

LEASE AGREEMENT STRUCTURE & ABSTRACT TEMPLATE

A summary of items with ** are often included in a 3-6 page letter of intent (LOI)

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General Guidelines: list section number where the information can be found for ease of reference.

General	
Landlord**	[legal name on the lease; often assigned to new owner if property is sold; typically, a single purpose LLC – example: 123 Main Street, LLC]
Tenant Name**	[legal name on the lease]
Guarantor**	[list if another party is guaranteeing the lease; example: parent company]
Premise**	[actual space tenant is leasing; could be a suite or a building or multiple buildings; a visual of this may be shown in an exhibit]
Square Feet**	[size of the suite tenant is leasing]
Building**	[lease may reference a <i>building</i> that the <i>suite</i> is a part of]
Center**	[lease may reference a <i>center</i> that the <i>building</i> is a part of]
Parking**	[may list tenant's parking rights]
Permitted Uses**	[short description of how tenant will use the premises]
Signage**	[list any signage rights]

Key Dates	
Effective Date	[date of the lease]
Start Date**	[date the lease starts aka commencement date]
End Date**	[date the lease ends aka expiration date]
Early Possession	[if applicable, date the tenant can access the space prior to start date]
Delivery Date	[if applicable, date landlord must have space ready for tenant if landlord is building tenant improvements for tenant; further detailed in exhibit]

Rent & Other Financial Obligations	
Rent Schedule**	[rent is \$ or SF; if reviewing for potential acquisition during due diligence, this will be used to compare to underwriting/argus model]
Free Rent**	[if any]
Advanced Rent**	[amount; typically, first month's rent due at lease execution]
Security Deposit**	[amount; typically, an amount equal to the last month's rent]
Reimbursements** (see below)	[aka NNN charges aka CAM charges; typically, details are provided relative to what these charges include and don't include; monthly estimates paid with annual reconciliation in first quarter of the year based on actual expenses]
Late Charges	[when rent due and late fees]
Holdover Rent	[typically, a percentage of last rent if tenant does not vacate; example 150%]

Reimbursement types related to expense pass through:

- NNN aka Triple Net (industrial and retail) – 100% pass thru of CAM, property tax and insurance. Tenant will pay it's prorata share of expenses (ex. 10K SF tenant in 100K center pays 10%)
- Base Year/Stop (typically for office) – 100% pass through of expense *increases* over the year in which the tenant first occupied the space (e.g., at the end of the first year of the lease/base year, the actual operating expenses are calculated and become the tenant's base year; at the end of consecutive years, the tenant will pay all amounts above the established base year amount)
- Gross (multifamily) – no pass through of expenses to the tenant
- Modified Gross – pass through of some but not all expenses directly related to the leased premises

Delivery Conditions & Tenant Improvement (TI) Costs	
Condition of Space at Start of Lease**	[required by landlord at delivery; landlord ideally wants condition to be “as-is”; specific requirements may be listed in an exhibit]
Landlord TI Build**	[if landlord is building tenant improvements; typically, referenced in exhibit]
Tenant TI Build**	[if tenant is building tenant improvements; typically, referenced in exhibit]
TI Allowance**	[tenant improvement amount and deadlines <i>provided by landlord to tenant if the tenant is constructing the improvements</i> ; further detailed in exhibit]
TI Cost to Landlord**	[tenant improvement amount and deadlines <i>paid by landlord if the landlord is constructing the improvements</i> ; further detailed in exhibit]

Tenant Options/Rights	
Renewal**	[number of, notice date, renewal period duration, rent]
Termination**	[notice date, costs]
Expansion**	[Right of First Offer, Right of First Refusal, notice, duration, LL costs; Right of First Offer (ROFO): right to make an offer to lease Right of First Refusal (ROFR): right to match any offer landlord receives]
Purchase**	[notice date, ROFO, ROFR, ongoing or one time]
Sublease**	[if allowed and under what conditions]

Landlord Options/Rights	
Relocation	[notice date, costs]
Termination	[notice date, costs]

Alteration Rights & Maintenance Obligations	
Tenant Alteration Rights	[procedure for approval by landlord for tenant request to modify utilities and add trade fixtures (machinery and equipment)]
Tenant Maintenance Obligations	[tenant typically maintains <i>interior</i> of premises]
Landlord Maintenance Obligations	[landlord typically maintains <i>exterior</i> of premises]
Condition of Space at End of Lease	[what is required by tenant at lease expiration]

Defaults, Damage or Destruction, Condemnation	
Default	[what constitutes a default, what are the notice provisions, what are the cure rights and obligations; ex: non-payment of rent or abandoning the premises]
Damage or Destruction	[what happens in the event the premise is damaged or destroyed; typically, either party may terminate if it will take 60+ days to restore]
Condemnation	[what happens in the event the premise is condemned; typically, the lease terminates without penalty to either party]

Other Tenant Obligations	
Estoppel	[when required; unilateral statement signed by tenant for benefit of a buyer/landlord and lender stating the key terms of the lease]
Financial Statements	[when required; typically, for the benefit of a buyer or lender]
SNDA	[when required; subordination and non-disturbance agreement; tri-party agreement between landlord, tenant, and lender agreeing that the lease is still in effect if lender forecloses on the landlord; benefits both tenant and lender]

Other Information	
Landlord Broker**	[list name and company]
Tenant Broker**	[list name and company]
Notices	[formal conditions to notify the other party relative to lease issues such as defaults, exercising options, etc]

Exhibits	
Premises and/or Building and/or Center	[site or space plan]
Rules & Regulations	[various rules imposed by landlord on tenant relative to use of premises, building, and center]
Guaranty	[if any; will list requirements of guarantor, who will sign this document]
Hazardous Materials List	[form of list that tenant must complete relative to use of hazardous materials; typically for industrial tenants]
Rent Payment Instructions	[details on where and how tenant will pay rent]
Tenant Information	[form that tenant fills out with contact information; may have different contacts for the premises, accounting, and business teams]
Tenant Insurance Requirements (see below)	[a more detailed summary of requirements; tenants typically share this with their insurance broker who then provides proof of insurance to landlord in the form of an insurance certificate naming landlord as additional insured]
Tenant Improvement Details	[will say whether landlord or tenant is constructing; timeline for completion; estimate of costs, who pays costs and who is responsible for cost overruns; do not sign lease until space plan is agreed to and fully priced by a contractor]
Notice of Lease Term Dates	[form of notice that will be used if the start of lease is tied to the completion of any tenant improvements; will list start and end date of the lease along with rent schedule and dates]
Move Out Standards	[requirement by landlord on the tenant relative to how the premises must be left at time of tenant move out; the more detailed the better]

Tenant Insurance Requirements	
Liability	[enter amount required]
Umbrella	[enter amount required]
Property	[enter amount required]
Business Interruption	[enter amount required]
Auto	[enter amount required]
Workers' Comp.	[enter amount required]

Employer's Liability	[enter amount required]
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