

# Commercial Gross Lease

1. Names. This lease is made by Sadiq Alnabi, Landlord, and Hasan AlRubaye, Tenant.

2. Premises Being Leased. Landlord is leasing to Tenant and Tenant is leasing from Landlord the following premises: 1055 4th St E St. Paul, MN 55106.

Part of Building Only. Specifically, Tenant is leasing the \_\_\_\_\_ of the building.

Shared Facilities. Tenant and Tenant's employees and customers may use the following additional facilities in common with other tenants, employees, and customers:

Parking spaces: \_\_\_\_\_

Restroom facilities: \_\_\_\_\_

Storage areas: \_\_\_\_\_

Hallways, stairways, and elevators: \_\_\_\_\_

Conference rooms: \_\_\_\_\_

Other: \_\_\_\_\_

3. Term of Lease. This lease begins on Dec 7th, 2020, and ends on Dec 6, 2023.

4. Rent. Tenant will pay rent in advance on the 1st day of each month. Tenant's first rent payment will be on Dec 7th, 2020 the amount of \$ 2,000. Tenant will pay rent of \$ 2,000 per month thereafter.

Tenant will pay this rental amount for the entire term of the lease.

Rent will increase each year, on the anniversary of the starting date in paragraph 3, as follows: \$25 each year. Tenant pay 1/2 of the easm for the next property sharing with Landlord.

## 5. Option to Extend Lease

First Option. Landlord grants Tenant the option to extend this lease for an additional \_\_\_\_\_ years. To exercise this option, Tenant must give Landlord written notice on or before 3 months. Tenant may exercise this option only if Tenant is in substantial compliance with the terms of this lease. Tenant will lease the premises on the same terms as in this lease except as follows: tenant cant lease the property to other unless discuss that with Landlord.

Second Option. If Tenant exercises the option granted above, Tenant will then have the option to extend this lease for 3 years beyond the first option period. To exercise this option, Tenant must give Landlord written notice on or before \_\_\_\_\_. Tenant may exercise this option only if Tenant is in substantial compliance with the terms of this lease. Tenant will lease the premises on the same terms as in this lease except as follows: \_\_\_\_\_

6. Security Deposit. Tenant has deposited \$ 0 with Landlord as security for Tenant's performance of this lease. Landlord will refund the full security deposit to Tenant within 14 days following the end of the lease if Tenant returns the premises to Landlord in good condition (except for reasonable wear and tear) and Tenant has paid Landlord all sums due under this lease. Otherwise, Landlord may deduct any amounts required to place the premises in good condition and to pay for any money owed to Landlord under the lease.

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Storage areas: \_\_\_\_\_.

Hallways, stairways, and elevators: \_\_\_\_\_.

Conference rooms: \_\_\_\_\_.

Other: \_\_\_\_\_.

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**7. Improvements by Landlord**

Before the lease term begins, Landlord (at Landlord's expense) will make the repairs and improvements listed in Attachment 1 to this contract.

Tenant accepts the premises in "as is" condition. Landlord need not provide any repairs or improvements before the lease term begins.

**8. Improvements by Tenant.** Tenant may make alterations and improvements to the premises after obtaining the Landlord's written consent, which will not be unreasonably withheld. At any time before this lease ends, Tenant may remove any of Tenant's alterations and improvements, as long as Tenant repairs any damage caused by attaching the items to or removing them from the premises.

**9. Tenant's Use of Premises.** Tenant will use the premises for the following business purposes: grocery store. Tenant may also use the premises for purposes reasonably related to the main use.

**10. Landlord's Representations.** Landlord represents that:

- A. At the beginning of the lease term, the premises will be properly zoned for Tenant's stated use and will be in compliance with all applicable laws and regulations.
- B. The premises have not been used for the storage or disposal of any toxic or hazardous substance, and Landlord has received no notice from any governmental authority concerning removal of any toxic or hazardous substance from the property.

**11. Utilities and Services.** Landlord will pay for the following utilities and services:

- Water
  - Electricity
  - Gas
  - Heat
  - Air-Conditioning
- } None of them

Any items not checked will be the responsibility of Tenant.

**12. Maintenance and Repairs**

- A. Landlord will maintain and make all necessary repairs to: (1) the roof, structural components, exterior walls, and interior common walls of the premises, and (2) the plumbing, electrical, heating, ventilating, and air-conditioning systems.
- B. ~~Landlord~~ <sup>Tenant</sup> will regularly clean and maintain (including snow removal) the parking areas, yards, common areas, and exterior of the building and remove all litter so that the premises will be kept in an attractive condition.
- C. Tenant will clean and maintain Tenant's portion of the building so that it will be kept in an attractive condition.

**13. Insurance**

- A. Landlord will carry fire and extended coverage insurance on the building.
- B. Tenant will carry public liability insurance; this insurance will include Landlord as an insured party. The public liability coverage for personal injury will be in at least the following amounts:
  - \$ \_\_\_\_\_ per occurrence.
  - \$ \_\_\_\_\_ in any one year.
- C. Landlord and Tenant release each other from any liability to the other for any property loss, property damage, or personal injury to the extent covered by insurance carried by the party suffering the loss, damage, or injury.
- D. Tenant will give Landlord a copy of all insurance policies that this lease requires Tenant to obtain.

**14. Taxes**

- A. Landlord will pay all real property taxes levied and assessed against the premises.
- B. Tenant will pay all personal property taxes levied and assessed against Tenant's personal property.

ten consent of Landlord. Landlord will not unreasonably withhold such consent.

**16. Damage to Premises**

- A. If the premises are damaged through fire or other cause not the fault of Tenant, Tenant will owe no rent for any period during which Tenant is substantially deprived of the use of the premises.
- B. If Tenant is substantially deprived of the use of the premises for more than 90 days because of such damage, Tenant may terminate this lease by delivering written notice of termination to Landlord.

**17. Notice of Default.** Before starting a legal action to recover possession of the premises based on Tenant's default, Landlord will notify Tenant in writing of the default. Landlord will take legal action only if Tenant does not correct the default within ten days after written notice is given or mailed to Tenant.

**18. Quiet Enjoyment.** As long as Tenant is not in default under the terms of this lease, Tenant will have the right to occupy the premises peacefully and without interference.

**19. Eminent Domain.** This lease will become void if any part of the leased premises or the building in which the leased premises are located are taken by eminent domain. Tenant has the right to receive and keep any amount of money that the agency taking the premises by eminent domain pays for the value of Tenant's lease, its loss of business, and for moving and relocation expenses.

**20. Holding Over.** If Tenant remains in possession after this lease ends, the continuing tenancy will be from month to month.

**21. Disputes**

- Litigation. If a dispute arises, either party may take the matter to court.
- Mediation and Possible Litigation. If a dispute arises, the parties will try in good faith to settle it through mediation conducted by

- \_\_\_\_\_
- a mediator to be mutually selected.

The parties will share the costs of the mediator equally. Each party will cooperate fully and fairly with the mediator and will attempt to reach a mutually satisfactory compromise to the dispute. If the dispute is not resolved within 30 days after it is referred to the mediator, either party may take the matter to court.

- Mediation and Possible Arbitration. If a dispute arises, the parties will try in good faith to settle it through mediation conducted by

- \_\_\_\_\_
- a mediator to be mutually selected.

The parties will share the costs of the mediator equally. Each party will cooperate fully and fairly with the mediator and will attempt to reach a mutually satisfactory compromise to the dispute. If the dispute is not resolved within 30 days after it is referred to the mediator, it will be arbitrated by

- \_\_\_\_\_
- an arbitrator to be mutually selected.

Judgment on the arbitration award may be entered in any court that has jurisdiction over the matter. Costs of arbitration, including lawyers' fees, will be allocated by the arbitrator.

Landlord need not participate in mediation or arbitration of a dispute unless Tenant has paid the rent called for by this lease or has placed any unpaid rent in escrow with an agreed upon mediator or arbitrator.

**22. Additional Agreements.** Landlord and Tenant additionally agree that:

*Handwritten notes:* Agreement to participate in mediation and arbitration  
 By: Mr. James A. [unclear]



that it wants to leave early or lease some of its space to another tenant. This clause provides that the tenant may not “assign” its space (permanently rent out the space to someone else) or “sublet” it (rent out part of the space or all of it temporarily) without your consent. However, you agree to be reasonable when evaluating the request.

**16. Damage to Premises.** Nothing needs to be filled in here. This paragraph protects the tenant if the premises are damaged by a flood or fire, for example. If the tenant’s rented space is damaged through no fault of its own, and the damage substantially interferes with its ability to carry on its business, it won’t owe rent while you make repairs. If the interruption extends beyond 90 days, the tenant has the option of terminating the lease.

**17. Notice of Default.** This paragraph gives the tenant a chance to correct a breach of the lease, such as nonpayment of rent, before you file for eviction. The lease requires you to give the tenant ten days’ notice before you can take legal action.

**18. Quiet Enjoyment.** Nothing needs to be filled in here. You’re assuring the tenant that it will be able to peacefully occupy the space as long as it does what’s required under the lease.

**19. Eminent Domain.** Nothing needs to be filled in here. “Eminent domain” is the procedure by which a government agency takes private property for a public purpose, such as a road or school. For example, a portion of a structure may be taken and torn down to make room for a municipal parking lot. The government entity that takes the property will pay for its value, including the value of the tenant’s lease. This clause provides that if this happens to your building or the leased premises, the lease will end and the tenant will be entitled to share in the payment from the government, to the extent that it includes the value of the tenant’s lease and its moving expenses.

**20. Holding Over.** Nothing needs to be filled in here. It’s common for tenants to stay in a commercial space after the lease ends (this is called “holding over”). This clause provides that if the tenant holds over, its tenancy will continue under the same terms and conditions as the original lease, but will become month to month. Of course, you can evict a tenant whom you do not want to remain; but if you accept rent, you’ve now got a month-to-month tenant. You can subsequently terminate this tenancy with the proper amount of notice - 30 days in most states.

**21. Disputes.** Ideally, you’d like to be able to settle disputes through negotiations conducted directly between you and the tenant. This is a speedy, inexpensive way to put disagreements behind you and move on with your business. Unfortunately, however, even when everyone tries in good faith to negotiate a settlement, they don’t always succeed.

Recognizing this, the dispute resolution paragraph that’s included here lets you and the tenant agree in advance on a framework mandating noncourt alternatives, such as mediation and arbitration for resolving disputes. The dispute resolution clause allows you to make one of three choices:

- **Litigation.** You go to court and let a judge or jury resolve the dispute. Although this is the traditional method, it’s also usually

- **Mediation and possible litigation.** The parties agree to let a mediator try to help them reach a voluntary settlement of the dispute. If mediation doesn’t accomplish this goal, any party can take the dispute to court. You can name the mediator when you prepare the lease or agree on one when the need arises.

- **Mediation and possible arbitration.** This is similar to the previous choice: The parties start by submitting the dispute to mediation. Here, however, if mediation doesn’t lead to a settlement, the dispute goes to arbitration. The arbitrator makes a final decision that can be enforced by a court, if necessary. You can name the arbitrator when you prepare the form or agree on one when the need arises.

Note that you won’t be required to participate in alternative methods of dispute resolution unless the tenant has paid its rent or placed it in escrow.

**22. Additional Agreements.** Fill in any other terms that you and the tenant have agreed to, such as giving the tenant one month’s free rent, paying part of the cost of some approved remodeling work that the tenant will do itself, or providing other services.

**Standard Clauses.** The rest of the agreement consists of “boilerplate” clauses that appear in most contracts and look essentially the same from one to the other. The only thing you’ll need to fill in here is the name of the state whose law will apply to the lease in the paragraph called “Governing Law.”

**23. Entire Agreement.** This clause, sometimes called an “integration clause,” means that you and the tenant are bound only by what is written in the lease (and any attachments). Issues that you may have discussed but didn’t include in the written lease don’t count as part of the lease, and any other documents are also not part of the lease.

**24. Successors and Assignees.** The “successors and assignees” clause deals with what happens if you or the tenant “assigns” their rights in the lease to another person or leaves the rights after death.

It provides that the terms of the lease are binding on anyone who receives a right or obligation under the lease, from either you or the tenant.

**25. Notices.** Since you and the tenant might not be seeing each other frequently, it makes sense to exchange mailing addresses and agree on how you’ll send written communications about the lease to each other. Also, if you need to deliver an important legal notice, such as a warning that the tenant is in breach of the contract or that you’re terminating its tenancy, you should make sure you deliver notice in one of the ways set out in this paragraph (in person, by certified mail, or by overnight courier).

**26. Governing Law.** Although you and the tenant probably won’t end up in court over your lease, it makes sense to designate which state’s law will apply to it before you get into a dispute. Usually, you and the tenant will be in the same state, so just fill in that state.

If you live in a state other than where the property is located, it’s usually advantageous to have the laws of your home state



a due date basis and will be assumed to cover a period of one year from the due date.

B. Tenant will pay all personal property taxes levied and assessed against Tenant's personal property.

**16. Subletting and Assignment.** Tenant will not assign this lease or sublet any part of the premises without the written consent of Landlord. Landlord will not unreasonably withhold such consent.

**17. Damage to Premises**

A. If the premises are damaged through fire or other cause not the fault of Tenant, Tenant will owe no rent for any period during which Tenant is substantially deprived of the use of the premises.

B. If Tenant is substantially deprived of the use of the premises for more than 90 days because of such damage, Tenant may terminate this lease by delivering written notice of termination to Landlord.

**18. Notice of Default.** Before starting a legal action to recover possession of the premises based on Tenant's default, Landlord will notify Tenant in writing of the default. Landlord will take legal action only if Tenant does not correct the default within ten days after written notice is given or mailed to Tenant.

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**20. Eminent Domain.** This lease will become void if any part of the leased premises or the building in which the leased premises are located are taken by eminent domain. Tenant has the right to receive and keep any amount of money that the agency taking the premises by eminent domain pays for the value of Tenant's lease, its loss of business, and for moving and relocation expenses.

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Litigation. If a dispute arises, either party may take the matter to court.

Mediation and Possible Litigation. If a dispute arises, the parties will try in good faith to settle it through mediation conducted by

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a mediator to be mutually selected.

The parties will share the costs of the mediator equally. Each party will cooperate fully and fairly with the mediator and will attempt to reach a mutually satisfactory compromise to the dispute. If the dispute is not resolved within 30 days after it is referred to the mediator, either party may take the matter to court.

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Judgment on the arbitration award may be entered in any court that has jurisdiction over the matter. Costs of arbitration, including lawyers' fees, will be allocated by the arbitrator.

Landlord need not participate in mediation or arbitration of a dispute unless Tenant has paid the rent called for by this lease or has placed any unpaid rent in escrow with an agreed upon mediator or arbitrator.

- Storage areas
- Hallways, stairways, and elevators
- Conference rooms
- Sidewalks and driveways
- Other: \_\_\_\_\_

Tenant will pay Landlord \_\_\_\_\_% of the cost of such maintenance and repairs. Tenant will pay these amounts in monthly installments on or before the 5th day of each month, in advance, in an amount estimated by Landlord. Within 90 days after the end of each lease year, Landlord will give Tenant a statement of the actual amount of Tenant's share of such costs for such period. If Tenant's share of the actual costs exceeds the amount paid in advance by Tenant, Tenant will pay Landlord the difference within 30 days. If Tenant has paid more than Tenant's share of the actual costs, Tenant will receive a credit for the overage, which will be applied to reduce the next installments due from Tenant.

**13. Maintenance and Repair of Leased Premises.** Landlord will maintain and make all necessary repairs to the following parts of the building in which the leased premises are located:

- Roof
- Foundation and structural components
- Exterior walls
- Interior common walls
- Exterior doors and windows
- Plumbing system
- Sewage disposal system
- Electrical system
- Heating, ventilating, and air-conditioning systems
- Sprinkler system
- Other: \_\_\_\_\_

Tenant will maintain and repair the leased premises and keep the leased premises in good repair except for those items specified above as being Landlord's responsibility.

**14. Insurance**

- A. Landlord will carry fire and extended coverage insurance on the building. Tenant will pay Tenant's proportionate share (\_\_\_\_%) of such insurance within ten days after receiving a statement from Landlord as to the cost.
- B. Tenant will carry public liability insurance, which will include Landlord as a party insured. The public liability coverage for personal injury will be in at least the following amounts:
  - \$\_\_\_\_\_ per occurrence.
  - \$\_\_\_\_\_ in any one year.
- C. Landlord and Tenant release each other from any liability to the other for any property loss, property damage, or personal injury to the extent covered by insurance carried by the party suffering the loss, damage, or injury.
- D. Tenant will give Landlord a copy of all insurance policies that this lease requires Tenant to obtain.

**15. Taxes**

- A. Tenant will pay 0% of all taxes and assessments that may be levied or assessed against the building and the land for the period of the lease. Tenant will pay these taxes and assessments in monthly installments on or before the \_\_\_\_\_ day of each month, in advance, in an amount estimated by Landlord. Landlord will give Tenant copies of the tax bills and assessments as Landlord receives them. If Tenant's share of the actual taxes and assessments exceeds the amount paid in advance by Tenant, Tenant will pay Landlord the difference within 30 days. If Tenant has paid more than Tenant's share of the actual taxes and assessment, Tenant will receive a credit for the overage, which will be ap-



electrical and plumbing systems. But while you may agree to do some remodeling, it's an unusual landlord who will offer to do extensive remodeling without some form of compensation. If you're willing to undertake extensive improvements, consider charging a higher rent.

If you will make any improvements for the tenant, check the first box. Then prepare a separate sheet, called Attachment 1, to describe the repairs and improvements you will make. Title the sheet "Attachment 1 to Commercial Gross Lease" and begin by saying, "This Attachment augments Clause 7 of the lease between [your name], Landlord, and [tenant's name], Tenant, for [describe the leased space, as you did for Clause 2]." When you're done with the description, provide lines for signatures and dates. Staple this sheet to your lease when you're done with both.

Encourage your tenant to hire an experienced contractor to help it decide what changes to make. If the repairs and improvements will be extensive, it would be prudent to have an architect or a contractor prepare detailed specifications for the description on the attachment. This will lessen the chance of misunderstanding what the tenant had in mind. If you are offering the premises as is, check the second box.

**8. Improvements by Tenant.** This clause allows the tenant to do improvement or remodeling work, but only after obtaining your written consent. It provides that you will not unreasonably withhold consent to the tenant's plans (this means that you cannot arbitrarily deny consent). Some landlords will even help with the cost by giving the tenant a certain amount of money, called a tenant improvement allowance (TIA). If you decide to do this, record your agreement in Paragraph 22, "Additional Agreements."

Whether the tenant can remove improvements or built-in equipment that you paid for is subject to negotiation. This paragraph provides that the tenant may remove any of its alterations and improvements at any time, as long as it repairs any damage caused by attaching or removing improvements to the property. When the lease ends, you may want to buy the tenant's improvements if they add value to the property. You can negotiate a purchase if the tenant is willing to leave them. Nothing needs to be inserted in this paragraph.

**9. Tenant's Use of Premises.** Describe the tenant's anticipated use of the space in sufficiently broad terms to cover all reasonably anticipated uses. Examples are:

- Sale of office supplies. Sale, leasing, and servicing of office equipment.
- Servicing and repair of electrical appliances and electronic equipment.

**10. Landlord's Representations.** Nothing needs to be inserted here. This paragraph states that when the lease starts, the tenant's space will be properly zoned for the tenant's use and that this space will comply with all applicable laws and regulations. This paragraph also assures the tenant that there are no known problems concerning toxic or hazardous substances.

will be responsible for any utilities that aren't checked.

**12. Maintenance and Repairs.** Nothing need be filled in here. This section spells out the landlord's responsibilities for maintenance and repairs. You promise to maintain and repair the structure (roof, exterior, and common interior walls); common areas (such as the lobby and hallways); and the electrical, heating, plumbing, ventilating, and air conditioning systems. It also requires that the tenant keep the rented premises clean and in decent shape.

**13. Insurance.** Subparagraph A requires you to carry and pay for property insurance for the building (this is commonly called "fire and extended insurance"). This insurance will not cover the loss of the tenant's personal belongings, such as its inventory or business equipment. The tenant will need its own insurance policy for these items.

Subparagraph B obligates the tenant to carry public liability insurance and directs the tenant to add you to the policy (you'll become an "additional insured"). This insurance covers the tenant and you if someone who claims to have been injured on the rented premises or whose property is damaged there files a claim against either one of you. The value of this provision is twofold:

First, for any insurance claim, the tenant's policy will be involved, not your own; and second, having an insurance policy (not the tenant's bank account) pay a settlement or judgment will protect the health of the tenant (thus insuring that it will stay in business and continue to pay the rent).

Public liability insurance will cover the tenant and you up to the limits of the policy. Typical limits are \$100,000 per occurrence and no more than \$300,000 in any one year. Depending on the nature of the tenant's business, you may require higher limits. Enter the limits in Subparagraph B.

Subparagraph C contains a "mutual waiver of subrogation." This protects you against lawsuits filed by the tenant's insurance company over damage you may have caused. This means, for example, that if your employee starts a fire that damages the tenant's property, the tenant's insurance company won't sue you to recoup the money it pays the tenant to repair the property, even though your employee carelessly started the fire. The principle works the other way, too. If your property is damaged due to the carelessness of the tenant, your insurer won't try to collect from the tenant after it pays your claim.

Subparagraph D requires that the tenant supply proof that it has taken out and maintained the insurance it has promised to buy. This proof is known as a "certificate of insurance," and the tenant can get it from its insurance company.

**14. Taxes.** Nothing needs to be filled in here. This paragraph obligates you to pay all real property taxes. The tenant, on the other hand, promises to pay all taxes levied against its personal property, such as its business inventory and vehicles.

**15. Subletting and Assignment.** Nothing needs to be filled in here. In spite of your tenant's best efforts to negotiate a lease



encourage your tenant to hire an experienced contractor to help it decide what changes to make. If the repairs and improvements will be extensive, it would be prudent to have an architect or a contractor prepare detailed specifications for the description on the attachment. This will lessen the chance of misunderstanding what the tenant had in mind.

If you are offering the premises as is, check the second box.

**8. Improvements by Tenant.** This clause allows the tenant to do improvement or remodeling work, but only after obtaining your written consent. It provides that you will not unreasonably withhold consent to the tenant's plans (this means that you cannot arbitrarily deny consent). Some landlords will even help with the cost by giving the tenant a certain amount of money, called a tenant improvement allowance (TIA). If you decide to do this, record your agreement in Paragraph 22, "Additional Agreements."

Whether the tenant can remove improvements or built-in equipment that you paid for is subject to negotiation. This paragraph provides that the tenant may remove any of its alterations and improvements at any time, as long as it repairs any damage caused by attaching or removing improvements to the property. When the lease ends, you may want to buy the tenant's improvements if they add value to the property. You can negotiate a purchase if the tenant is willing to leave them. Nothing needs to be inserted in this paragraph.

**9. Tenant's Use of Premises.** Describe the tenant's anticipated use of the space in terms that will cover all reasonably expected uses.

If the tenant is a retailer or food business sharing space in a building with other similar businesses, you may need to limit what it can sell in order to honor any "exclusive" deals you have with other tenants (an exclusive is a promise to an existing tenant that no other tenants will operate competing businesses). For example, if you're leasing space to a bookstore in a building where another space is occupied by a coffee bar with an exclusive, you will need to insist on a clause saying the bookstore can't sell coffee drinks. (You can grant exclusive rights using Paragraph 23, "Additional Agreements.")

**10. Landlord's Representations.** Nothing needs to be inserted here. This paragraph states that when the lease starts, the tenant's space will be properly zoned for the tenant's use and that this space will comply with all applicable laws and regulations. This paragraph also assures the tenant that there are no known problems concerning toxic or hazardous substances and that the building complies with all applicable laws and regulations.

**11. Utilities and Services.** Your building may be set up to bill tenants separately for some services - for example, garbage pickup—while other costs, such as utilities, are shared among all tenants. Most tenants will want separate metering or billing for each of their utilities and services, which allows them to pay for precisely the amount of utility or service they use. There may, however, be an advantage to sharing with others if the utility or service provider will give tenants a better rate

expensive.

In Subparagraph A, check any utilities and services that are separately metered or billed for the space the tenant is leasing. If there are other services it will pay for alone, check "Other" and list them, like these:

- placement and upkeep of plants in the lobby area opposite tenant's entryway
- cost of DSL service

In Subparagraph B, fill in the percentage the tenant will pay for utility and service charges that are not separately metered or billed. Usually the percentage is based on the percentage of the building it's renting. So a tenant who rents 5,000 square feet in a building with 50,000 square feet of rentable space will likely pay 10% of the utilities.

Next, check the utilities or services for which you will share the cost. If the tenant will share the cost of services that are not listed, check "Other" and list them.

Finally, list what day of the month the tenant will pay your estimated bill, and include the frequency with which you will show the tenant the actual bills. Anywhere between two months and six months is reasonable.

**12. Maintenance and Repair of Common Areas.** Common area maintenance, also known as "CAM," is typically performed by the landlord but paid for by the tenants (in proportion to the amount of space they rent). Check the boxes for those parts of the common areas you will maintain and repair. (Landlords usually maintain all common areas.) If there are areas not listed that you will be responsible for, check "Other" and list them. Fill in the percentage of the CAM costs the tenant will pay - probably the same percentage you used in Paragraph 11 and the day of the month the tenant will pay it.

**13. Maintenance and Repair of Leased Premises.** You are responsible for maintaining and replacing structural elements of the building that have outlived their useful life. These expenses, also known as capital expenditures, are ordinarily not passed through to the tenants as CAM costs. For example, tenants would not normally pay to replace an antiquated heating system.

If you agree to maintain a significant structural element of the building that is not listed here, check "Other" and enter it. For example, you might agree to maintain the building risers (electrical and communications pathways).

**14. Insurance.** Subparagraph A requires the landlord to carry property insurance for the building (this is commonly called "fire and extended insurance"), but since this is a net lease, tenants collectively pay the cost of the premiums. Fill in the percentage of the landlord's insurance costs that the tenant will pay—probably the same percentage used in Paragraph 11. This insurance will not cover the loss of the tenant's personal belongings, such as its inventory or business equipment. Tenants need their own insurance policy for these items.

Subparagraph B obligates the tenant to carry public liability insurance and directs the tenant to add you to the policy (you'll



become an "additional insured"). This insurance covers the tenant and you if someone who claims to have been injured on the rented premises or whose property is damaged there files a claim against either one of you. The value of this provision is two-fold:

First, for any insurance claim, the tenant's policy will be involved, not your own; and second, having an insurance policy (not the tenant's bank account) pay a settlement or judgment will protect the health of the tenant (thus insuring that it will stay in business and continue to pay the rent).

Public liability insurance will cover the tenant and you up to the limits of the policy. Typical limits are \$100,000 per occurrence and no more than \$300,000 in any one year. Depending on the nature of the tenant's business, you may require higher limits. Enter the limits in Subparagraph B.

Subparagraph C contains a "mutual waiver of subrogation." This protects you against lawsuits filed by the tenant's insurance company over damage you may have caused. This means, for example, that if your employee starts a fire that damages the tenant's property, the tenant's insurance company won't sue you to recoup the money it pays the tenant to repair the property, even though your employee carelessly started the fire. The principle works the other way, too—if your property is damaged due to the carelessness of the tenant, your insurer won't try to collect from the tenant after it pays your claim.

Subparagraph D requires that the tenant supply proof that it has taken out and maintained the insurance it has promised to buy. This proof is known as a "certificate of insurance," and the tenant can get it from its insurance company.

**15. Taxes.** The lease requires tenants to reimburse the landlord for the cost of yearly real property taxes. Usually, tenants pay their share based on the square footage they occupy—but not always. If one tenant's business has greatly improved the property, resulting in a higher tax bill, you might have an argument for placing a greater property tax burden on that tenant. Fill in the percentage of your real estate taxes that this tenant will pay—in most cases, the same percentage you used in Paragraph 11.

**16. Subletting and Assignment.** Nothing needs to be filled in here. In spite of your tenant's best efforts to negotiate a lease term that will suit its business needs, it may find in the future that it wants to leave early or lease some of its space to another tenant. This clause provides that the tenant may not "assign" its space (permanently rent out the space to someone else) or "sublet" it (rent out part of the space or all of it temporarily) without your consent. However, you agree to be reasonable when evaluating the request.

**17. Damage to Premises.** Nothing needs to be filled in here. This paragraph protects the tenant if the premises are damaged by a flood or fire, for example. If the tenant's rented space is damaged through no fault of its own, and the damage substantially interferes with its ability to carry on its business, it won't owe rent while you repair the premise. If the interruption extends beyond 90 days, the tenant has the option of terminat-

days to correct a breach of the lease, such as nonpayment of rent, before you file for eviction.

**19. Quiet Enjoyment.** Nothing needs to be filled in here. You're assuring the tenant that it will be able to peacefully occupy the space as long as it does what's required under the lease.

**20. Eminent Domain.** Nothing needs to be filled in here. "Eminent domain" is the procedure by which a government agency takes private property for a public purpose, such as a road or school. For example, a portion of a structure may be taken and torn down to make room for a municipal parking lot. The government entity that takes the property will pay for its value, including the value of the tenant's lease. This clause provides that if this happens to your building or the leased premises, the lease will end and the tenant will be entitled to share in the payment from the government, to the extent that it includes the value of the tenant's lease and its moving expenses.

**21. Holding Over.** Nothing needs to be filled in here. It's common for tenants to stay in a commercial space after the lease ends (this is called "holding over"). This clause provides that if the tenant holds over, its tenancy will continue under the same terms and conditions as the original lease but will become month to month. Of course, you can evict a tenant whom you do not want to remain; but if you accept rent, you've now got a month-to-month tenant. You can subsequently terminate this tenancy with the proper amount of notice -30 days in most states.

**22. Disputes.** Ideally, you'd like to be able to settle disputes through negotiations conducted directly between you and the tenant. This is a speedy, inexpensive way to put disagreements behind you and move on with your business. Unfortunately, however, even when everyone tries in good faith to negotiate a settlement, they don't always succeed.

Recognizing this, the dispute resolution paragraph that's included here lets you and the tenant agree in advance on a framework mandating noncourt alternatives, such as mediation and arbitration for resolving disputes. The dispute resolution clause allows you to make one of three choices:

- Litigation. You go to court and let a judge or jury resolve the dispute. Although this is the traditional method, it's also usually the most expensive, time-consuming, and emotionally draining.
- Mediation and possible litigation. The parties agree to let a mediator try to help them reach a voluntary settlement of the dispute. If mediation doesn't accomplish this goal, any party can take the dispute to court. You can name the mediator when you prepare the lease or agree on one when the need arises.
- Mediation and possible arbitration. This is similar to the previous choice: The parties start by submitting the dispute to mediation. Here, however, if mediation doesn't lead to a settlement, the dispute goes to arbitration. The arbitrator makes a final decision that can be enforced by a court, if necessary. You can name the arbitrator when you prepare the form or agree on one when the need arises.

Note that you won't be required to participate in alternative methods of dispute resolution unless the tenant has paid its



23. **Entire Agreement.** This is the entire agreement between the parties. It replaces and supersedes any and all oral agreements between the parties, as well as any prior writings.

24. **Successors and Assignees.** This lease binds and benefits the heirs, successors, and assignees of the parties.

25. **Notices.** All notices must be in writing. A notice may be delivered to a party at the address that follows a party's signature or to a new address that a party designates in writing. A notice may be delivered:

- (1) in person ✓
- (2) by certified mail, or
- (3) by overnight courier.

26. **Governing Law.** This lease will be governed by and construed in accordance with the laws of the state of MN.

27. **Counterparts.** The parties may sign several identical counterparts of this lease. Any fully signed counterpart shall be treated as an original.

28. **Modification.** This lease may be modified only by a writing signed by the party against whom such modification is sought to be enforced.

29. **Waiver.** If one party waives any term or provision of this lease at any time, that waiver will be effective only for the specific instance and specific purpose for which the waiver was given. If either party fails to exercise or delays exercising any of its rights or remedies under this lease, that party retains the right to enforce that term or provision at a later time.

30. **Severability.** If any court determines that any provision of this lease is invalid or unenforceable, any invalidity or unenforceability will affect only that provision and will not make any other provision of this lease invalid or unenforceable, and shall be modified, amended, or limited only to the extent necessary to render it valid and enforceable.

Dated: Dec 5th, 2020 Dec 5th 2020

**LANDLORD**

Name of Business: Twins Market Meat  
at 1055 4th St East  
St. Paul, MN 55106

By: [Signature]  
Printed Name: Sadiq Alnabi  
Title: owner

Address: 1631 Camelot Lane  
Fridley, MN 55432

**TENANT**

Name of Business: Twins Market Meat  
at 1055 4th St East  
St. Paul, MN 55432

By: [Signature]  
Printed Name: Hasan Al Rubaye  
Title: owner

Address: 10978 Hanson Blvd NW  
#36, Coon Rapids, MN 55433

**GUARANTOR**

By signing this lease, I personally guarantee the performance of all financial obligations of \_\_\_\_\_ under this lease.

Dated: \_\_\_\_\_

Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_

Note: the Landlord is not responsible for any illegal operations inside the business.