

## MODEL LEASE CLAUSE

### Adjust Formula to Pass On All Insurance Costs to Tenants

New York City attorney Gary A. Goodman and commercial leasing consultant Richard F. Muhlebach recommend using the following lease clause in nonanchor tenants' leases if at least one anchor tenant at the shop-

ping center will carry its own insurance. This clause saves you from paying your insurance costs.

Show this clause to an attorney in your area before putting it into your lease.

#### TENANT'S REIMBURSEMENT OF INSURANCE COSTS

Landlord shall maintain fire with extended coverage insurance, rental loss insurance, or any other insurance coverages deemed necessary by Landlord or Landlord's lender (collectively "Landlord-Carried Insurance" herein) throughout the term. Tenant hereby agrees to reimburse Landlord for Tenant's pro rata share of the costs of any Landlord-Carried Insurance attributable to the Center or the Premises as part of CAM Costs, as follows:

- a. Tenant's pro rata share of the costs of any Landlord-Carried Insurance (excluding the costs of insurance for the Common Areas) shall be based on the ratio of the square footage of the floor area of the Premises to the total square footage of the floor area of all space covered by such Landlord-Carried Insurance; and
- b. Tenant's pro rata share of any Landlord-Carried Insurance relating to the costs of insurance for the Common Areas shall be based on the ratio of the square footage of the floor area of the Premises to the Gross Leasable Area of the Center.