



Save Money with Your Commercial Lease Agreement

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Your business could be losing money if it does not have a properly drafted and negotiated commercial lease agreement. Too many leases are hastily put together, causing businesses to miss out on opportunities for relief, or spend more money than necessary to litigate an avoidable problem with the lease.

Like any other contract, commercial lease agreements follow basic contract principles. A clear and unambiguous lease will be enforceable and the parties to the lease will be entitled to relief consistent with its terms. Any ambiguity in the lease will be construed against the drafter, which is usually the property owner or manager. Thus, a business could be losing money if its lease is incomplete or ambiguous.

To prevent running into issues down the road, **property owners, landlords and property managers** should consider including some or all of the following provisions when negotiating and drafting a commercial lease agreement:

- Late fees and interest
- Cure period upon default
- Events of default
- Attorneys' fees
- Responsibility for maintenance, repairs, snow & ice
- Common areas
- Indemnification
- Insurance
- Additional insured requirement
- Use of the premises
- Compliance with zoning and other local, state and federal laws
- Responsibility for taxes

- Subletting/assignment
- Renewal
- Notice for termination
- Owner's right of entry (Note: do not engage in self help!)
- Mutual drafting of lease
- Guaranty from principal of lessee

On the other hand, with the high number of commercial vacancies, **commercial tenants** should not be afraid to negotiate lease terms. In addition to some of the items mentioned above, commercial tenants should consider including some or all of the following for their leases:

- Notice and opportunity to cure defaults
- Competition clause (to limit leasing of nearby space to similar businesses)
- Responsibility for maintenance, repairs, snow and ice
- Improvements
- Renewal
- Purchase option
- Expansion

Not all of the foregoing provisions are required for every lease relationship, nor is this an exhaustive list of terms to include in a commercial lease. It is simply intended to help your business be more cognizant of available rights under a lease.

In short, whether you are a commercial property owner or tenant, it is important to have a properly negotiated and drafted commercial lease agreement for your business. It is worth spending a few dollars up front to potentially save or recoup a lot of money in the long run.

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