

Form:

Addendum to Real Estate Lease (For the Benefit of the Tenant)

Description:

A sample Addendum designed to give some protections and benefits to the tenant from the standard form of lease provided by the landlord

Addendum to
Real Estate Lease
(For the Benefit of the Tenant)

This is an Addendum to that certain [Real Estate Lease] dated _____ (the "Lease") between \$ _____ ("Landlord") and _____ ("Tenant"). This Addendum supersedes anything inconsistent in the Lease. This Addendum relates to the premises leased by the Tenant (the "Premises") in the building owned by the Landlord (the "Building").

1. Exclusions From Operating Costs

In the event the Tenant is required to pay a portion of the "operating costs" of the Building, the definition of "operating costs" shall not include: (i) costs incurred in renovating or otherwise improving, painting or redecorating usable space for tenants; (ii) Landlord's costs of any services sold or provided tenants or other occupants for which Landlord is entitled to be reimbursed by such tenants or other occupants as an additional charge or rental over and above the basic rental and escalations payable under the lease with such tenant or other occupant; (ii) legal fees and other related expenses associated with the negotiation or enforcement of leases; (iv) all items and services for which Tenant reimburses Landlord or pays third persons or which Landlord provides selectively without reimbursement to one or more tenants or occupants of the Building (other than Tenant) which are not customary for normal office use; (v) leasing commissions and other similar payments paid to agents or employees of Landlord, independent brokers and other persons incurred in connection with Landlord's leasing activities; (vi) costs for space planning of tenant space in the Building; (vii) repairs or other work occasioned by fire, windstorm or other casualty or damage to the extent Landlord is reimbursed by insurance; (viii) costs for structural replacements to the steel frame, concrete floors, roof membrane of the Building; (ix) Building depreciation; (x) interest on debt or amortization payments on any mortgages or deeds of trust and rent under any ground leases; (xi) advertising and publicity expenditures; (xii) Landlord's reserve accounts; (xiii) any compensation paid to clerks, attendants or other persons in commercial concessions, if any, operation of any retail space or similar concessions; (xiv) costs of correcting construction defects in the Building; (xv) costs of cleaning up or removing asbestos or hazardous materials; and (xvi) capital improvements, capital repairs, capital equipment, and capital tools, all as determined in accordance with generally accepted accounting principles. The operating costs shall be normalized to an assumed 100% occupancy of the Building.

2. Property Tax

Notwithstanding anything to the contrary contained in the Lease, Tenant shall not be liable (directly or indirectly) for any increase in real property taxes during the term of this Lease (as the same may be extended from time to time) that results from a change in ownership of the Building or the land upon which the Building is located.

3. Audit

Tenant shall have the right exercisable within six (6) months after the receipt of any year end statement that relates to operating costs of the Building to be paid by Tenant to cause the books and records of Landlord relating to its operation and management of the Building to be audited by a certified public accountant designated by Tenant, and reasonably acceptable to Landlord, to determine if the foregoing year-end statements are accurate and correct. Such audit shall be paid for by Tenant, unless the audit discloses a discrepancy in said statement in favor of Tenant which is greater than five percent (5%) of the amount shown on the year-end statement, in which case the audit shall be paid by Landlord and the amounts due by Tenant pursuant to this paragraph shall be adjusted accordingly.

4. Condition of the Building

(a) Landlord represents that the Premises, at the time of occupation, will be in good and reasonable condition and that the Premises will be suitable, in all material respects, for Tenant's use.

(b) Landlord represents and warrants to Tenant that the Building does not present a health hazard to occupants or guests and that the Landlord is in compliance in all material respects with all laws, regulations, rules, ordinances, and court decrees affecting ownership and operation of the Building.

(c) Landlord shall maintain the Building in good order and condition (except for damage occasioned by the act of Tenant or employees, licensees or invitees of Tenant, which damage shall be repaired by Landlord at Tenant's expense) at least comparable to other buildings of the class and nature of the Building.

(d) Landlord shall adequately supply the Premises during reasonable and usual business hours with (i) electricity for lighting and operation of office machines, (ii) heating, ventilation and cooling reasonably required for the comfortable occupation of the Premises, (iii) elevator service, either automatic or with attendants, as Landlord elects, (iv) lighting replacement (for Landlord's designated Building standard lights), (v) restroom supplies, (vi) window washing, (vii) security service, (viii) janitor service, (ix) such other services and amenities as these customarily furnished in comparable buildings in the area.

5. Compliance

Landlord shall, at its sole cost and expense, comply with all laws, statutes, ordinances and governmental rules or regulations now in force or which may hereafter be in force, insofar as any thereof relate to Landlord's ownership and operation of the Building.

6. Casualty

In the event of a fire or other casualty in the Premises, or a fire or other casualty in such portions of the Building other than the Premises, where Tenant's direct access to the Premises and the use thereof for the conduct of its business is adversely impaired, Tenant shall

promptly give notice thereof in writing to Landlord (unless Landlord already has notice thereof). The following provisions shall apply to a fire or other casualty occurring in the Premises and/or the Building:

(a) If portions of the Building outside the Premises are damaged or destroyed (whether or not the Premises are also damaged or destroyed) to such a degree that Tenant's direct access to the Premises and the use thereof for the conduct of its business are adversely impaired and sufficient repair can be made to the Building within sixty (60) days from the date of such damage or destruction so as to provide Tenant with direct access to the Premises and the use thereof for the conduct of Tenant's business without significant impairment, Landlord, subject to the provisions of this paragraph, shall diligently proceed to repair the same and this Lease shall remain in full force and effect.

(b) If Landlord reasonably determines that it cannot complete the repairs provided in subparagraph (a) and (b) above within the time periods therein provided, Landlord shall notify Tenant of said effect within thirty (30) days after the date of such damage and destruction, and in such event, Tenant may terminate this Lease within thirty (30) days after the date of such notice.

(c) If this Lease is not terminated pursuant to the terms of this paragraph 6, Landlord shall diligently proceed to repair and rebuild the Premises and the Building, as necessary, as permitted by and subject to then applicable law, ordinance and regulation, and this Lease shall remain in full force and effect; provided that Landlord shall also be required to repair any injury or damage and to make any repairs or replacements of any improvements installed in the Premises by or for Tenant.

(d) During any period when the Premises are unusable for the conduct of Tenant's ordinary business operations, and are actually not used by Tenant, provided that the casualty is not the result of the negligence or willful misconduct of Tenant or Tenant's employees then during the period the Premises are rendered unusable by such casualty, Tenant shall be entitled to a reduction in rent in the proportion that the area of the Premises not occupied by Tenant bears to the total area of the Premises.

7. Expansion

Landlord agrees to negotiate in good faith with Tenant with respect to Tenant's needs for additional expansion space which may from time to time become available in the Building.

8. Permitted Uses

Tenant is permitted to use the Premises for any legal purpose or business.