

## **MAKING THE MOST OF LEASE ABSTRACTS**

**T**he simplest and most routine office lease can easily run 100 pages or more. With a lease that long, having a solid lease abstract as a guide can be incredibly helpful. However, if a property manager relies upon an incomplete or faulty lease abstract, tenant rights and obligations can be misinterpreted, resulting in costly disputes and disruption. Following are practices to consider for effectively evaluating and using lease abstracts.

### **1. UNDERSTAND WHAT A LEASE ABSTRACT IS.**

A lease abstract is a summary of key lease provisions. For property management purposes, lease abstracts often are prepared by a landlord's counsel in connection with lease



execution or property sale. Typically, lease abstracts include the parties, the rentable area of the premises, commencement and termination dates, the permitted use, the security deposit, the renewal, relocation and expansion provisions, operating expense provisions, the default provision, casualty and condemnation provisions and any other provision that is unique to the tenant or of particular importance to the property.

### **2. UNDERSTAND WHAT A LEASE ABSTRACT IS NOT.**

A lease abstract does not replace the lease and does not govern the relationship between a landlord and tenant.

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Though the lease abstract is a helpful quick reference guide, analysis of any dispute requires review of the actual lease language. The lease abstract should not include analysis or interpretation of lease provisions, but simply stick to the facts.

### 3. KEEP IT CURRENT.

Because lease abstracts are prepared at a specific point in time (typically following lease execution, or in connection with an ownership transfer or refinancing), they may not include the most current information. To remain useful, lease abstracts should be updated to include lease amendments, renewals, revisions to rules and regulations and other agreements between the landlord and tenant.

### 4. KEEP IT SIMPLE.

Crafting a good lease abstract is an art. If the language contains too little information, it can be misleading and result in violations of lease provisions. Conversely, if the lease abstract is too wordy or merely a “copy and paste” of lease provisions, then it is useless as a reference guide. Where the information suits its intended purpose, balance is key. A lease abstract should include a reference to the lease section for each topic so the property manager can quickly find the relevant provision. A well-outlined lease abstract can be a valuable resource for efficiently addressing landlord and tenant disputes and questions.

### 5. KEEP IT PRIVATE.

There is no reason to share the landlord’s lease abstract with a tenant. Tenants may prepare their own abstract, but it is important to understand that different issues may be of importance to the two parties. Lease abstracts will vary by the intentions of the authoring party.

### 6. FILL IN THE TIMELINE.

When a lease is executed, key dates are not yet known, as they toll from future events (such as the delivery of the premises, or the substantial completion

of improvements). A good lease abstract will include the actual date of a deadline or event—for example, a commencement date of “October 1, 2015”—as opposed to stating the deadline relative to another event, such as a commencement date “180 days following substantial completion.” The lease abstract should note the source of such dates (i.e., reference the Lease Commencement Form or similar documentation).

### 7. IDENTIFY VARIATIONS FROM THE LEASE FORM.

Leases for spaces in a given office building typically adhere to the same form. If variations from the form are not flagged in the abstract, they can be easily overlooked. The lease abstract should identify significant variations from the lease form, or at least include a simple note that highlights an unusual provision and refers the reader to a specified lease provision for further detail.

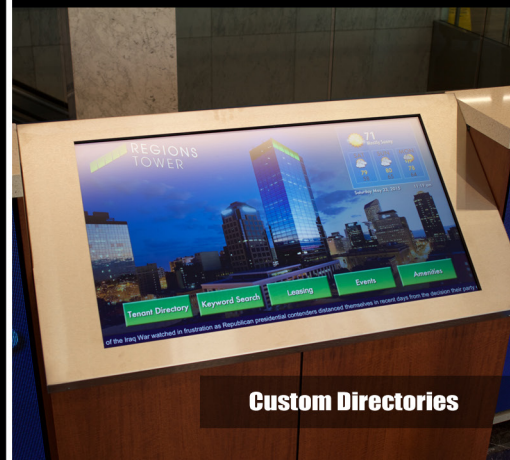
### 8. IDENTIFY EXPANSION RIGHTS.

If a lease provides a tenant with a right of first offer or other expansion rights, these should be clearly identified in the abstract. These provisions and any others that are contingent upon the rights of other tenants can be tricky, so it is essential to consult the actual language of the lease to ensure compliance with the expansion rights under the lease.

Well-written and regularly updated lease abstracts can be critical resources for property managers. Putting in the effort to create and maintain a proper lease abstract can assist property managers in efficiently resolving lease issues that arise during the term. ■

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