole, at any time, or in part, from time to time, for cash at a redemption price of \$25.00 per share, plus all accrued and unpaid dividends thereon to, but not including, the date fixed for redemption, without interest. If at any time following a change of control, the Series G Preferred Stock is not listed on the NYSE or the American Stock Exchange or quoted on NASDAQ (or listed or quoted on a successor exchange or quotation service), we will have the option to redeem the Series G Preferred Stock, in whole but not in

part, within 90 days after the first date on which both the change of control has occurred and the Series G Preferred Stock is not so listed or quoted, for cash at \$25.00 per share plus accrued and unpaid dividends (whether or not declared) to, but not including, the date of redemption.

On the redemption date, we must pay on each share of Series G Preferred Stock to be redeemed any accrued and unpaid dividends, in arrears, for any dividend period ending on or prior to the redemption date. In the case of a redemption date falling after a dividend payment record date and prior to the related payment date, the holders of

Table of Contents

Series G Preferred Stock at the close of business on such record date will be entitled to receive the dividend payable on such shares on the corresponding dividend payment date, notwithstanding the redemption of such shares prior to such dividend payment date. Except as provided for in the two preceding sentences, no payment or allowance will be made for unpaid dividends, whether or not in arrears, on any Series G Preferred Stock called for redemption.

If full cumulative dividends on the Series G Preferred Stock and any Parity Stock have not been paid or declared and set apart for payment, the Series G Preferred Stock may not be redeemed in part and we may not purchase, redeem or otherwise acquire Series G Preferred Stock or any Parity Stock other than in exchange for Junior Stock; provided, however, that the foregoing shall not prevent the purchase by us of shares held in excess of the limits in our charter in order to ensure that we continue to meet the requirements for qualification as a REIT.

On and after the date fixed for redemption, dividends will cease to accrue on the shares of Series G Preferred Stock called for redemption (except that, in the case of a redemption date after a dividend payment record date and prior to the related payment date, holders of Series G Preferred Stock on the dividend payment record date will be entitled on such dividend payment date to receive the dividend payable on such shares on the corresponding dividend payment date), such shares shall no longer be deemed to be outstanding and all rights of the holders of such shares as holders of Series G Preferred Stock shall cease except the right to receive the cash payable upon such redemption, without interest from the date of such redemption.

Liquidation Preference. The holders of Series G Preferred Stock will be entitled to receive in the event of any liquidation, dissolution or winding up of UDR, whether voluntary or involuntary, \$25.00 per share of Series G Preferred Stock, which we refer to in this prospectus as the Series G Liquidation Preference, plus an amount per share of Series G Preferred Stock equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to, but not including, the date of final distribution to such holders.

Until the holders of Series G Preferred Stock have been paid the Series G Liquidation Preference and all accrued and unpaid dividends in full, no payment will be made to any holder of Junior Stock upon the liquidation, dissolution or winding up of UDR. If, upon any liquidation, dissolution or winding up of UDR, our assets, or proceeds thereof, distributable among the holders of the Series G Preferred Stock are insufficient to pay in full the Series G Liquidation Preference and all accrued and unpaid dividends and the liquidation preference and all accrued and unpaid dividends with respect to any other shares of Parity Stock, then such assets, or the proceeds thereof, will be distributed among the holders of Series G Preferred Stock and any such Parity Stock ratably in accordance with the respective amounts that would be payable on such Series G Preferred Stock and any such Parity Stock if all amounts payable thereon were paid in full. None of (i) a consolidation or merger of UDR with one or more entities, (ii) a statutory stock exchange by UDR or (iii) a sale or transfer of all or substantially all of our assets will be considered a liquidation, dissolution or winding up, voluntary or involuntary, of UDR.

Voting Rights. Except as indicated below, the holders of Series G Preferred Stock will have no voting rights. If and whenever six quarterly dividends (whether or not consecutive) payable on the Series G Preferred Stock are in arrears, whether or not earned or declared, the number of members then constituting our board of directors will be increased by two and the holders of Series G Preferred Stock, voting together as a class with the holders of any other series of Parity Stock upon which like voting rights have been conferred and are exercisable (any such other series, the Voting Preferred Shares), will have the right to elect two additional board members at an annual meeting of stockholders or a properly called special meeting of the holders of the Series G Preferred Stock and such Voting Preferred Shares and at each subsequent annual meeting of stockholders until all such dividends and dividends for the then current quarterly period on the Series G Preferred Stock and such other Voting Preferred Shares have been paid or declared and set aside for payment. Whenever all arrears in dividends on the Series G Preferred Stock and the Voting Preferred Shares then outstanding have been paid and full dividends on the Series G Preferred Stock and the Voting Preferred Shares for the then current quarterly dividend period have been paid in full or declared and set apart for payment in full, then

the right of the holders of the Series G Preferred Stock and the Voting Preferred Shares to elect two additional board members will cease, the terms of office of the board members will forthwith terminate and the number of members of the board of directors will be reduced accordingly. However, the right of the holders of the Series G Preferred Stock and the Voting Preferred Shares to elect the additional board members will again vest if and whenever six quarterly dividends are in arrears, as described above. In no event shall the holders of Series G Preferred Stock be entitled pursuant to these voting rights to elect a director that would cause us

Table of Contents

to fail to satisfy a requirement relating to director independence of any national securities exchange on which any class or series of our stock is listed.

In addition, the approval of two-thirds of the votes entitled to be cast by the holders of outstanding Series G Preferred Stock, voting separately as a class, either at a meeting of stockholders or by written consent, is required (i) to amend, alter or repeal any provisions of our charter or the Articles Supplementary relating to the Series G Preferred Stock, whether by merger, consolidation or otherwise, to affect materially and adversely the voting powers, rights or preferences of the holders of the Series G Preferred Stock, unless in connection with any such amendment, alteration or repeal, the Series G Preferred Stock remains outstanding without the terms thereof being materially changed in any respect adverse to the holders thereof or is converted into or exchanged for preferred stock of the surviving entity having preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption thereof that are substantially similar to those of the Series G Preferred Stock, or (ii) to authorize, create, or increase the authorized amount of any class or series of capital stock having rights senior to the Series G Preferred Stock with respect to the payment of dividends or amounts upon liquidation, dissolution or winding up (provided that if such amendment affects materially and adversely the rights, preferences, privileges or voting powers of one or more but not all of the other series of Voting Preferred Shares, the consent of the holders of at least two-thirds of the outstanding shares of each such series so affected is required). However, we may create additional classes of Parity Stock and Junior Stock, amend our charter to increase the authorized number of shares of Parity Stock (including the Series G Preferred Stock) and Junior Stock and issue additional series of Parity Stock and Junior Stock without the consent of any holder of Series G Preferred Stock.

Conversion Rights. The Series G Preferred Stock is not convertible into or exchangeable for any other property or any other securities except as set forth in Article VI of our charter dealing with restrictions on ownership and transfer in connection with the preservation of our REIT status.

Listing. The Series G Preferred Stock is listed on the NYSE under the symbol UDRPrG.

Transfer Agent, Registrar, Dividend Disbursing Agent and Redemption Agent. The transfer agent, registrar, dividend disbursing agent and redemption agent for the Series G Preferred Stock is Wells Fargo Bank, N.A., South St. Paul, Minnesota.

Anti-takeover Effects of Our Bylaws and Maryland Law

Our bylaws and Maryland law contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. T