

## MODEL LEASE CLAUSE

### Draft Get-Tough Lease Clause for Late Rent

Use the following lease clause, drafted with the help of New Jersey attorney and *Insider* board member Marc L. Ripp, to discourage tenants from chronically paying rent late. It'll give you the right to terminate the lease, choose to have the tenant pay rent in advance in quarterly installments, demand that the tenant pay rent and other charges by automatic transfer, and increase the security deposit for late-paying tenants. Show this clause to your attorney before putting it into your lease.

#### CHRONIC LATE RENT

Notwithstanding anything in this Lease to the contrary, and without limiting Landlord's other rights and remedies provided for in this Lease or at law or equity, if Tenant fails to pay by the due date any Base Rent, Additional Rent, or any other charges owing under this Lease more than [*insert #, e.g., two (2)*] times within any twelve (12)-month period, then Landlord, at its sole election and in its sole and absolute discretion, may do one or more of the following:

- a. Terminate the Lease in accordance with the provisions of Clause [*insert # of termination clause*] hereof and evict the Tenant from the Premises;
- b. Require that, beginning with the first monthly installment of Base Rent next due, the Base Rent shall no longer be paid in monthly installments, but shall be payable in advance on a quarterly basis, on the first day of the first month of the quarter (or three-month period);
- c. Require Tenant to have its bank automatically transfer, in accordance with Clause [*insert # of automatic transfer clause*] of this Lease, all Base Rent, Additional Rent, and other charges due under this Lease into a bank account chosen by Landlord. Landlord, at its option, shall send Tenant notice, in writing, of the bank and bank account information needed to effectuate the transfer, and tenant shall strictly and timely comply with such notice; and
- d. Increase the Security Deposit by an amount that Landlord determines, in its sole and absolute discretion, is necessary to protect its interests; provided that such amount does not exceed [*insert #, e.g., three (3)*] months of the then-applicable monthly Base Rent. Such increase shall be paid by Tenant immediately upon demand by Landlord.