

## UNDERSTANDING LEASE TERMS

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*When owning and managing a property, lease compliance covers both tenants and landlords. It ensures that tenants comply with their lease obligations for rent, while ensuring that the landlord complies with building maintenance obligations and accounting.*

The Lease also discusses other items such as Tenant Maintenance obligations and Landlord Maintenance Obligations. This section is often not given the proper attention by the Tenant or the onsite user of the premises in which the Lease governs. Generally, there is a point person that works for the Tenant who is responsible for submitting work requests and relay issues that are conveyed to them. Often, the submitted work orders are straightforward; the HVAC is not working, a toilet is clogged, a light is flickering etc. What becomes an issue is when the request is noted as a billable request.

Frequently, it is assumed that renting a space translates to, pay rent and everything else falls to the Landlord. In some cases, this is true and in others, all maintenance requests except for structural components fall to tenant and is their sole responsibility.

An example of this is when I had a long-time tenant question why she was required to have her HVAC equipment serviced since she relocated to a traditional office suite from a retail suite. Though she was very involved in her Lease negotiations, she failed to negotiate that the Landlord would be responsible for the routine maintenance of the HVAC system instead of her. Unfortunately, the tenant was not happy and wanted to renegotiate the Lease. The ownership declined her request to renegotiate the Lease and now her perception of the Landlord is negatively impacted.

Therefore, it is always important to make sure that Tenants thoroughly review the Lease themselves along with their attorneys. Most attorneys are looking at the other sections of the Lease, usually geared toward default, condemnation, liability, holdover, and other more critical sections to make sure their client is protected financially. Far too often, attorneys skip right over the "Tenant Maintenance Responsibility" section.

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When scheduling a Lease signing, set up an hour to sit with your new tenant to go over the basic points of the Lease; such as, when payments are due, the access hours if there are restrictions, the various points of contact for Management, Maintenance and Security and definitely make sure they understand that there could be times when a work order is received and the cost to fulfill the request could be passed onto the Tenant, per the terms of the Lease. This will keep the relationship positive on both sides.

If you are an owner or investor of commercial property and want a team that handles everything from vendor management to tenant communications, contact the team at WCRE Property Management. We not only assist in qualifying potential tenants and tenant relations, but our property management team also handles vendor management, project management, routine inspections, financial reporting and budget development. Hire the team that improves the performance, increases revenue and operational efficiencies while reducing operating expenses.



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