

# **HIRC**

**The High-Risers Club**

**1.16.2024 – Representing the Tenant**

# Coach Jeff Wright

# Welcome

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Does anyone have anything great to share personally or professionally?



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# Podcast

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- **Last Week: Some Rules to Follow in the Sales Process with Ed Schultek Session 2**
- **This Week: Ask Coach Jeff: Leases – Residential vs Commercial**

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# Greatness is Within



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# Representing a Tenant

## Example of a Lease Letter of Intent (LOI) – Simple Version

**Date** :  
**Property** :  
**Premises** :  
**Use** :  
**Tenant** :  
**Landlord** :  
**Initial Term** :  
**Lease Rate** :  
**Fit-Out Allowance** :  
**Options** :  
**Additional Rent** :  
**Occupancy** :  
**Signage** :  
**Parking** :

**Brokerage:** \_\_\_\_\_, ABC Real Estate, is recognized as sole procuring and listing broker involved in this transaction and is entitled to all due and appropriate commissions upon tenant occupancy of designated space. Signature of the parties shall indicate acceptance of the above business terms. This document is non-binding and shall be superseded by the lease agreement executed by both parties.

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Tenant	Date	Landlord	Date
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Subtenant	Date	Listing Broker / Procuring Broker	Date
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# Representing a Tenant

Tenant	LLC
<b>Guarantee:</b>	None. Landlord understands that tenant entity is a single purpose LLC with no lease guarantee and no financial statement.
<b>Landlord:</b>	
<b>Building:</b>	Building known as xxxxxxxx consisting of 4,540 sq. ft.
<b>Leased Premises:</b>	Entire building located on main floor consisting of 4,540 sq. ft.
<b>Parking:</b>	Tenant shall have the exclusive right to entire parking lot.
<b>Use:</b>	Laundromat and related services, any legal use. No onsite dry cleaning.
<b>Delivery Conditions</b>	<ul style="list-style-type: none"> <li>■ Broom clean and free of fixtures</li> <li>■ Free of tenancies</li> <li>■ Free of violations</li> <li>■ Free of underground storage tanks and hazardous materials</li> <li>■ Valid certificate of occupancy</li> <li>■ Subordination, non-disturbance agreement</li> </ul>
<b>Base Term:</b>	Thirty (30) Years
<b>Renewal Options:</b>	Two (2) five (5) year
<b>Commencement Date:</b>	5 business days after completion of Delivery Conditions and delivery of the Leased Premises to Tenant.
<b>Rent Commencement:</b>	One hundred eighty (180) days following the later of (i) Commencement Date and (ii) permit contingency expiration

# Representing a Tenant

Tenant	LLC
<b>Free Rent</b>	Monthly installments of Fixed Rent, Taxes and Common Area Costs from the Commencement Date (the "Abatement Period") shall be fully abated such that no Fixed Rent, Taxes or Common Area Costs shall be due, owing or otherwise payable during the Abatement Period.
<b>Fixed Rent:</b>	\$20.00 per square foot
<b>Escalations:</b>	Ten percent (10%) every five years throughout initial term and options
<b>Security Deposit:</b>	One (1) month base rent
<b>Prepaid Rent:</b>	One (1) month base rent
<b>CAM Charges</b>	N/A
<b>Real Estate Taxes:</b>	Tenant to pay increases of real estate taxes over base year.
<b>Option to Purchase</b>	Within the last 10 years of lease, tenant to have the option to purchase the property for \$750,000.00
<b>Insurance:</b>	<p>Tenant to maintain comprehensive general public liability insurance against claims for bodily injury, death and property damage occurring on the Demised Premises, such as insurance to afford minimum protection of not less than One Million (\$1,000,000) Dollars combined single limit. Such insurance may be carried under a blanket policy covering the Demised Premises as well as other locations in which Tenant, its parent, or any of its affiliated or subsidiary entities, may be interested.</p> <p>Landlord shall maintain (A) with respect to the Building casualty insurance against loss or damage by fire and such other risks to the Building, including all Alterations, rebuilding, replacements, and changes, as are included in so called extended coverage endorsements together with rent insurance in the amount of the Fixed Rent and estimated Additional Rent of a period of one year and (B) comprehensive general public liability insurance against claims for bodily injury, death and property damage occurring on the Premises (including, without limitation, the Parking Lot), such insurance to afford minimum protection of not less that One Million (\$1,000,000) Dollars combined single limit.</p>
<b>Utilities:</b>	Responsibility of Tenant.



# Representing a Tenant

Tenant	LLC
<b>Assignment &amp; Sublease:</b>	Tenant shall have the right to sublet and assign the Premises without Landlord's consent, when the use is consistent with the provided I the use paragraph
<b>Alterations:</b>	Tenant shall have the right, without consent of Landlord, to make structural and non-structural interior changes, or alterations and exterior changes or alterations ("Alterations") provided no Alterations are made on which, after completion, would (i) adversely affect the structural integrity of the Building, or (ii) conflict with law or any governmental requirements
<b>Permit/Utility Contingency:</b>	Lease is subject to Tenant obtaining, as its sole cost and expense, without unusual or extraordinary expense, (i) all governmental or quasi-governmental permits and approvals required performing Tenant's Work in order to construct and operate a 24-hour laundromat at the Premises and (ii) adequate utilities to operate a Laundromat, including, but not limited to, gas, electric and public sanitary sewer and water service at the Premises.
<b>Signage:</b>	Tenant shall be entitled to its standard storefront signage pending local signage codes. Tenant shall be responsible for the cost and expense of signage. Tenant shall have the right to install a "Coming Soon" sign upon execution of this Term Sheet.
<b>Maintenance:</b>	Landlord shall, at its sole cost and expense, maintain in good order and condition, replace and repair, as from time to time may be required, all utility lines, facilities, and systems beyond interior walls, external lighting, pylon signage (if any), foundations, exterior walls, capital repairs to exterior portion of the Premises (including, but not limited to, repaving of parking lot), slab floor, roof, roof leaks, and any and all other structural portions of the Premises and the Building, Tenant is responsible for snow and ice removal.

# Representing a Tenant

Tenant	LLC
<b>Hazardous Materials:</b>	<p>Landlord will represent that the Premises is not in violation of any federal, state, or local law, ordinance or regulation relating to the presence of hazardous materials. Landlord will indemnify and hold Tenant harmless with regard to any hazardous substance that are now or later discovered in or on the property or Premises, provided that such hazardous materials are not placed on, in, under or about the property by the Tenant. To the extent any Hazardous Substances are present in, at, on or about (a) the Premises as of the Commencement Date, or (b) the common area or the Building, Landlord shall be responsible for removing or otherwise remediating such Hazardous Substances as required by, and in full compliance with, all Environmental Laws at no cost to Tenant, and Rent shall abate for any period that Tenant is delayed from commencing, performing, or completing Tenant's Work (or obtaining permits or sign-offs in connection therewith) or opening for business (whether initially or thereafter) due to the presence or remediation of Hazardous Substances.</p> <p>Prior to the delivery date, Landlord shall deliver to Tenant an asbestos report certifying that the Premises are free of asbestos.</p>
<b>No Shop:</b>	<p>During the No Shop Period (defined below), Landlord agrees not to, and will inform and require its agents and representatives to not, discuss, enter into any negotiation, or solicit the lease or sale of the Leased Premises to any other person or entity and will not enter into any offer letter, term sheet, letter of intent or other similar agreement that contemplates the lease or sale of the Leased Premises to any person or entity other than Tenant. The "No Shop Period" shall mean the period commencing on the date Landlord executes and delivers this term sheet to Purchaser and expiring at 6 p.m. EST on the forty-fifth (45th) day thereafter (the "No Shop Expiration Date"), unless sooner terminated and replaced by a final lease agreement signed by Landlord and Tenant. Notwithstanding anything to the contrary contained in this term sheet, the terms of this paragraph shall be legally binding and enforceable against Landlord.</p>
<b>Termination:</b>	<p>Either party may terminate this term sheet at will at any time. Notwithstanding the foregoing, the No Shop provision shall survive such termination until 6 pm EST on the No Shop Expiration Date.</p>

# Representing a Tenant

Tenant	LLC
<b>Confidentiality:</b>	Landlord and its representatives shall hold in strictest confidence all data and information obtained with respect to Tenant's business (including, without limitation, the amount of rent payable hereunder, whether obtained before or after the execution and delivery of a lease agreement, and shall not disclose the same to others; provided, however, that it is understood and agreed that Landlord or Tenant may disclose such data and information to its respective employees, consultants, accountants and attorneys provided that such persons agree to treat such date and information confidentially, shall not apply to any information that (i) was already known to Landlord with such information was received from Tenant, (ii) was readily available to the general public at the time of such receipt of information or (iii) subsequently becomes known to the general public through no fault or omission of the landlord. Notwithstanding anything to the contrary contained in this term sheet or the termination thereof, the terms of this paragraph shall be legally binding and enforceable
<b>Lease Form:</b>	Tenant's lease form
<b>Brokerage:</b>	RE/MAX shall be compensated by the Landlord per separate written agreement

This term sheet constitutes merely an invitation by Landlord, as owner of the property, to negotiate a lease agreement for the leased premises on the general terms and conditions described herein. No lease agreement between the parties will exist unless or until the parties have signed a final lease agreement containing all the essential terms of the proposed transaction. The parties acknowledge that they have not set forth herein or agreed upon all essential terms of a lease agreement. Neither party is under a binding obligation to the other until a lease agreement acceptable to Landlord and Tenant has been prepared and executed by both parties, except with respect to the "No Shop" and "Confidentiality" sections above, which shall be legally binding upon the parties hereto. This offer will be in effect for five (5) business days, commencing on the date herewith.

Sincerely,

Agreed to this \_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_

Landlord:

By:

\_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

# Commission Calculation Form – Full Commission (No Co-Broke)

Year	SF (Rentable)	X	Cost Per SF	X	% Commission	=	Commission
1	4,540	X	\$20.00	X	5.0%	=	\$4,540.00
2	4,540	X	\$20.00	X	5.0%	=	\$4,540.00
3	4,540	X	\$20.00	X	5.0%	=	\$4,540.00
4	4,540	X	\$20.00	X	5.0%	=	\$4,540.00
5	4,540	X	\$20.00	X	5.0%	=	\$4,540.00
<b>Sub-Total Years 1-5</b>							<b>\$22,700.00</b>

Year	SF (Rentable)	X	Cost Per SF	X	% Commission	=	Commission
6	4,540	X	\$22.00	X	2.5%	=	\$2,497.00
7	4,540	X	\$22.00	X	2.5%	=	\$2,497.00
8	4,540	X	\$22.00	X	2.5%	=	\$2,497.00
9	4,540	X	\$22.00	X	2.5%	=	\$2,497.00
10	4,540	X	\$22.00	X	2.5%	=	\$2,497.00
<b>Sub-Total Years 6-10</b>							<b>\$12,485.00</b>



# Commission Calculation Form – Full Commission (No Co-Broke)

Year	SF (Rentable)	X	Cost Per SF	X	% Commission	=	Commission
11	4,540	X	\$24.20	X	1.25%	=	\$1,373.35
12	4,540	X	\$24.20	X	1.25%	=	\$1,373.35
13	4,540	X	\$24.20	X	1.25%	=	\$1,373.35
14	4,540	X	\$24.20	X	1.25%	=	\$1,373.35
15	4,540	X	\$24.20	X	1.25%	=	\$1,373.35
<b>Sub-Total Years 11-15</b>							<b>\$6,866.75</b>

Year	SF (Rentable)	X	Cost Per SF	X	% Commission	=	Commission
16	4,540	X	\$26.62	X	1.25%	=	\$1,510.69
17	4,540	X	\$26.62	X	1.25%	=	\$1,510.69
18	4,540	X	\$26.62	X	1.25%	=	\$1,510.69
19	4,540	X	\$26.62	X	1.25%	=	\$1,510.69
20	4,540	X	\$26.62	X	1.25%	=	\$1,510.69
<b>Sub-Total Years 16-20</b>							<b>\$7,553.45</b>



# Commission Calculation Form – Full Commission (No Co-Broke)

Year	SF (Rentable)	X	Cost Per SF	X	% Commission	=	Commission
21	4,540	X	\$29.28	X	1.25%	=	\$1,661.64
22	4,540	X	\$29.28	X	1.25%	=	\$1,661.64
23	4,540	X	\$29.28	X	1.25%	=	\$1,661.64
24	4,540	X	\$29.28	X	1.25%	=	\$1,661.64
25	4,540	X	\$29.28	X	1.25%	=	\$1,661.64
<b>Sub-Total Years 21-25</b>							<b>\$8,308.20</b>

Year	SF (Rentable)	X	Cost Per SF	X	% Commission	=	Commission
26	4,540	X	\$32.21	X	1.25%	=	\$1,827.92
27	4,540	X	\$32.21	X	1.25%	=	\$1,827.92
28	4,540	X	\$32.21	X	1.25%	=	\$1,827.92
29	4,540	X	\$32.21	X	1.25%	=	\$1,827.92
30	4,540	X	\$32.21	X	1.25%	=	\$1,827.92
<b>Sub-Total Years 26-30</b>							<b>\$9,139.60</b>
<b>Grand Total</b>							<b>\$67,053.00</b>



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<https://www.facebook.com/groups/commercialrealestateforresidentialrealtors>



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# Next Session

## Representing the Tenant – Continued

**Tuesday, January 23<sup>rd</sup>, 2024  
@ Noon Eastern**

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