

# Leasing Pitfalls

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# Letters of Intent

- Description of the Premises
- Square footage
- Rent
- Term and options to extend
- Parking
- Tenant Improvements
- Personnel Guaranties
- Allowed/exclusive uses
- Signage
- Statement about whether LOI is binding

# Gross-up Provisions

- “Operating Expenses” including all costs incurred by Lessor relating to the ownership and operation of the Project, calculated as if the project was at least 95% occupied, including, but not limited to the following . . .”

# Alternative Language

- “Landlord shall adjust the variable components of Operating Expenses, as defined in Section XXX, for that Expense Year, as reasonably determined by Landlord using sound accounting and management principles, to determine the amount of Operating Expenses that would have been incurred had the Building been 95% occupied. . . .”

# Calculating Rent

- Property Calculated
- Increases
  - Gross-up provisions
  - CAM charges –tenants right to audit
- Operating Expenses

# Insurance

- Liability insurance
- Workers compensation Insurance
- Fire
- Additional Insured Requirements
- Title Insurance

# Tenant Improvements

- Mechanics lien provisions
- Insurance requirements
- Allowances
- Who is doing the work
- Personal Guarantees
- Notices of Non-Responsibility

# Allowed Uses/Exclusive Uses

- What exclusives uses are reserved by the existing tenants
- Do the CCR's limit the uses
- Are there any MOL's recorded that could effect the tenant
- Benefits for the tenant or recording an MOL



# Further Questions

- Contact our office
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