

Political Contributions Policy

From time to time, employees of the Company inquire as to whether or not the Company (or the employee on behalf of the Company) is permitted to contribute money towards a political candidate or in support of a political cause that the employee believes would further the interests of the Company. Political spending is not a core part of the Company's strategy, and in general, the Company spends very little on political activities. In 2015, our Company Political Spending (as defined below) was \$1,600 and was approved in accordance with the policy described below.

Even though this amount is quite small in relation to the size of our business, politically-related expenditures may subject the Company (and the employee) to serious legal consequences and negative publicity. Laws governing corporate political spending are complex and vary by jurisdiction, and penalties for noncompliance can be severe. Also, most jurisdictions have complicated and detailed rules for disclosure of these types of expenditures.

Consequently, the Company has established the following policy to ensure that any political spending activity by the Company is done in a transparent and legal manner that clearly serves the interests of the Company as a whole and its shareholders:

Unless approved in advance by the Chief Executive Officer as provided below, the Company's policy is that the following types of contributions by or on behalf of the Company (i.e. "Company Political Spending"), are strictly prohibited:

- (i) contributions to or on behalf of any officeholders or candidates for any election or referendum, initiative or proposition (note that contributions to the campaigns of candidates for federal office are prohibited by law and will not receive approval in any event);
- (ii) contributions to or on behalf of political parties;
- (iii) contributions to or on behalf of Political Action Committees ("PACs"), "SuperPACs", or other political entities organized and operating under 26 U.S.C. Sec. 527 of the Internal Revenue Code (i.e. "527s"); and
- (iv) indirect support of the above through paying for advertisements or other campaign expenses, or by donation of time or supplies.

Should any employee of the Company desire to seek approval for Company Political Spending, the following provisions shall apply:

- (i) Any Company Political Spending must receive prior written approval from the Chief Executive Officer.
- (ii) Any Company Political Spending approved by the Chief Executive Officer shall be legitimately linked to the Company's business purposes and strategic intent, and not those of its individual officers or trustees.
- (iii) No contribution or expenditure will be given or made in anticipation of, in recognition of, or in return for, any official act.

The Corporate Governance Committee of the Company's Board of Trustees shall review Company Political Spending under this policy (and the disclosures in this policy shall be updated by March 31st of each year) at least once per calendar year.

The Company may belong to various industry trade associations and state apartment associations that may engage in political spending from time to time. At the present time, the Company is a member of several of these groups, most notably the National Association of Real Estate Investment Trusts ("NAREIT"), the National Multifamily Housing Council ("NMHC"), the National Association of Home Builders ("NAHB"), and the Real Estate Roundtable. In 2015, the Company spent less than \$500,000 in membership dues for these types of groups. Disclosures on the amounts spent by these groups on political activities are available online or at the Federal Election Commission.

Any amounts spent by such industry trade associations on political spending shall not be attributed to the Company, provided that such activities are not controlled by the Company and are generally undertaken for the benefit of the industry or members of the organization as a whole. From time to time, the Company may ask its employees to consider contributions towards these types of associations, provided that any such contributions are purely voluntary.

Employees, acting solely in their personal capacity, may participate in political activity and make political contributions at their own expense, but may not seek reimbursement from the Company for contributions that are prohibited by the above policy. Personal, non-corporate contributions, for which no reimbursement is sought, are not affected by the restrictions of this policy.