

AVALONBAY COMMUNITIES, INC.

AUDIT COMMITTEE CHARTER

(As Amended and Restated by the Board of Directors at a Meeting held on February 8, 2007 and Subsequently Amended at a Meeting held on December 11, 2008)

CONTENTS

- I. General Statement of Purpose
- II. Composition and Committee Mechanics
 - A. Number of Members; Requirements; Limitation on Outside Compensation
 - B. Appointment and Removal; Chair
 - C. Delegation to Subcommittees
- III. Meetings
- IV. Oversight of the Independent Auditor
- V. Additional Authority and Responsibilities
 - A. Financial Statements and Disclosures
 - B. Company's Relationship with the Independent Auditor
 - C. Internal Audit Function
 - D. Compliance Matters
- VI. Additional Matters
 - A. Reports to the Full Board
 - B. Minutes
 - C. Evaluate Performance of Committee and Review Charter
 - D. Resources
 - E. Other
 - F. Limitation of Audit Committee's Role

AVALONBAY COMMUNITIES, INC.

AUDIT COMMITTEE CHARTER

(As Amended and Restated by the Board of Directors at a Meeting held on February 8, 2007)

I. General Statement of Purpose

The purposes of the Audit Committee of the Board of Directors (the “Committee”) of AvalonBay Communities, Inc. (the “Company”) are to:

- assist the Board of Directors (the “Board”) in its oversight of (1) the integrity of the Company’s financial statements, (2) the Company’s compliance with legal and regulatory requirements, (3) the qualifications, independence and performance of the Company’s independent auditors, and (4) the performance of the Company’s internal audit function; and
- prepare the report required by the rules of the Securities and Exchange Commission (the “SEC”) to be included in the Company’s annual proxy statement.

II. Composition and Committee Mechanics

A. Number of Members; Requirements; Limitation on Outside Compensation. The Audit Committee shall consist of at least three (3) members of the Board, each of whom shall satisfy the independence requirements established by the New York Stock Exchange Listed Company Manual for listing on the exchange. Each member of the Audit Committee shall be financially literate (or shall become financially literate within a reasonable period of time after his or her appointment to the Audit Committee), as such qualification is interpreted by the Board in its business judgment. At least one member of the Audit Committee shall meet the requirements for being a “financial expert” under the rules promulgated by the SEC, unless the Board affirmatively determines otherwise and discloses such matter in the Company’s annual proxy statement.

No member of the Audit Committee may simultaneously serve on the audit committee of more than two other issuers having securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Audit Committee.

A member of the Audit Committee may not, other than in his or her capacity as a director, member of the Audit Committee or any other committee established by the Board, receive from the Company, directly or indirectly, any consulting, advisory or other compensatory fee.

B. Appointment and Removal; Chair. The members of the Audit Committee shall be appointed annually, or as needed when vacancies occur, by the Board following consideration of the recommendations of the Nominating and Corporate Governance Committee and may be replaced or removed by the Board with or without cause. Resignation or removal of a Director from the Board, for whatever reason, shall automatically and without any further action constitute resignation or removal, as applicable, from the Audit Committee. Any vacancy on the Audit Committee, occurring for whatever reason, may be filled only by the Board. The Board shall designate one member of the Audit Committee to be Chairman of the Committee. The Chairman shall set the agendas for Committee meetings and, unless not in attendance due to unexpected circumstances, shall chair all regular sessions of the Committee.

C. Delegation to Subcommittees. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Audit Committee at its next scheduled meeting.

III. Meetings

The Audit Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this charter, but not less frequently than quarterly. A majority of the members of the Audit Committee shall constitute a quorum for purposes of holding a meeting and the Audit Committee may act by a vote of a majority of the members present at such meeting. In lieu of a meeting, the Audit Committee may act by unanimous written consent. The Audit Committee may meet in person or by telephone conference call or other communications equipment by means of which all persons participating in the meeting can hear each other.

Periodically, the Audit Committee shall also meet separately with management, with internal auditors (or other personnel responsible for the internal audit function) and with the independent auditors.

All independent directors who are not members of the Committee may attend meetings of the Committee, but may not vote. In addition, the Committee may invite to its meetings any director, member of management of the Company, and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

IV. Oversight of the Independent Auditor

- The Audit Committee shall have the sole authority to appoint or replace the independent auditor. The Audit Committee shall pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Audit Committee prior to the completion of the audit. This authority to pre-approve non-audit services may be delegated to one or more members of the Audit Committee, who shall present all decisions to pre-approve an activity to the full Audit Committee at its first meeting following such decision.
- The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Company.
- The Audit Committee shall instruct the independent auditor that the independent auditor shall report directly to the Audit Committee.
- The Audit Committee shall review and approve the scope and staffing of the independent auditors' annual audit plan(s).
- The Audit Committee shall request that the independent auditor provide the Audit Committee with the written disclosures and the letter required by Independence Standards Board Standard No. 1, as modified or supplemented, require that the independent auditor submit to the Audit Committee on a periodic basis a formal written statement delineating all relationships between the independent auditor and the Company, discuss with the independent auditor any disclosed relationships or services that may impact the objectivity and independence of the independent auditor, and based on such disclosures, statement and discussion take or recommend that the Board take appropriate action in response to the independent auditor's report to satisfy itself of the independent auditor's independence.

V. Additional Authority and Responsibilities

The Audit Committee, to the extent it deems necessary or appropriate or is required by applicable laws, rules or regulations or NYSE listing standards, shall:

A. Financial Statements and Disclosures

1. Review and discuss with management and the independent auditor the Company's annual audited financial statements, including (a) all critical accounting policies and practices used or to be used by the Company, (b) the Company's disclosures "Management's Discussion and Analysis of Financial Conditions and Results of Operations", and (c) any significant financial reporting issues that have arisen in connection with the preparation of such audited financial statements, prior to the filing of the Company's Annual Report on Form 10-K.
2. Review and discuss with management and the independent auditor (1) the Company's quarterly financial statements and the Company's related disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," (2) such issues as may be brought to the Audit Committee's attention by the independent auditor pursuant to Statement on Auditing Standards No. 100, and (3) any significant financial reporting issues that have arisen in connection with the preparation of such financial statements, prior to the filing of its Form 10-Q.
3. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.
4. Review and discuss analyses or quarterly reports from the independent auditors on:
 - a. All critical accounting policies and practices to be used.
 - b. All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
 - c. Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
5. Discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made) and may include, in the Committee's discretion, the discussion of terms commonly used by real estate investment trusts to describe results of operations such as Funds from Operations, same store results, net operating income and EBITDA. The Audit Committee need not discuss in advance each earnings release or each instance in which the Company provides earnings guidance.
6. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

7. Discuss with management the Company's guidelines and policies with respect to risk assessment and risk management. If the Board as a whole, directly and through all of its committees, has processes in place to oversee the management and assessment of risks, then the Committee need not replace or duplicate such processes but should review these processes in a general manner for the purpose of considering the adequacy of these processes as a means of providing Board oversight of risk assessment and risk management. In all events, the Committee should discuss the perceived major financial risk exposures of the Company and the steps management has taken to monitor and control such exposures. The Committee may also review and make recommendations to the full Board of Directors regarding director and officer indemnification and insurance matters.
8. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards 61 (SAS 61), as amended, relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
9. The Audit Committee shall review and discuss with the independent auditor (outside of the presence of management) any audit problems or difficulties and management's response thereto. This review shall include:
 - (a) any difficulties encountered by the auditor in the course of performing its audit work, including any restrictions on the scope of its activities or its access to information,
 - (b) any significant disagreements with management and
 - (c) a discussion of the responsibilities, budget and staffing of the Company's internal audit function.

This review may also include:

- (d) any accounting adjustments that were noted or proposed by the auditors but were "passed" (as immaterial or otherwise);
 - (e) any communications between the audit team and the audit firm's national office regarding auditing or accounting issues presented by the engagement; and
 - (f) any management or internal control letter issued, or proposed to be issued, by the auditors.
10. Review disclosures made to the Audit Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls over financial reporting.
 11. Based on the Audit Committee's review and discussions (1) with management of the audited financial statements, (2) with the independent auditor of the matters required to be discussed by SAS 61, and (3) with the independent auditor concerning the independent auditor's independence, the Audit Committee shall make a recommendation to the Board as to whether the Company's audited financial statements should be included in the Company's Annual Report on Form 10-K for the last fiscal year.
 12. The Audit Committee shall prepare the Audit Committee report required by Item 306 of Regulation

S-K of the Exchange Act (or any successor provision) to be included in the Company's annual proxy statement.

B. Company's Relationship with the Independent Auditor

13. Review and evaluate the lead partner of the independent auditor team.
14. Obtain and review a report from the independent auditor at least annually regarding (a) the independent auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditor and the Company. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and internal auditors. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.
15. Ensure the rotation of the audit partners (including, without limitation, the lead and concurring partners) as required under the Exchange Act and Regulation S-X. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.
16. The Audit Committee shall set clear policies with respect to the Company's potential hiring of current or former employees of the independent auditor.
17. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.

C. Internal Audit Function

18. Review and evaluate the performance, budget and staffing of the Company's internal auditing function and review the internal audit plan.
19. Review any significant reports to management prepared by the person(s) or firm performing the internal auditing function and management's responses.
20. Discuss with the independent auditor and management, and report to the Board with respect to, the internal auditing function and its responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit plan.

D. Compliance Matters

21. The Audit Committee shall review and discuss with the independent auditor (outside of the presence of management) how the independent auditor plans to handle its responsibilities under the Private Securities Litigation Reform Act of 1995, and request assurance from the auditor that Section 10A of the Private Securities Litigation Reform Act of 1995 has not been implicated.
22. Assist the Board in its oversight of the Company's compliance with legal and regulatory requirements applicable to the Company and its subsidiaries. The Committee may provide this assistance by reviewing the processes in place at the Board as a whole (i.e., the Board directly and through all of its committees) for overseeing compliance with legal and regulatory requirements, and

the Committee need not replace or duplicate such processes. After this review, the Committee shall, if it deems appropriate, review with the Board (or the appropriate director(s), such as a committee chair) any issues or recommendations identified by the Committee with respect to such compliance by the Company or such oversight by the Board. The Audit Committee shall discuss with management legal matters (including pending or threatened litigation) that may have a material effect on the Company's financial statements or its compliance policies and procedures.

23. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

VI. Additional Matters

A. Reports to the Full Board. The Committee shall report regularly to the Board of Directors with respect to matters that are relevant to the Committee's discharge of its responsibilities and with respect to such recommendations as the Committee may deem appropriate. The report to the Board of Directors may take the form of an oral report by the Chairman or any other member of the Committee designated by the Committee to make such report.

B. Minutes. The Committee shall maintain minutes or other records of meetings and activities of the Committee.

C. Evaluate Performance of Committee and Review Charter. The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee, including by reviewing the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any amendments or modifications to this Charter that the Committee deems appropriate. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.

D. Resources. In discharging its responsibilities, the Audit Committee shall be entitled to rely upon advice and information that it receives in its discussions and communications with management and such experts, advisors and professionals with whom the Committee may consult. The Committee shall have the authority to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company to render advice to the Company attend a meeting of the Committee or meet with any members of or advisors to the Committee. The Committee shall also have the authority to engage legal, accounting or other advisors to provide it with advice, information and other assistance in connection with carrying out its responsibilities. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

E. Other. The Audit Committee may perform such other functions as may be requested by the Board from time to time.

F. Limitation of Audit Committee's Role. While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the responsibility of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor. In addition, it is not the responsibility of the Audit Committee to conduct investigations or to ensure compliance with laws and regulations.

**Amendment to the Charter of the Audit Committee of
AvalonBay Communities, Inc.
(as adopted by the Board of Directors on December 11, 2008)**

The fifth (and final) bullet point paragraph of Article IV of the Charter of the Audit Committee of AvalonBay Communities, Inc. is hereby amended to read as follows:

- The Audit Committee shall request that the independent auditor provide the Audit Committee with the written disclosures and the letter required by Public Company Accounting Standards Board Rule 3526. Without limiting the foregoing, the Audit Committee shall require that the independent auditor (1) submit to the Audit Committee at least annually a formal written statement describing all relationships between the independent auditor or any of its affiliates and the Company or persons in financial reporting oversight roles at the Company that might reasonably be thought to bear on the independence of the independent auditors, (2) discuss with the Audit Committee the potential effects of any disclosed relationships or services on the objectivity and independence of the independent auditor, and (3) provide to the Audit Committee written affirmation that the independent auditor is, as of the date of the affirmation, independent in compliance with Rule 3520. Based on such disclosures, statement and discussion the Audit Committee shall take, or recommend that the Board take, appropriate action in response to the independent auditor's report to satisfy itself of the independent auditor's independence. In addition, before approving the initial engagement of any independent auditor, the Audit Committee shall receive, review and discuss with the audit firm all information required by, and otherwise take all actions necessary for compliance with the requirements of, Rule 3526. References to rules of the Public Company Accounting Standards Board shall be deemed to refer to such rules and to any substantially equivalent rules adopted to replace such rules, in each case as subsequently amended, modified or supplemented.