

MODEL CLAUSE

Get Defaulting Tenant's Rent from Subtenant

Here's a Model Clause, drafted by Chicago attorney Neil T. Neumark, that you can add to your lease or sublet consent form to get the right to make a subtenant pay rent directly to you when the tenant doesn't pay. Show this clause to an attorney in your area before putting it into your lease.

ASSIGNMENT OF SUBLET RENTS

a. Assignment of Sublet Rents. Tenant absolutely assigns to Landlord all of Tenant's right, title, and interest in and to all rents from each sublease of all or any portion of the Premises ("Sublet Rents"); provided, however, that Landlord grants Tenant a license, which shall remain in effect so long as no Tenant Default (as defined in Clause [insert #] hereof) exists, to collect the Sublet Rents.

b. Revocation of License Upon Default. Upon the occurrence of a Tenant Default, Landlord may revoke such license by written notice to Tenant and may, by written notice to any subtenant of Tenant ("Subtenant Notice"), demand that such subtenant pay the Sublet Rents directly to Landlord. In such event, Tenant hereby irrevocably authorizes and directs such subtenant to pay the Sublet Rents to Landlord, and further agrees that:

(i) Such subtenant shall be obligated and entitled to pay the Sublet Rents to Landlord notwithstanding any contrary contentions or instructions later received from Tenant; and

(ii) No such subtenant shall have any liability to Tenant for any such rents paid to Landlord in accordance with the foregoing.

c. Application of Sublet Rents. Landlord shall not be entitled to use or enjoy the Sublet Rents except for the purpose of:

(i) Applying them against unfulfilled obligations of Tenant hereunder;

(ii) Reimbursing Landlord for costs incurred as a result of any Tenant Default; or

(iii) Compensating Landlord for other damages suffered by Landlord as a result of any Tenant Default.

d. Remaining Sublet Rents. Any Sublet Rents remaining in Landlord's possession following the cure of all Tenant Defaults and the reimbursement of all such costs and damages shall be delivered to Tenant.

e. No Creation of Assumptions, Privity. Landlord's sending of a Subtenant Notice and/or receipt of Subtenant Rents shall neither be deemed to constitute Landlord's consent to any such sublet nor create:

(i) The assumption by Landlord of any obligation of Tenant under such sublease;

(ii) Privity of contract between Landlord and the applicable subtenant; or

(iii) A nondisturbance, recognition, or similar agreement between Landlord and the applicable subtenant.