

MODEL LEASE CLAUSE

Cover More of Your Costs if Tenant Improperly Surrenders Space

The following clause was drafted by Michigan attorney David G. London. Include it in the section of the lease that deals with the tenant's surrender of the space at the end of the lease. Paragraph a says that you would be entitled to consequential damages if the tenant doesn't surrender and restore the space at the end of the lease or fails to remove its property then, as required

by the lease. Paragraph b lists the consequential damages you're entitled to—holdover rent, lost rent, your costs because you couldn't deliver the space to a new tenant on time, and expedited restoration costs.

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

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CONSEQUENTIAL DAMAGES

- a. When Damages Are Recoverable.** In addition to the remedies available at law or equity or under this Lease, Landlord shall be entitled to recover all of the damages indicated in Paragraph b hereof from Tenant as a consequence of Tenant's failure to:
- (i) Surrender the Premises upon expiration of the Lease Term or sooner termination of this Lease;
 - (ii) Restore the Premises to the condition required by Clause [*insert # of clause dealing with surrender*] of this Lease by the expiration of the Lease Term or earlier termination of this Lease; or
 - (iii) Remove all its items of property from the Premises by the expiration of the Lease Term or sooner termination of this Lease:
- b. Consequential Damages.** If Tenant fails to take any of the actions indicated in Subparagraphs (i) through (iii) of Paragraph a hereof, Landlord shall be entitled to recover from Tenant the following:
- (i) Holdover Rent under Clause [*insert # of holdover clause*] of this Lease;
 - (ii) Lost rental or occupancy income resulting from Landlord's inability to timely deliver possession of the Premises to a new tenant or occupant;
 - (iii) Costs and expenses incurred by Landlord due to Landlord's inability to timely deliver possession of the Premises to a new tenant or occupant including, without limitation, holdover rent payable by such new tenant or occupant to its landlord, additional storage, moving, and relocation expenses incurred by such new tenant or occupant, and the costs and expenses of any temporary premises for such new tenant or occupant; and
 - (iv) Costs and expenses incurred by Landlord of restoring the Premises to the condition required by this Lease on an expedited basis including, without limitation, loan financing costs, interest, and overtime labor costs.