



# PRELIMINARY AGREEMENT TO LEASE FOR COMMERCIAL PROPERTY



Office of \_\_\_\_\_, REALTOR® ("Realtor"),  
 \_\_\_\_\_ (city), Michigan Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
 Email: \_\_\_\_\_ Date: \_\_\_\_\_, \_\_\_\_\_ (time)

1. The undersigned Landlord and Tenant each acknowledge that the REALTOR® is acting as (check one):  
 Subagent of the Landlord     Tenant's Agent     Dual Agent (with written, informed consent of both Landlord and Tenant)  
 Other (Specify) \_\_\_\_\_

2. **Tenant's Offer.** The undersigned ("Tenant") hereby offers to lease the following premises:  
 \_\_\_\_\_  
 \_\_\_\_\_  
 for a term of \_\_\_\_\_ commencing \_\_\_\_\_ on  
 the terms and conditions contained herein, and to pay as rent for said term the sum of \$ \_\_\_\_\_ payable in equal monthly  
 installments of \$ \_\_\_\_\_ in advance of each month. The first month's rent of \$ \_\_\_\_\_ and a security deposit  
 in the amount of \$ \_\_\_\_\_, for a total of \$ \_\_\_\_\_, shall be payable upon execution of the lease.

3. **Possession.** \_\_\_\_\_

4. **Rent Escalations/Cost of Living Adjustments:**  
 \_\_\_\_\_

5. **Expense Allocations.** The following expenses shall be allocated between Landlord and Tenant as indicated below (check appropriate column):

EXPENSE	LAND-LORD	TENANT	PRO-RATA
Real Estate Taxes			
Assessments			
Water/Sewer Charges			
Electricity			
Gas or Heat			
Phone			
Janitorial			
Refuse Collection			
Snow Removal			
Lawn/Landscaping			

EXPENSE	LAND-LORD	TENANT	PRO-RATA
Driveway, Sidewalks & Parking Lot Repairs & Maint.			
Casualty Insurance			
Liability Insurance			
Structural and Roof Repairs/ Replacements			
Nonstructural Repairs and Maintenance/Replacements			
Mechanical Systems Repairs & Maintenance			
Mechanical Systems Replacement			

Others:  
 \_\_\_\_\_  
 \_\_\_\_\_

6. **Renewal Option(s).** Tenant shall have the following renewal option(s):  
 \_\_\_\_\_  
 \_\_\_\_\_

7. **Improvements.** Prior to commencement of the lease term, Landlord shall complete the following described work without expense to Tenant (all existing mechanicals must be in good working order at time of possession):  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

8. **Use.** Tenant proposes to use the premises for \_\_\_\_\_ purposes, and Tenant's obligations hereunder are contingent on there being no zoning, licensing, or building and use restrictions preventing use of the premises for such purposes. Tenant further agrees to provide the Landlord with proper certificates of insurance indemnifying the Landlord as to claims or damages resulting from the use or occupation of said premises.

Landlord's Initials     Tenant's Initials

9. **Formal Lease.** The Landlord shall have promptly prepared and presented to Tenant a formal lease consistent with this Agreement and containing such additional terms and conditions as are customarily contained in leases for similar property and lease durations. The parties agree to promptly negotiate, in good faith, a resolution of any differences between them with respect to such lease form. The formal lease shall be signed as soon as practical, but no later than \_\_\_\_\_.

Other:

\_\_\_\_\_

10. **Earnest Money.** Tenant has deposited \$ \_\_\_\_\_ with REALTOR® evidencing Tenant's good faith, to be held by REALTOR® and to be applied to the rent specified above. If this offer is not accepted or if the lease transaction is contingent upon conditions specified above which cannot be met, this deposit shall be promptly refunded. If the Tenant defaults, all deposits may be forfeited as liquidated damages at Landlord's election, or alternatively, Landlord may retain the deposit to be applied towards damages incurred, and Landlord may pursue available legal or equitable remedies against Tenant. If this transaction is not concluded according to the terms specified herein, the REALTOR® may notify Tenant and Landlord of REALTOR®'s intended disposition of the earnest money deposit, and the parties shall be deemed to have agreed to that disposition of the earnest money deposit unless REALTOR® receives written objections within seven (7) calendar days from the date of the notice.

11. **Environmental.**

a. **Notice to landlords and tenants (environmental risks).**

Whenever property is leased, the landlord and tenant incur some degree of risk with regard to potential environmental contamination and/or protected natural resources on the property. Various federal, state and local laws may impose liability upon a party for remediation of the contamination even though the party did not cause it, or may restrict the landlord's and tenant's ability to fully develop or utilize the property. Such risk can be minimized through the performance of environmental due diligence.

No real estate broker/salespersons in this transaction possess the expertise necessary to assess the nature or extent of these environmental risks or to determine the presence of environmental contamination or protected natural resources. The real estate broker/salespersons involved in this transaction do not make independent investigations as to environmental contamination or protected natural resources with respect to any property, and they make no representations regarding the presence or absence, now or in the past, of environmental contamination. It is therefore prudent for each party to this transaction to seek legal and technical counsel from professionals experienced in environmental matters to provide an evaluation of the environmental risks associated with the transaction.

b. **Environmental reports and assessments.**

(1) Landlord shall provide copies of any existing Environmental Assessments or reports involving the premises within \_\_\_\_\_ calendar days after the Effective Date (as defined in paragraph 14 hereof).

(2) At Tenant's option, Tenant shall be given access to the premises during normal business hours to perform  an ASTM E1528 Transaction Screen or  an ASTM E1527 Phase I Site Assessment (individually or collectively the "Environmental Assessment"). Tenant shall pay \_\_\_\_\_% and Landlord shall pay \_\_\_\_\_% of the cost of the Environmental Assessment. The Environmental Assessment shall be ordered by the  Tenant  Landlord. The Environmental Assessment shall be completed within \_\_\_\_\_ calendar days after the Effective Date of this Agreement and shall be certified to \_\_\_\_\_.

(3) If an Environmental Assessment of the premises reveals recognized environmental conditions as defined by ASTM, then Tenant shall have the right to:

- (a) terminate this Agreement within \_\_\_\_\_ calendar days after receipt of the Environmental Assessment report; or
- (b) provide Landlord with the Environmental Addendum (Landlord's refusal to execute the Environmental Addendum within \_\_\_\_\_ days shall, at Tenant's option, terminate this Agreement); or
- (c) proceed with the transaction.

Other:

\_\_\_\_\_

c. **Nondisclosure.**

If Tenant exercises its right to terminate this Agreement pursuant to subparagraph 11b above, then Tenant shall not disclose its Environmental Assessment report(s) to any third-party. At Landlord's request, Tenant shall provide copies of any Environmental Assessment report(s) to Landlord.

12. **Additional Provisions:**

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

13. **Brokerage Fee.** Landlord and/or Tenant agrees to pay the broker(s) involved in this transaction a brokerage fee as specified in any agency agreement or other written agreement between them. In the event no such agreement exists,  Landlord  Tenant agrees to pay a brokerage fee of \$ \_\_\_\_\_ to \_\_\_\_\_. This brokerage fee shall be paid in full no later than the date a lease is signed by the parties pursuant to paragraph 9 hereof.

Property Address \_\_\_\_\_

Landlord's Initials

Tenant's Initials

14. Entire Agreement. This contract contains the entire agreement of the parties with respect to its subject matter, and all contemporaneous and prior negotiations have been merged herein. This contract may be modified or amended only by written instrument signed by the parties hereto. For purposes of this contract, the phrase "Effective Date of this Agreement" shall be the date upon which this contract is fully executed pursuant to paragraphs 18 or 20 below, whichever may apply. This contract shall be governed by Michigan law.

15. Expiration. Tenant hereby gives the REALTOR® \_\_\_\_\_ (\_\_\_\_\_) days to obtain Landlord's written acceptance of this offer, after which the offer shall be void.

16. Receipt of Copy. By signing below, Tenant acknowledges receipt of a copy of this preliminary agreement.

WITNESS: \_\_\_\_\_ Tenant \_\_\_\_\_
Tenant's Address: \_\_\_\_\_ Tenant \_\_\_\_\_
\_\_\_\_\_ Tenant's Phone No. \_\_\_\_\_
Tenant's Fax No. \_\_\_\_\_ Tenant's E-mail \_\_\_\_\_

LANDLORD'S ACCEPTANCE

17. THE OFFER IS HEREBY ACCEPTED:

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

18. Receipt of Copy. By signing below, Landlord acknowledges receipt of a copy of this Agreement. If this Agreement is signed by Landlord without any modification, this becomes the Effective Date of this Agreement.

19. Landlord gives the REALTOR® above named until \_\_\_\_\_ (time) \_\_\_\_\_, \_\_\_\_\_ (date), to obtain Tenant's written acceptance of this counter offer, if any.

Dated \_\_\_\_\_

WITNESS: \_\_\_\_\_ Landlord \_\_\_\_\_
Landlord's Address: \_\_\_\_\_ Landlord \_\_\_\_\_
\_\_\_\_\_ Landlord's Phone No. \_\_\_\_\_
Landlord's Fax No. \_\_\_\_\_ Landlord's E-mail \_\_\_\_\_

TENANT'S RECEIPT OF ACCEPTANCE

20. Receipt is hereby acknowledged by Tenant of receipt of the Landlord's acceptance of Tenant's offer. In the event the acceptance was subject to certain changes from Tenant's offer, the Tenant agrees to accept said changes, all other terms and conditions remaining unchanged. If this Agreement is signed by Tenant without any modification, this becomes the Effective Date of this Agreement.

Dated \_\_\_\_\_ Tenant \_\_\_\_\_
Witness: \_\_\_\_\_ Tenant \_\_\_\_\_

LANDLORD'S RECEIPT OF ACCEPTANCE

21. Landlord acknowledges receipt of copy of the Tenant's acceptance of the counter offer, if any.

Dated \_\_\_\_\_ Landlord \_\_\_\_\_
Witness: \_\_\_\_\_ Landlord \_\_\_\_\_

Disclaimer: This form is provided as a service of the Michigan Association of REALTORS®. Please review both the form and details of the particular transaction to ensure that each section is appropriate for the transaction. The Michigan Association of REALTORS® is not responsible for use or misuse of the form, for misrepresentation, or for warranties made in connection with the form.

Property Address \_\_\_\_\_

Landlord's Initials

Landlord's Initials

Tenant's Initials

Tenant's Initials