**Commercial Sublease (Reference #:\_\_\_\_\_\_\_\_\_\_\_)**

Effective Date of this Agreement:             **[Date]** (the “Effective Date”)

This Agreement is by and between             **[Sublessor’s full legal name]** (“Sublessor”)

            ([Sublessor’s abbreviated name]),

a                         [State], [Corporation / Partnership / Sole Proprietorship]

located at                         [Address],

AND                        **[Company Legal Name]**, [Company/abbreviated name]), (“Sublessee”)

a                         [State], [Corporation / Partnership / Sole Proprietorship],

located at                         [Address]

                        [City], [State] [Zip Code]

**Background**

A.             This is an agreement (the “Agreement” or the "Sublease") to sublet real property according to the terms specified below.

B.             The Sublessee and Sublessor are herein referred to individually as a “Party” and collectively as “Parties.”

C.              The Lessor is the holder of the Master Lease (hereinafter defined) with respect to the Premises (hereinafter defined). The Master Lease is the applicable lease with respect to the Premises between the Lessor and the Sublessor.

D. The Facilitator is the agent that has initiated or facilitated this Agreement, in part or in full.

**IN CONSIDERATION OF** the Sublessor subletting and the Sublessee renting the Subleased Premises (hereinafter defined), both Parties agree to keep, perform and fulfill the promises, conditions and agreements below:

**1.**  **Subleased Premises**

The Sublessor leases to the Sublessee a portion of the Premises (the “Subleased Premises,” hereinafter defined) that is exactly 28 x 84 inches (rectilinear).  The Premises are herein referred to as that certain property more commonly known as [insert street address, with suite/apt \_\_\_\_\_\_\_\_\_\_\_\_\_\_] (“Premises”). The Subleased Premises are more particularly described as follows: [location of sublet rectangle within premises]

**2.**  **Term**

The term (the "Term") of the Sublease is a periodic tenancy of a one year duration commencing at 12:00 noon on the tenth (10th) day of [Month], 20\_\_, ending on the ninth (9th) day of [Month], 20\_\_, and automatically continuing on a year-to-year basis unless and until the Sublessor or the Sublessee exercises the termination provisions set forth herein to terminate the tenancy.

**3.**  **Payable Rent**

Subject to the provisions of this Agreement, the adjusted monthly rent (the “Payable Rent”) to be paid by Sublessee to Sublessor pursuant to the terms herein for the Subleased Premises is **[$\_\_]**.

If the Sublessee’s Home Premises Square Foot Rate (hereinafter defined) is less than the Sublessor’s Square Foot Rate (hereinafter defined), the Payable Rent will be determined by subtracting (a) the monthly cost of the applicable Sub-subleased Area [$\_\_] (hereinafter defined) from (b) the Total Subleased Premises Rental Rate [$\_\_] (hereinafter defined).

The Payable Rent thus calculated will be equal to (a) the Sublessee’s Home Premises Square Foot Rate [$\_\_] (hereinafter defined) multiplied by (b) the square foot area of the Subleased Premises (i.e,. 16.square feet).

If the Sublessee’s Home Premises Square Foot Rate (hereinafter defined) is equal to or greater than the Sublessor’s Square Foot Rate (hereinafter defined), the Sub-sublease Option (hereinafter defined), will not be applicable, and the Payable Rent will be equal to (a) the Sublessor’s Square Foot Rate multiplied by (b) the area of the Subleased Premises (16. square feet).

The “Total Subleased Premises Rental Rate” shall be determined by multiplying (a) the total area of the Subleased Premises (the “Subleased Premises Area”) (16. square feet) by (b) [$\_\_] the per square foot monthly rental rate of the Premises (the “Sublessor’s Square Foot Rate”). The Sublessor’s Square Foot Rate shall not exceed the amount of rent per square foot that the Sublessor is required to pay pursuant to its applicable lease with respect to the Premises.

**To avoid any ambiguity, the Sublessee and Sublessor hereby acknowledge and agree that the Sublessee shall in no event be obligated or required to pay the Total Subleased Premises Rental Rate to any party and that, notwithstanding anything herein to the contrary, the Sublessee shall only be obligated hereunder to pay the Payable Rent.**

All rental payments should be paid directly to the Sublessor by mailing such payment (in immediately available funds) to Sublessor at the address in the introductory paragraph of this agreement or at such other place as the Sublessor may designate at any time by giving notice thereof to Sublessee pursuant to Section 5 of this Agreement.

**4.  Market Rate Differential and Sub-Sublease Option**

**4a.** If the Sublessee has, prior to the Effective Date hereof, entered into a lease for a separate premises (the “Sublessee’s Home Premises”) and the monthly rent or applicable mortgage rate for the Sublessee’s Home Premises per square foot (the “Sublessee’s Home Premises Square Foot Rate”) is less than the Sublessor’s Square Foot Rate, then the Sublessee has the right to elect, in its sole and absolute discretion, and the Sublessor hereunder hereby agrees Sublessee’s unfettered exercise of the following option (herein referred to as the “Sub-sublease Option”):

The Sublessor hereunder shall sublease back (or sub-sublease) a portion of the Subleased Premises from the Sublessee (the “Sub-subleased Area”).  The Sub-subleased Area shall be an area equal to a fraction, (a) the numerator of which shall be (i) the Total Subleased Premises Rental Rate [$  ] minus (ii) the product [$ ] of Sublessee’s Home Premises Square Foot Rate [$  ] multiplied by the Subleased Premises Area (16.square feet), and (b) the denominator of which shall be the Sublessor’s Square Foot Rate. The Sub-subleased Area herein calculated is [n] square feet with a monthly cost of [$ ].

The monthly cost of the Sub-subleased Area thus determined shall be payable to the Sublessee and will thereafter be deducted from the Total Subleased Premises Rental Rate to determine the Payable Rent for the Subleased Premises pursuant to Section 3 of this Agreement. The Payable Rent will be equal to the Sublessee’s Home Premises Square Foot Rate multiplied by the Subleased Premises Area. As a result, the Sublessee’s monthly rental amount (the Payable Rent) shall not exceed the monthly cost of 16.square feet of floor space at the Sublessee’s Home Premises**.** If the Sublessee’s Home Premises Square Foot Rate is equal to or greater than the Sublessor’s Square Foot Rate, the Sub-sublease option shall not take effect unless and until the Sublessee’s Home Premises Square Foot Rate is less than the Sublessor’s Square Foot Rate pursuant to Section 4b of this Agreement.

In the execution of this agreement it is understood that the time at which the Sub-sublease Option becomes effective shall take place after the effective date of this Sublease, yet prior to the time at which the first Payable Rent payment is due.

**4b.** Upon yearly renewal of this Sublease, the size of the Sub-subleased Area shall be readjusted pursuant to the method outlined in Section 4a in order to reflect any changes to the either the Sublessor’s Square Foot Rate or the Sublessee’s Home Premises Square Foot Rate. Following this method, the Payable Rent shall continue to equal the product of (a) the Subleased Premises Area multiplied by (b) the then-current Sublessee’s Home Premises Square Foot Rate. In the event of a change to either of these variables, the Sub-subleased Area will contract or expand accordingly and will be fixed at the applicable adjusted size for the remainder of the subsequent year. If the Sublessee’s Home Premises Square Foot Rate shall at any point equal or exceed the then-current Sublessor’s Square Foot Rate, the Sub-Sublease Option shall be suspended until such time as the Sublessee’s Home Premises Square Foot Rate shall again be less than the Sublessor’s Square Foot Rate.

**5.  Notices and Records**

**5a.** Any notice that either party may or is required to give, shall be given by mailing the same, postage prepaid, to the Sublessee at the address in the introductory paragraph of this Agreement, or the Sublessor at the address in the introductory paragraph of this Agreement, or at such other places as may be designated by the Parties in writing from time to time.

**5b.** In consideration of the Facilitator’s facilitation of this Agreement between the Parties, the Parties herein agree to provide copies of any such notice to the Facilitator, at the same time that notice is given to the other Party. The Parties furthermore agree to provide the Facilitator with copies or digital scans of all Payable Rent checks, correspondence between the two Parties, and other documentation relevant to or concerning this Agreement. Such documentation shall be sent on a yearly basis and upon the request of the Facilitator to such address or electronic mail address as may be designated by the Facilitator in writing from time to time. Both Parties agree that the Facilitator shall retain full ownership of, and may reproduce, disclose, or release to the public any such documents at any time, at the Facilitator’s sole and absolute discretion.

**6. Termination**

**6a**. Either Party may terminate the lease after one year by giving notice to the other Party at least 60 days prior to the date of termination. **If no Party gives notice, the lease shall be automatically renewed for an additional year, and shall continue to be renewed on a yearly basis unless and until such time as either Party gives notice of at least 60 days prior to the end of any yearly term. The Sublessor shall give any legally required notices regarding this automatic renewal to the Sublessee as may be required by the jurisdiction in which this Agreement was executed.** If the Sublessor or Sublessee intends to terminate this Lease at the end of any one-year term, they shall notify the Facilitator pursuant to Section 5 of this Agreement.

**6b.** Upon yearly renewal of this Agreement the Total Subleased Premises Rental Rate shall be adjusted to reflect any changes to the Sublessor’s Square Foot Rate pursuant to the terms herein.

**6c.** In consideration of the Sublessor’s subletting of the Subleased Premises and agreeing to the Sub-sublease Option herein, the Sublessee agrees to the following: Considering that the Sublessor has entered into or intends to enter into an agreement with another party (the “Additional Agreement”) (the agreement with reference number \_\_\_\_\_\_\_\_\_), if the Sublessor intends to terminate the Additional Agreement pursuant to the terms therein, the Sublessee shall, prior to the prospective date of termination, offer to enter into an agreement (the “Supplemental Agreement”) with the lessor or sublessor of the Additional Agreement. If this offer is accepted, the Supplemental Agreement shall commence on the date of termination of the Additional Agreement. The term of the Supplemental Agreement shall be for the remainder of the term of this Agreement at which time, pursuant to the terms therein, it will be automatically renewed unless notice is given. The terms of the Supplemental Agreement shall be substantially similar to the terms of this Agreement, however, the “Subleased Premises” of the Supplemental Agreement shall be the location defined in the Additional Agreement.

Both Parties herein agree that this Agreement shall automatically terminate at the same time as the Additional Agreement. The Sublessor shall give notice to the Sublessee of their intent to terminate the Additional Agreement at least 60 days prior to the prospective date of termination of the Additional Agreement. The Sublessor shall also give notice to the Facilitator at least 60 days prior to the prospective date of termination of the Additional Agreement.

**7. Use**

**Uses Permitted.** The Sublessee may occupy and use the premises **[select the term that applies, delete the others: (a)** only with the written consent of the Sublessor/ **(b)** for office use/ **(c)** for any lawful purpose/ **(d)** other – please specify purpose and type of use permitted]. The Sublessee may occupy or use the Subleased Premises in this manner **[select the term that applies, delete the others: (a)** during the normal business hours of the Premises/ **(b)** at any time/ **(c)** other**]**. The Subleased Premises shall be for no other purpose. The Sublessor represents that the Subleased Premises may lawfully be used for such purpose.

The Sublessor **[select the term that applies, delete the others: (a)** is not required to keep the Subleased Premises clear/ **(b)** is required to keep the Subleased Premises clear/ **(c)** is required to keep the Subleased Premises clear upon request of the Lessee with \_\_ days’ notice/ **(d)** other- please specify] for the use of the Sublessee.

It is preferred that the Subleased Premises not be marked within the physical space of the Premises. The Sublessor will not be required to announce or otherwise make known the presence of the Subleased Premises.

**8.  Alterations**

The Sublessee shall not, without first obtaining the written consent of the Sublessor, make any alterations, additions, or improvements, in, to or about the Subleased Premises.

**9.  Ordinances & Statutes**

The Sublessee shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, or that may hereafter be in force, pertaining to the Subleased Premises, occasioned by or affecting the use by the Lessee.

**10.** **Duties and Performance of Sublessee**

The Parties herein agree that the Sublessee shall not be obligated to perform any specific duties in relation to the Subleased Premises outside of a timely payment of Payable Rent and the adherence to the terms herein agreed to.

**11.  Assignment & Subletting**

The Sublessee shall not assign this Sublease or sublet any portion of the Subleased Premises without prior written consent of the Sublessor, except under certain circumstances pursuant to Section 4 of this Agreement and agreed to herein.

Consent to sublease shall not be unreasonably withheld unless it is based upon refusal by the Lessor to give consent, in the Lessor's sole judgment. Any such assignment or subletting without consent shall be void.

**12.**  **Indemnification of Sublessor and Facilitator**

**12a.** The Sublessor and its agents shall not be liable for any damage to property entrusted to the employees of the building, nor for loss or damage to any property by theft or damage, nor from any injury to or damage to persons or property resulting from any cause whatsoever, unless caused by or due to the negligence or willful misconduct of the Sublessor, its agents or employees. The Sublessor shall not be liable for any latent defect in the Subleased Premises or in the building of which they are a part.

**12b.** Both Parties shall hold the Facilitator and its agents and commissioners harmless for any claims arising in any way from this Agreement, the Facilitator’s role in facilitating it, or the Facilitator’s exercise of any rights, options, or provisions contained herein. If any action or proceeding is brought by reason of any such claim in which the Facilitator is named as a party, the Sublessee and the Sublessor in equal measure shall defend the Facilitator therein at their expense by counsel reasonably satisfactory to the Facilitator.

**13.**  **Destruction of Subleased Premises**

In the event that the building in which the Subleased Premises may be situated is destroyed to an extent of not less than one-third of the replacement costs thereof, the Lessor or Sublessor may elect to terminate this Sublease whether the demised Subleased Premises be injured or not. A total destruction of the building in which the Subleased Premises may be situated shall terminate this Lease.

**14.  Sublessor’s Remedies Upon Default**

If the Sublessee defaults in the payment of Payable Rent, or any additional rent, or defaults in the performance of any of the other covenants or conditions of this Agreement, the Sublessor may give the Sublessee written notice of such default and if the Sublessee does not cure any such default within ten (10) business days after the giving of such notice (or, if such other default is of such a nature that it cannot be completely cured within such period, if the Lessee does not commence such curing within such ten (10) business days and thereafter proceed with reasonable diligence and in good faith to cure such default), then the Sublessor may terminate this Sublease by giving not less than thirty (30) calendar days’ written notice to the Sublessee. On the date specified in such notice the term of this Sublease shall terminate, and the Sublessee shall then quit and surrender the Subleased Premises to the Sublessor, but the Sublessee shall remain liable as hereinafter provided. If this Sublease shall have been so terminated by the Sublessor, the Sublessor may at any time thereafter resume possession of the Subleased Premises by any lawful means and remove the Sublessee or other occupants and their effects. No failure to enforce any term shall be deemed a waiver

**15.** **Security Deposit**

No security deposit shall be required of the Sublessee for the Subleased Premises.

**16.  Taxes**

(a) The Sublessor or their agent, or (b) the Lessor or their agent shall be responsible for paying any and all applicable taxes on the Subleased Premises.

**17.** **Common Area Expenses, Utilities and Other Expenses**

The Sublesee shall not be required to pay for any expenses outside of the agreed upon monthly Payable Rent. Common area expenses, utilities, maintenance and other expenses shall not be charged to the Sublessee.

**18.  Waiver**

No failure of the Sublessor, the Sublessee, or the Facilitator to enforce any term of this Agreement shall be deemed to be a waiver.

**19.  Heirs, Assigns & Successors**

This Agreement is binding upon and inures to the benefit of the heirs, assigns and successors in interest to the parties.

**20.   Representation on Authority of Parties/Signatories**

Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement on behalf of their respective corporation, sole proprietorship, partnership or other entity. Each Party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such Party's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such Party and enforceable in accordance with its terms.

**21.  Subordination**

This Sublease is and shall be subordinated to all existing and future liens and encumbrances against the property. If any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by the Sublessor covering the Subleased Premises, the Sublessee shall recognize such purchaser as the Sublessor under this Sublease.

**22.  Severability**

If any provision of this Agreement is found invalid or unenforceable under judicial decree or decision, the remainder shall remain valid and enforceable according to its terms. Without limiting the previous, it is expressly understood and agreed that each and every provision of this Agreement that provides for a limitation of liability, disclaimer of warranties, or exclusion of damages is intended by the Parties to be severable and independent of any other provision and to be enforced as such. Further, it is expressly understood and agreed that if any remedy under this Agreement is determined to have failed of its essential purpose, all other limitations of liability and exclusion of damages set forth in this Agreement shall remain in full force and effect.

**23.  Governing Law**

This Agreement shall be governed by the laws of the State of [State] applicable to Agreements made and fully performed in [State] by [State] residents.

**24.  Entire Agreement**

The Parties acknowledge that this Agreement expresses their entire understanding and Agreement, and that there have been no warranties, representations, covenants or understandings made by either party to the other except such as are expressly set forth in this section. The Parties further acknowledge that this Agreement supersedes, terminates and otherwise renders null and void any and all prior Agreements or contracts, whether written or oral, entered into between the Sublessee and the Sublessor with respect to the matters expressly set forth in this Agreement.

**This contract has not been drafted for any particular set of facts. If a person were to use this form they are advised to seek the help of an attorney. Both Parties have had an opportunity to consult with an attorney of their choice and at their cost.**

**Understood, Agreed & Approved**

We have carefully reviewed this contract and agree to and accept all of its terms and conditions. We are executing this Agreement as of the Effective Date above.

**Sublessee**: **Sublessor**:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

By By

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name Name

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title Title

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date Date

**Facilitator or Agent:**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

By

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date