

## MODEL LEASE CLAUSE

### Agree to Limited Compensation Under Rent Acceleration Clause in Strong Tenant's Lease

The following Model Lease Clause was drafted by New York City attorney Nancy Ann Connery. Use it if you have to negotiate a rent acceleration clause with a strong tenant and it looks as if the tough acceleration clause may be a deal-breaker. The clause lets you collect accelerated rent minus the space's fair and reasonable rental value, discounted at an agreed-upon interest rate to present value.

Paragraph a gives you the option to accelerate the tenant's rent if the lease terminates, and says that the accelerated rent

will be discounted to present value. Paragraph b sets the amount of the accelerated rent. Paragraph c specifies the discounted value. Paragraph d releases the tenant from further liability after it has paid the accelerated rent. If you get the right to accelerate additional rent as well as base rent, make the optional change in Paragraphs b and d and insert Paragraph e.

Show this clause to your attorney before putting it into your lease. You can download the clause from our Web site at [www.vendomegrp.com/userlogin.aspx](http://www.vendomegrp.com/userlogin.aspx).

CLLI0121

## RENT ACCELERATION

**a. Acceleration required.** Landlord may, at its option, at any time after this Lease is terminated pursuant to Clause [insert #] hereof, require Tenant to pay Landlord, in lieu of any further deficiency in Base Rent and Additional Rent due pursuant to Clause [insert #] hereof, the "Accelerated Rent" discounted to present value as hereinafter provided.

**b. Amount due.** The "Accelerated Rent" shall be an amount equal to:

- (i) Annual Base Rent [optional: and Annual Additional Rent payable under Clause [insert #] hereof] that would have been payable over the balance of the Term from the date of Tenant's default to the stated Expiration Date of this Lease (as if this Lease had not been terminated), less
- (ii) The fair and reasonable rental value of the Premises for the corresponding period.

The fair and reasonable rental value of the Premises shall be determined in good faith by Landlord on the basis of the rents payable under leases entered into by Landlord for comparable space in the Building during the 12-month period immediately preceding Landlord's election to require Tenant to pay the Accelerated Rent; or, if Landlord determines that no such leases for comparable space have been entered into, then the fair and reasonable rental value shall be otherwise determined by Landlord in good faith. If the Premises or any part thereof are relet by Landlord before any adjudication of Landlord's claims for damages, the amount of rent payable to Landlord for such reletting shall be deemed the fair and reasonable rental value of the Premises (or the applicable part thereof) during the term of the reletting.

**c. Discount.** The Accelerated Rent shall be discounted to the date payable at an annual interest rate equal to [insert either a fixed percentage or the following language: the then current yield of actively traded U.S. Treasury bonds with 10-year maturities, as published in the Federal Reserve Statistical Release for the week prior to the mailing of the notice of acceleration].

**d. Release.** Upon payment of the Accelerated Rent discounted to present value, Tenant shall be released from all further liability under this Lease for payment of any deficiency in Base Rent [optional: and Additional Rent under Clause [insert #] hereof], except for all accrued and outstanding obligations and any costs incurred by Landlord due to Tenant's default as provided under Clause [insert #] hereof.

**e. [Optional:] Compute Additional Rent.** The annual Additional Rent payable over the balance of the Term from the date of Tenant's default to the stated Expiration Date of this Lease shall equal the Additional Rent payable pursuant to Clause [insert #] hereof during the 12-month period immediately preceding the date of termination of this Lease. If fewer than 12 months have elapsed between the Commencement Date and such termination date, the annual Additional Rent shall equal the average monthly Additional Rent payable under Clause [insert #] hereof for the calendar months immediately preceding such termination multiplied by 12.