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

**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d) of**  
**the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported) April 8, 2009**

**AVALONBAY COMMUNITIES, INC.**  
(Exact Name of Registrant as Specified in Its Charter)

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

**1-12672**  
(Commission File Number)

**77-0404318**  
(I.R.S. Employer Identification No.)

**2900 Eisenhower Avenue, Suite 300, Alexandria, Virginia**  
(Address of Principal Executive Offices)

**22314**  
(Zip Code)

Registrant's telephone number, including area code **(703) 329-6300**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**ITEM 1.01 Entry into a Material Definitive Agreement.**

**ITEM 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

On April 9, 2009, the Company entered into a commitment with Deutsche Bank Berkshire Mortgage, Inc. under which the Company intends to obtain, on or before April 17, 2009, fourteen individual separate mortgage loans, each to be secured by one of the Company's current communities. The fourteen communities involved are: Avalon on the Alameda and Avalon at Mission Bay North in California; Avalon Gates and Avalon at Stamford Harbor in Connecticut; Avalon at Foxhall and Avalon at Gallery Place in Washington, DC; Avalon Shrewsbury and Avalon Woburn in Massachusetts; Avalon at Traville in Maryland; Avalon at Edgewater, Avalon at Freehold, and Avalon Run East II in New Jersey; Avalon Gardens in New York; and Avalon Bellevue in Washington.

The Company expects to borrow \$741,140,000 in the aggregate in the fourteen transactions. Interest will be fixed at 5.86% per annum for ten years. Each of the loans will provide for payments of interest only during the first and second years of the loan term, with payments of principal and interest (based on a 30 year amortization schedule) thereafter and the remaining principal amount and any unpaid interest due at maturity on the tenth anniversary. Each loan will be subject to a prepayment penalty for the first nine years and six months of the term equal to the greater of (i) a specified yield maintenance formula or (ii) 1% of the amount prepaid. Thereafter, for the following three months such prepayment penalty will be equal to 1% of the amount prepaid. There is no prepayment penalty during the last three months of the loan term. In each case the borrower under the loan is a subsidiary or affiliate of the Company that owns the community, with the Company providing a limited guaranty for non-recourse carveout obligations of the borrower. The loans will generally be non-recourse to the borrowers and to the Company. Each of the notes evidencing the loans will be coterminous and subject to (1) a Master Cross-Collateralization Agreement, which provides for a cross-default and acceleration of all of the loans if there is an event of default under one of the loans and cross-collateralization of all the loans and (2) a Master Substitution Agreement, which provide for the substitution of collateral under certain circumstances.

There can be no assurance that these loans will close. The Company expects to use the funds from these loans, if completed, to pay amounts outstanding under the Company's unsecured credit facility, to retire unsecured debt securities and other maturing debt, and to support the Company's working capital needs related to development and redevelopment activity that is underway.

**ITEM 8.01 Other Events.**

On April 8, 2009, AvalonBay Communities, Inc. (the "Company") announced the second and final closing of AvalonBay Value Added Fund II, L.P. ("Fund II"), a private, discretionary investment vehicle with commitments from institutional investors and the Company that was initially formed on August 26, 2008.

A copy of the press release announcing the second and final closing of Fund II is filed herewith as Exhibit 99.1.

**ITEM 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated April 8, 2009.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AVALONBAY COMMUNITIES, INC.

April 14, 2009

By: /s/ Thomas J. Sargeant  
Name: Thomas J. Sargeant  
Title: Chief Financial Officer

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**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated April 8, 2009.
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**Contact:** Kevin P. O'Shea  
SVP, Investment Management  
AvalonBay Communities, Inc.  
703-317-4654

**For Immediate Release**

**AVALONBAY ANNOUNCES SECOND CLOSING OF FUND II**

**Alexandria, VA (April 8, 2009)** — **AvalonBay Communities, Inc. (NYSE: AVB)** announced today that on April 7, 2009 it completed the second and final closing of AvalonBay Value Added Fund II, L.P. ("Fund II"), a private, discretionary investment vehicle with commitments from institutional investors and AvalonBay Communities, Inc. ("AvalonBay") that was formed on August 26, 2008.

In this second and final closing, total equity commitments to Fund II increased by \$67 million as a result of the following:

- A new institutional investor made an equity commitment of \$75 million;
- An existing institutional investor increased its commitment by \$17 million, based on the terms of its existing commitment; and
- AvalonBay decreased its commitment by \$25 million, based on the terms of its existing commitment.

Accordingly, Fund II now has total equity commitments of \$400 million (including a \$125 million equity commitment from AvalonBay) and can employ leverage of up to 65%, allowing for an investment capacity of approximately \$1.1 billion. To date, Fund II has not made any investments. Fund II has a term of ten years, plus two one-year extension options.

Fund II's investment strategy is to acquire and operate multifamily apartment communities primarily in AvalonBay's high barrier-to-entry markets of the Northeast, Mid-Atlantic, Midwest, and West Coast regions of the U.S. with the objective of creating value through redevelopment, enhanced operations and/or improving market fundamentals.

Fund II will serve as the exclusive vehicle through which AvalonBay will acquire apartment communities for a period of three years from the initial closing date of August 26, 2008 or until 90% of its committed capital is invested, subject to limited exceptions. These exceptions include significant individual asset and portfolio acquisitions, properties acquired in tax-deferred transactions and acquisitions that are inadvisable or inappropriate for Fund II, if any. Fund II will not include or involve AvalonBay's development activities.

AvalonBay will receive, in addition to any returns on its invested equity, asset management fees, property management fees and redevelopment fees. AvalonBay will also receive a promoted interest if certain return thresholds are met.

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This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities of Fund II and shall not constitute an offer, solicitation or sale of any securities in any jurisdiction in which such offering, solicitation or sale would be unlawful. The securities of Fund II have been offered in a private placement to a limited number of qualified investors and will not be registered under the Securities Act of 1933, as amended (the "Securities Act") or any state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state securities laws.

**About AvalonBay Communities**

As of December 31, 2008, AvalonBay Communities, Inc., headquartered in Alexandria, Virginia, owned or held an ownership interest in 178 apartment communities containing 50,292 apartment homes in ten states and the District of Columbia, of which 14 communities were under construction and nine communities were under reconstruction. AvalonBay is in the business of developing, redeveloping, acquiring, and managing apartment communities in high barrier-to-entry markets of the United States. More information on AvalonBay, an S&P 500 listed company, may be found on AvalonBay's Web site at <http://www.avalonbay.com>.

**Forward-Looking Statements**

This release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. You can identify these forward-looking statements by AvalonBay's use of words such as "expects," "plans," "estimates," "projects," "intends," "believes" and similar expressions that do not relate to historical matters. Actual results may differ materially from those expressed or implied by the forward-looking statements as a result of risks and uncertainties, including, without limitation, possible changes in the timing and closing of planned acquisitions by Fund II, payment of fees or promoted interest from Fund II to AvalonBay and other matters detailed in AvalonBay's filings with the Securities and Exchange Commission, including AvalonBay's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Statements." AvalonBay does not undertake a duty to update forward-looking statements.

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