
K-Notes: Commercial Real Estate Lease

from Amerx Health Care

Beware Use of Premises Clause

Use of Premises clause can severely limit what your client can do with the space they are leasing, particularly when it comes to subleasing. Talk with your client to get a clear picture of what they want to use the space for.



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“They [the landlord] have a reasonable framework of not wanting you to have a Ringling Brother Circus or a tattoo shop or a pornography store, everything that may not necessarily jive with some of the other tenants or their goals for the property.”

KEY TAKEAWAYS

- **Include the phrase “ancillary uses”**

Because the Use of Premises language can be restrictive, including the phrase “ancillary uses” will allow your client to put in, say, a break room for their workers, without having to consult the landlord for approval.

- **Include Reps and Warranties**

Ensure that the landlord won’t rezone the property while your client is there by including representations and warranties.

- **Define Completion of Lessor’s Work**

If your client is in desperate need to expand their space, they may not want to wait three months for a delayed buildout of six months or a year, and you should have some protective language if the buildout is late, delayed, or not completed.

- **Define Who Pays the Brokers**

You don’t want a claim from another broker stating they are due a commission or finder’s fee. Make sure the lease language addresses every broker that needs to be paid, and protects your client for any unknown future claim for a broker’s commission or finder’s fee.

“Get some wins and some high-ROI returns...address some risks and make sure what they’re paying is what they wanted.” (on the power of reviewing commercial leases)