

EXHIBIT 3

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ASSIGNMENT AND ASSUMPTION OF GROUND LEASE

AGREEMENT dated October 14, 2005, between TOWN CLOSE ASSOCIATES LIMITED PARTNERSHIP ("Assignor") and 220 ELM STREET I, LLC and 220 ELM STREET II, LLC (collectively, "Assignee").

RECITALS:

A. Assignor as Tenant entered into a Ground Lease dated September 21, 2001 with The Town of New Canaan, Connecticut (the "Town") as Landlord (the "Lease"). A Notice of Lease with respect to the Lease is recorded in Book 564 at Page 821 of the New Canaan Land Records.

B. Assignor has this date entered into a Contract of Sale with 316 Courtland Ave. Associates, LLC and Seaboard Stamford Investor Associates, LLC, affiliates of Assignee. Said affiliates have assigned their rights and obligations under the Contract of Sale to Assignee.

C. Assignor desires to assign all of its rights and obligations under the Lease, and Assignee desires to assume same under the terms hereinafter described.

NOW, THEREFORE, for and in consideration of the mutual covenants hereinafter contained, the parties hereby agree as follows:

1. Assignment

Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest in and to the Lease, effective the date hereof (the "Effective Date").

2. Assumption

Assignee hereby assumes and shall discharge all obligations of Assignor that may accrue under the Lease on and after the Effective Date; provided however that Assignor shall remain obligated on and after the date hereof for certain environmental remediation pursuant to Section 5.4 of said Contract of Sale. A copy of the Contract of Sale is on file at the offices of Day, Berry & Howard LLP, One Canterbury Green, Stamford, Connecticut.

3. Indemnification

(a) Assignor shall indemnify and hold Assignee harmless from any and all claims, demands, causes of action, losses, costs, (including, without limitation, reasonable court costs and attorneys' fees), liabilities or damages of any kind or nature whatsoever that Assignee may sustain by reason of Assignor's breach or non-fulfillment (whether by action or inaction), prior to the Effective Date, of any covenant or obligation under the Lease on its part to be performed.

(b) Assignee shall indemnify and hold Assignor harmless from any and all claims, demands, causes of action, losses, costs (including, without limitation, reasonable court costs and

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attorneys' fees), liabilities or damages of any kind or nature whatsoever that Assignor may sustain by reason of Assignee's breach or non-fulfillment (whether by action or inaction), on and after the Effective Date, of any covenant or obligation under the Lease, on its part to be performed, except as aforesaid.

(c) If a claim is made against Assignor covered by the indemnity under subparagraph (a) herein, or a claim is made against Assignee covered by the indemnity under subparagraph (b) herein, the indemnified party shall promptly give notice to the indemnifying party, with a copy of the claim, demand, arbitration or litigation papers. The indemnified party shall, at its expense, cooperate with the indemnifying party, including without limitation giving testimony at depositions and/or hearings. If the indemnified party desires to have its own counsel monitor any such proceedings, it may do so at its expense; but the indemnifying party's counsel shall be the only counsel of record. Notices under this Agreement shall be given in accordance with Article 10 of the Contract of Sale.

4. Miscellaneous.

(a) Each provision of this Agreement shall extend to and shall bind and inure to the benefit of Assignor and Assignee and their respective successors and assigns, including without limitation successor assignees of the Lease.

(b) In the event that any provision of this Agreement is deemed to be invalid or unenforceable for any reason, this Agreement shall be construed as not containing such provision, and the invalidity or unenforceability thereof shall not render any other provision of this Agreement invalid or unenforceable.

(c) This Agreement shall be governed by the laws of the State of Connecticut.

(d) Section and other headings contained in this Agreement are for convenience of reference only and shall not affect, in any way, the meaning or interpretation of this Agreement.

(e) This document contains the entire understanding and agreement of the parties with respect to the subject matter hereof. This Agreement may be amended only by a written agreement of the parties.

SIGNATURES ON NEXT PAGE

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IN WITNESS WHEREOF, the parties have executed this Agreement the date first above written.

WITNESSES:

James J. DiMenna

Deanna A. MacLean

Stuart Sybil

Deanna A. MacLean

Stuart Sybil

Deanna A. MacLean

ASSIGNOR: The Town Close Associates Limited Partnership

By AvalonBay Communities, Inc., General Partner

[Signature]
By Mark Forlenza, Vice President

ASSIGNEE:

220 ELM STREET I, LLC

[Signature]
By: John J. DiMenna, Jr., President
and

220 ELM STREET II, LLC

[Signature]
By: John J. DiMenna, Jr., President

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STATE OF NEW YORK)
) ss. White Plains
COUNTY OF WESTCHESTER)

The foregoing instrument was acknowledged before me this 14th day of October, 2005, by Mark Forlenza, Vice President of AvalonBay Communities, Inc., a Maryland corporation which is the General Partner of Town Close Associates Limited Partnership, a Connecticut limited partnership, on behalf of said corporation and said limited partnership.

Sinead Kenny
Notary Public, State of New York

My commission expires:

SINEAD KENNY
Notary Public, State of New York
No. 01KE8117847
Qualified in Westchester County
Commission Expires: November 1, 2008

STATE OF NEW YORK)
) ss. White Plains
COUNTY OF WESTCHESTER)

The foregoing instrument was acknowledged before me this 14th day of October, 2005, by John J. DiMeana, Jr., President of 220 Elm Street I, LLC and 220 Elm Street II, LLC, both Delaware limited liability companies, on behalf of said limited liability companies.

Sinead Kenny
Notary Public, State of New York

My commission expires:

SINEAD KENNY
Notary Public, State of New York
No. 01KE8117847
Qualified in Westchester County
Commission Expires: November 1, 2008

Received for record on 10/17/05 at 11:10 AM
And recorded by Claudia A. Weber
TOWN CLERK

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