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2024 Real Property Law Retreat

Commercial Leasing: Basic Tenant Representation

Friday, March 8, 2024
2:45pm - 3:45pm

Speakers: Sam Beatty and Corinne Wessel

Conference Reference Materials

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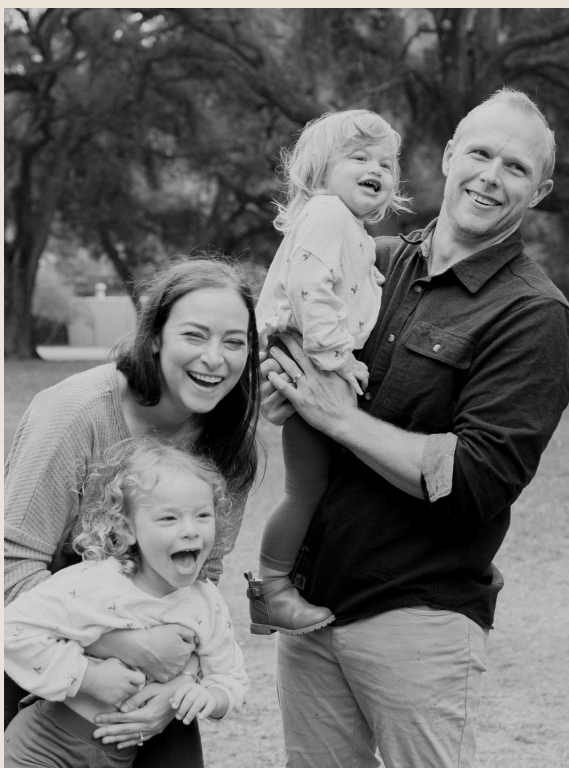
REAL PROPERTY LAW

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COMMERCIAL LEASING: BASICS OF TENANT REPRESENTATION

An informative session where we'll provide guidance on how to effectively review leases for your tenant-clients, gain insights into due diligence and lease review checklists, and explore key negotiation strategies to secure favorable terms.

Meet the Presenters



Corinne Wessel
Partner at Valence LLP



Sam Beatty
Partner at Valence LLP

Big Picture

- The Players
 - Brokers
 - Clients
 - Opposing Counsel
- Life Cycle of a Lease



Due Diligence

- Who is your client? What is important to them?
- Where are they leasing?
- Check zoning
- Review LOI
- Check the rent chart and deposit calculations
- Confirm entity names on SOS website

Lease Review Checklist: Rent Structure

- NNN, Gross, IG and Percentage Rent
- Exclusions from Operating Expenses
 - Are management fees capped?
 - How are capital improvements handled?
 - Gross-up provisions
- Audit rights
- Fully assessed for taxes – Prop 8 and Prop 13



When is it important to include a gross-up provision in the Lease?

If the Tenant is auditing the Landlord's books, who typically pays for that audit?

Lease Review Checklist: Assignment / Subletting

- Sole versus reasonable discretion
- Permitted Transfers
- Bonus Rent
- 'Joint and several liability'



How can you use California Civil Code Section 1951.4 to argue that Tenant should have sublease and assignment rights?

Is language in a Lease requiring subtenants to assume obligations of the Tenant acceptable?

Lease Review Checklist: Repairs / Maintenance / Alterations

- Who is responsible for the HVAC? Capital repairs and replacements?
- Who is responsible for initial improvements?
- Cosmetic alterations
- Removal obligations

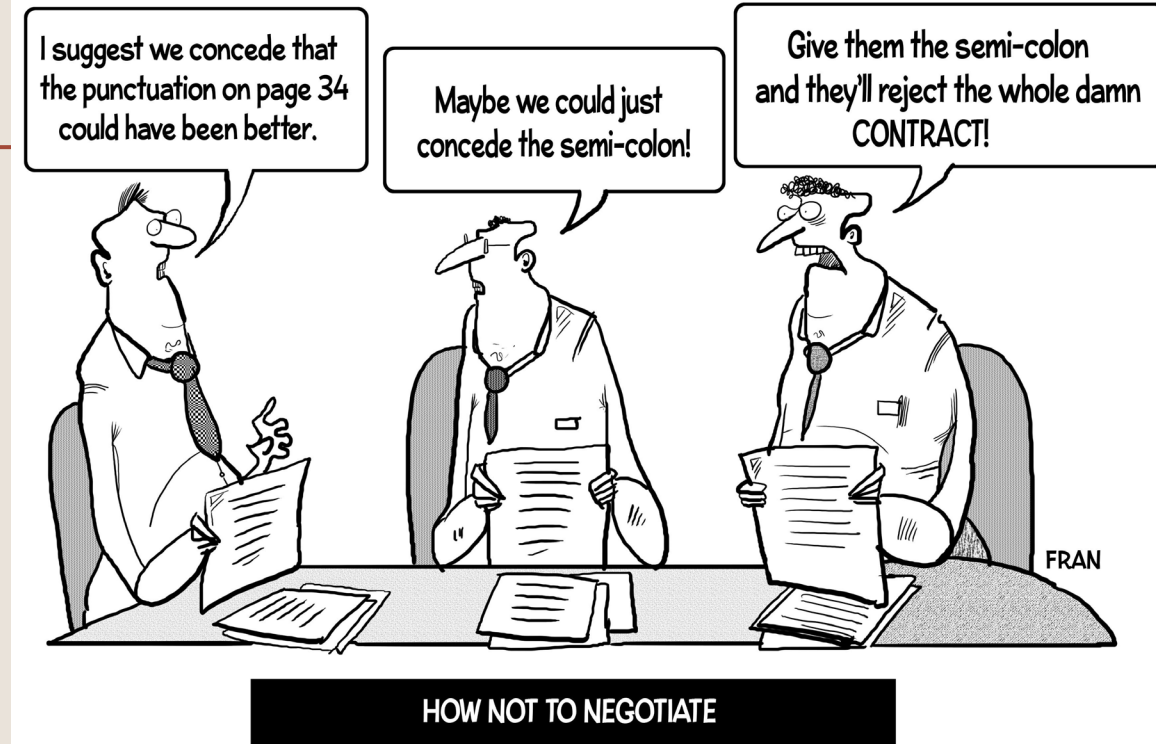




What are some ways you can you protect your client from costly repair obligations?

How can you protect your client from unexpected removal obligations at the end of the term?

Negotiation Strategies: Tips and Tricks



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