**COMMERCIAL SUB-LEASE AGREEMENT**

**(California)**

**Background**

1. This is an agreement (‘The Agreement’) to sublet real property according to the terms set out below.
2. The Sub Landlord, the Sub Tenant and the Subleased Premises are as set out in Schedule 1 of this Agreement.
3. The provisions of this Agreement are subject to the terms of the Original Lease, between the Sub Landlord and their Landlord which has been attached to Schedule 1.
4. Collectively, the Sub Landlord and Sub Tenant will be referred to as ‘The Parties’.

**IN CONSIDERATION OF** the Sub Landlord subletting and the Sub Tenant renting the Subleased Premises, both parties agree to keep, perform and fulfil the following promises, conditions and agreements:

**Term**

1. The Term of this Agreement will start at 12.00 noon on the Sublease Start Date and end at 12.00 noon on the Sublease End Date. The Sublease Start Date and Sublease End Date are set out in Schedule 1.

**Commercial Use Only**

1. The Sub Landlord agrees to lease the Premises to the Sub Tenant for use as a commercial premises only. The Sub Tenant undertakes not to use it for any other purpose including, but not limited to using it as a residential home.
2. The Sub Tenant further agrees to only use it for the Permitted Use Purposes set out in Schedule 1.
3. The Sub Tenant is responsible for determining whether or not the zoning is appropriate for its intended use, and acknowledges that past uses of the Subleased Premises may no longer be allowed. If the Premises do not comply with said warranty, or in the event that the applicable requirements are hereafter changed, the rights and obligations of Sub Landlord and Sub Tenant shall be as provided in the Original Lease.
4. Sub Tenant acknowledges that (i) it has been advised to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with all applicable requirements) and their suitability for Sub Tenant’s intended use; (ii) Sub Tenant has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises; and (iii) neither Sub Landlord, Sub Landlord’s agents, nor any broker has made any oral or written representations or warranties with respect to said matters other than as set forth in this Agreement. In addition, Sub Landlord acknowledges that it is Sub Landlord’s sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

**Rent**

1. The amount of Rent and Rent Payment Details are set out in Schedule 1.
2. The first full Rent payment under this Agreement shall be due on the Lease Start Date specified in Schedule 1. No holidays, special events, or weekends shall excuse Sub Tenant’s obligation to pay timely rent as described by this Agreement.
3. The Sub Landlord may amend the Rent Payment Details from time to time by giving the Sub Tenant 7 days’ notice.
4. For any payment that is not paid within one day of its due date, Sub Tenant shall pay a late fee equal to one twentieth (1/20) of the price of a monthly Rent payment.

**Utilities**

1. The Sub Tenant will indemnify the Sub Landlord for any charges for utilities that become due under the Original Lease for the remainder of the term.

**Maintenance**

1. The Sub Tenant agrees to surrender and deliver to the Sub Landlord the Subleased Premises and all furniture and decorations within the Subleased Premises in as good a condition as they were at the beginning of the term, reasonable wear and tear excepted.
2. The Sub Tenant undertakes to indemnify the Sub Landlord for any costs that arise out of the Original Lease because of the damage done to the Subleased Premises by the Sub Tenant or the Sub Tenant’s guests.

**Damage Deposit**

1. The Sub Tenant undertakes to pay to the Sub Landlord a deposit, the amount of which is set out in Schedule 1, to cover damages and cleaning.
2. The Sub Landlord agrees that they will refund the Sub Tenant the deposit, minus any deductions, within 30 days of the Sublease End Date. The Sub Landlord will explain the reason for any deduction in writing within 30 days of the Sublease End Date.
3. The Sub Landlord may only make deductions for damage to the contents of the Subleased Premises that are over and above reasonable wear and tear.
4. The Sub Landlord will upon the written request of the Sub Tenant, at the Sub Landlord’s expense, compile an itinerary of the contents and condition of the property contained within the Subleased Premises. The Sub Tenant may request such an itinerary up until the Sublease Start Date.
5. If there is a disagreement over the Sub Landlord’s deductions, the Parties agree to undertake mediation and abide by any decision of the Mediator regarding the size of a reasonable deduction. If the Parties cannot agree on a mediator for their dispute, they undertake to use the processes of the American Arbitration Association to appoint a mediator on their behalf. The fee for such a mediation will be split equally between the Parties.

**Insurance**

1. The Sub Tenant will, at their own expense, carry insurance similar to that required of the Sub Landlord under the Original Lease. The Sub Tenant will include both the Sub Landlord and the Landlord of the Original Lease as additional insureds on all policies of insurance.
2. The Subtenant will provide proof of such insurance to the Sub Landlord and the Landlord of the Original Lease upon the request of the Sub Landlord or the Landlord.

**Alterations or Improvements**

1. The Sub Tenant will have the same rights to make such alterations and improvements to the Subleased Premises as the Sub Landlord is allowed under the Original Lease providing the Sub Tenant gets the prior written consent of both the Landlord of the Original Lease and the Sub Landlord.

**Taxes**

1. The Sub Tenant will pay any privilege, excise and other taxes duly assessed against the business of the Sub Tenant, the Subleased Premises and any personal property on or about the Subleased Premises. The Sub Tenant will avoid the assessment of any late fees or penalties.

**Event of Default**

1. The Sub Tenant will default under this Agreement if any one or more of the following events (‘the Event of Default’) occurs:
   1. The Sub Tenant fails to pay the Rent to the Sub Landlord or any amount of it due or within any grace period.
   2. The Sub Tenant fails to perform any of its obligations under this Agreement or any applicable obligation under the Original Lease.
   3. The Subleased Premises, or any part of it, is completely or partially damaged by fire or other casualty that is due to the Sub Tenant’s negligence, wilful act, or that of the Sub Tenant’s employee, family, agent, or guest.
   4. The Sub Tenant abandons the Subleased Premises or any part of the Subleased Premises.
   5. The Sub Tenant uses the Subleased Property for any unpermitted or illegal purposes.
   6. The Sub Tenant becomes insolvent, commits an act of bankruptcy, becomes bankrupt, takes the benefit of any legislation that may be in force for bankrupt or insolvent debtors, becomes involved in a voluntary or involuntary winding up, dissolution or liquidation proceeding, or if a receiver will be appointed for the affairs of the Sub Tenant.
   7. Any other event of default provided by Federal, State or Local Law.

**Remedies**

1. Upon the occurrence of any Event of Default, the Sub Landlord has any or all of the following remedies:
   1. Terminate the Agreement upon any notice required by Federal, State or Local Law and the term will then immediately become forfeited and void.
   2. The Sub Landlord may perform any obligation of this Agreement or the Original Lease, which the Sub Tenant has failed to perform and seek redress from the Sub Tenant.
   3. The Sub Landlord may re-enter the Subleased Premises or any part of the Subleased Premises, and in the name of the whole repossess and enjoy the same as of its former state anything contained within the Subleased Premises.
   4. Any other remedy provided for by Federal, State or Local Law.
2. The exercise, by the Sub Landlord, of one right or remedy will not prejudice the Sub Landlord from exercise further rights or remedies at a future time.
3. Upon the expiration, termination or cancellation of the Original Lease or this Agreement, all obligations of the parties under this Agreement will be extinguished.
4. Any improvements remaining on the Subleased Property upon termination will revert to the Sub Landlord and will be free of any encumbrance at the time of such reversion.

**Governing Law and Jurisdiction**

1. It is the intention of the Parties to this Agreement that the tenancy created by this Agreement and the performance under this Agreement, and all suits and special proceedings under this Agreement, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of the State of Jurisdiction set out in Schedule 1, without regard to the jurisdiction in which any action or special proceeding may be instituted.

**Severability**

1. If there is a conflict between any provision of this Agreement and Federal, State or Local Law then said law will prevail and such provisions of this Agreement that are inconsistent will be deleted or modified in order to comply with said law. Further, any provisions that are required by law are incorporated into this Agreement.
2. The Agreement will continue to be valid and enforceable to the extent it is held to be by law.
3. The Sub Tenant will ensure that the Subleased Premises remain free and clear of any and all liens arising out of the work performed or materials used in making such improvements to the Subleased Premises.

**Subletting**

1. The Sub Tenant will not assign, transfer or further sublet the Subleased Premises or any part of the Subleased Premises without the prior written consent of the Sub Landlord and the Landlord of the Original Lease.

**Notices**

1. All notices from the Sub Landlord to the Sub Tenant will be sent to the address at which the Sub Tenant is to be contacted in Schedule 1.
2. All notices from the Sub Tenant to the Sub Landlord will be sent to the address at which the Sub Landlord is to be contacted in Schedule 1.
3. All notices to be given under this Agreement will be in writing and will be served personally or sent by certified or registered mail using United States Postal Service.

**Original Lease**

1. This Agreement incorporates and is subject to the Original Lease, a copy of which is attached to this Agreement.
2. By signing this Agreement, the Sub Tenant agrees that they have received the Original Lease.

**Further General Provisions**

1. Titles of clauses, sections and schedules will have no effect on the meaning of the agreement.
2. References to the singular includes the plural and vice versa. Any noun may be of either gender as the context requires.
3. At the time of taking possession of the Subleased Premises by the Sub Tenant, or within 14 days of such possession, the Sub Landlord will provide the Sub Tenant with an inspection form.
4. In the event of any legal action concerning this Sublease Agreement, the losing party will pay to the prevailing party reasonable attorney’s fees and court costs to be fixed by the court and such judgment will be entered.
5. Subject to the other provisions of this Agreement, this Agreement constitutes the sole agreement between the parties, and no additions, deletions or modifications may be accomplished without the written consent of the Parties. Any oral representation made at the time of executing this Agreement are not legally valid and, therefore, are not binding upon either party.
6. The Sub Landlord may enter the Subleased Premises upon 24 hours’ notice for any of the following reasons:
   1. To inspect the Subleased Premises;
   2. To maintain the Subleased Premises;
   3. To make repairs that the Sub Landlord is obligated to perform.
7. The Parties have no interest or other ownership in each other.
8. The Parties are not agents for each other.
9. Under no circumstances will this Agreement be construed as creating a partnership or joint venture between the Parties to this Agreement.
10. If the Sub Tenant is under the age of 18, the Sub Tenant’s legal guardian or parent guarantees and agrees to perform all of the terms, covenants and conditions of this Agreement by affixing their signature below.
11. Each signatory to this Agreement acknowledges receipt of an executed copy of this Agreement.
12. This Agreement is not binding upon either party unless consented to by the Landlord of the Original Lease as provided below.

**Schedule 1**

|  |  |
| --- | --- |
| **Date** |  |
| **Name of Sub Landlord** |  |
| **Name of Sub Tenant** |  |
| **Address of the Subleased Premises** |  |
| **Rent** |  |
| **Rent payment details**  **(e.g. by Bank Transfer to Account Details on 15th of the month)** |  |
| **Deposit Amount** |  |
| **Sub Lease Start Date** |  |
| **Sub Lease End Date** |  |
| **Address at which the Sub Landlord is to be contacted** |  |
| **Address at which the Sub Tenant is to be contacted (if left blank, assumed to be Sub Leased Premises)** |  |
| **Permitted Use Purposes (List or if not enough space, attach as separate document, labelled Exhibit B)** |  |
| **The Original Lease** | A copy of the Original Lease has been attached as Exhibit A. |
| **Details of the Landlord of the Original Lease** |  |
| **State of Jurisdiction (i.e. the state the Subleased Premises is in)** | California |
| **Agreement Date** |  |

**IN WITNESS WHEREOF** the Parties have duly affixed their signatures under hand and seal on the Agreement Date as specified in Schedule 1.

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| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **Witness** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **Witness** |

**Consent of Landlord to Sublease Agreement**

The undersigned, the Landlord of the Original Lease, hereby consents in writing to the foregoing Agreement. The Landlord of the Original Lease will provide both the Sub Landlord and the Sub Tenant with notice of any breach by the Sub Tenant under the Original Lease.

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| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **Landlord of the Original Lease** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **Witness** |