SAMPLE GROSS LEASE

LEASE

State Lease #**11364-2008-0071**

between

, as Lessor

and

THE STATE OF MICHIGAN, as Lessee

ARTICLE I - DEFINITIONS

1.1 A.N.S.I.
1.2 Cancellation
1.3 Construction
1.4 Executive
1.5 Maintenance
1.6 Occupancy
1.7 Reserved
1.8 Possession
1.9 Potable Water
1.10 Purpose
1.11 Remodel
1.12 State Government Managed
1.13 State Government Owned
1.14 Substantial Completion
1.15 Tenantable
1.16 Tenant Improvements

ARTICLE II - POSSESSION

2.1 Square footage Leased
2.2 Location of Leased premises
2.3 Early possession
2.4 Initial term of possession
2.5 First renewal option
2.6 Second renewal option
2.7 Deleted, Not Applicable
2.8 Deleted, Not Applicable
2.9 Ninety-day holdover
2.10 Assignment/sublet
2.11 Quiet enjoyment
2.12 Lessor access to Leased premises
2.13 Lessor provides equivalent premises

ARTICLE III - LESSOR OBLIGATIONS

3.1 Lessor obligations
3.2 Asbestos
3.3 Toxic, hazardous, injurious substances
3.4 Defense against claims
3.5 Commence remodeling or construction
3.6 Complete remodeling or construction
3.7 Standards and specifications
3.8 Construction change orders
3.9 Remodeling required by future law
3.10 Damage to Leased premises
3.11 First right of refusal for adjacent
3.12 Discrimination prohibited
3.13 Structural loading
3.14 Notice of Ownership Transfer
3.15 Year 2000
3.16 Time Extension
3.17 Public Notifications
3.18 Energy Efficiency
3.19 Prevailing Wage

ARTICLE IV
LESSEE OBLIGATIONS, DUTIES, AND OPTIONS

4.1 Lessee obligations
4.2 Notification to maintain and repair
4.3 Lessee option to add/remove improvements
4.4 Quality of improvements by Lessee
4.5 Move-out condition
4.6 Payment for sign ordinance variances
4.7 Lessee repairs for damage
4.8 Recording of lease
4.9 Protection of Leased premises by Lessee
4.10 Lessee prohibited conduct

SAMPLE GROSS LEASE

ARTICLE V - RENT CONSIDERATION

5.1 Frequency of rent payment
5.2 Late possession - no rent
5.3 Rent during initial term
5.4 Mid Term Rent Increase
5.5 Rent during 1st renewal option
5.6 Consumer Price Index increases
5.7 Rent adjustment for operating expenses
5.8 Rent adjustment for real property taxes
5.9 Real property tax exemptions
5.10 Real property tax assessment appeals
5.11 Waiver of rent adjustments
5.12 Remodeling/get-ready costs
5.13 Reserved
5.14 Reserved
5.15 Remodeling/maintenance costs deduct
5.16 Rent reduced for documentation
5.17 Rent abated for untenantable premises
5.18 Prepaid rent refunded upon damage

ARTICLE VI - STATE OPTION TO PURCHASE

6.1 Definition of seller
6.2 Exclusive right to purchase
6.3 Duration of option
6.4 Written notice
6.5 Purchase price
6.6 Appraiser qualifications
6.7 Payment of appraisals
6.8 Encumbrances considered
6.9 Delivery of title insurance
6.10 Objection to title and cure
6.11 Restrictions, termination of option
6.12 Removal of title defects
6.13 Transfer of title free and clear
6.14 Lessee delivery of purchase price payment
6.15 Title free of other possessory interest
6.16 Seller payment for transfer tax
6.17 Payment for recording documents
6.18 Real Property Tax Adjustment
6.19 Waste to Leased premises
6.20 Reserved
6.21 Toxic, hazardous, or injurious substances

ARTICLE VII
EMINENT DOMAIN/CONDEMNATION

7.1 Lessor to notify Lessee
7.2 Whole taking, rents prorated
7.3 Taking
7.4 Lessor option to terminate
7.5 Award of damages

ARTICLE VIII - ESTOPPEL

8.1 Timeliness, Lessee obligations

ARTICLE IX
MANAGEMENT AGREEMENT
Reserved

ARTICLE X - LESSOR'S MORTGAGEE

10.1 Identification of Lessor's mortgagee
10.2 Disclosure of mortgagees, nondisturbance
10.3 Mortgagee right to cure defaults
10.4 Attornment

ARTICLE XI - CANCELLATION

11.1 Cancellation by Lessee
11.2 Cancellation by Lessee
11.3 Cancellation by Lessee
11.4 Cancellation by Lessor

ARTICLE XII
NOTICE, APPLICATION, AND APPROVALS

12.1 Notice mailing addresses and delivery
12.2 Application of laws
12.3 Binding application
12.4 State government approvals required
12.5 Supercede and cancellation
12.6 Severability
12.7 Entire agreement and enclosures
12.8 Electronic Funds Transfer

SAMPLE GROSS LEASE

LEASE

State Lease #**11364-2008-0071**

between

, as Lessor

and

THE STATE OF MICHIGAN, as Lessee

THIS LEASE is entered into by , as Lessor, whose address is , and the State of Michigan by the Department of Management and Budget for the Department of **Energy, Labor and Economic Growth**, as Lessee.

The parties, for the considerations specified in this Lease, agree to the following terms, conditions, and covenants:

ARTICLE I - DEFINITIONS

1.1 - A.N.S.I.: American National Standards Institute, Inc., a New York corporation that identifies public requirements for national standards and coordinates voluntary standardization activities. A.N.S.I. standards are used in calculating square footage used in this Lease.

1.2 - Cancellation: Ending all rights and obligations of the Lessor and Lessee, except for any rights and obligations that are due and owing.

1.3 - Construction: Assembling of foundation, structural, architectural, electrical, and mechanical systems, on the Leased premises, where none existed prior.

1.4 - Executive: An Executive Order of the Governor pursuant to the Constitution 1963, Article 5, § 2 and 20, or a decision by the Director of the Department of Management and Budget in conjunction with the head of the principal State department or agency for whose use the Lease was entered.

1.5 - Maintenance: That effort, including repair, replacement, or removal, required to keep the Leased premises and the appearance of said Leased premises functioning or operating as originally designed, constructed, or installed, including but not limited to mechanical, electrical, architectural, or civil systems within the Leased premises, outside the Leased premises, or those systems otherwise attached thereto.

1.6 - Occupancy: Actual physical presence by the Lessee in the Leased premises.

SAMPLE GROSS LEASE

1.7 - **Reserved**

1.8 - Possession: Lawful availability and physical access to install the Lessee's furnishings and compliance with paragraphs 3.1(z) and 3.7.

1.9 - Potable water: Water free from impurities present in amounts sufficient to cause disease or harmful physiological effects and conforming in its bacteriological and chemical quality to the requirements of the Public Health Service Drinking Water Standards or the regulations of the public health authority having jurisdiction.

1.10 - Purpose: The purpose for this Lease is **office** space use for the department or agency mentioned in the Lease in the specific geographic location described in paragraph 2.2 of the Lease.

1.11 - Remodel: Includes alterations, renovations, and any related demolition, and is the rearranging of existing architectural, civil, electrical, and/or mechanical systems within the Leased premises. Remodeling does not include enlarging or decreasing of structural or foundation systems, or new construction.

1.12 - State Government Managed: Property management tasks and responsibilities provided or contracted for and managed by a) the State of Michigan; b) any of the several departments, boards, commissions, offices, or agencies of the executive, legislative or judicial branches of state government; c) any institution of higher learning funded in whole or in part by the State of Michigan; or d) any entity created by act of the Legislature as an instrumentality of Michigan State government.

1.13 - State Government Owned: Real property fee title to which is held by a) the State of Michigan; b) any of the several departments, boards, commissions, offices, or agencies of the executive, legislative or judicial branches of state government; c) the State Building Authority; d) any institution of higher learning funded in whole or in part by the State of Michigan; or e) any entity created by act of the Legislature as an instrumentality of Michigan State government.

1.14 - Substantial Completion: The construction work has been completed in accordance with Enclosure C and C-1, to the extent that the Lessee can use or occupy the Leased premises for the use intended, without any outstanding or concurrent work remaining, except as required to complete minor punch list items. The Lessee has the sole discretion to determine whether punch list items are "minor". Prerequisites for substantial completion include (a) receipt by the Lessee of all required operating and maintenance documentation, (b) all systems have been successfully tested and demonstrated by the Lessor for their intended use, and (c) the Lessee has received all required certifications and/or occupancy approvals from the State and any other political subdivisions having jurisdiction over the work. Receipt of all certificates and/or occupancy approvals in and of itself does not necessarily connote substantial completion.

SAMPLE GROSS LEASE

1.15 -Tenantable: Habitable for the effective conduct of the Lessee's intended business.

1.16 -Tenant Improvements: Remodeling, attachment of fixtures, erection of additions, partitions, structures or signs by the Lessee in and upon the Leased premises after the Lessee has acquired possession.

ARTICLE II - POSSESSION

2.1 - The Lessor leases to the Lessee **4,221 usable** square feet of space, referred to as the "Leased premises", which is outlined on a plan attached as Enclosure "A". This square footage is based upon the A.N.S.I. Z65.1 - 1996 method for calculating space.

2.2 - The Leased premises, located on the property described in Enclosure "B" also known as , in the **City** of **Southfield**, County of **Oakland**, State of Michigan.

2.3 - If the Leased premises are available for possession by the Lessee prior to the commencement of the term defined in paragraph 2.4, the Lessee, at its sole option, may possess the Leased premises when the same are available. The Lessor shall provide written notice to the Lessee of such availability. For each day of possession prior to commencement of such term, the Lessee shall pay to the Lessor, at the same time that rent consideration for the first month of the regular term of the Lease is due, 1/365 of the initial annual rent consideration set forth in Article V.

2.4 - The Lessor shall furnish the Leased premises with their appurtenances to the Lessee for a **five-year** initial term of possession beginning upon actual possession or at 12:01 a.m. on , and ending at 11:59 p.m. on , or such later date as provided in paragraph 3.6. If the Leased premises are not ready by the possession date, the beginning and ending dates may be altered by mutual written consent to reflect the correct possession date. If the initial possession date is changed, paragraphs 2.5, 2.6, and Article V shall also be changed accordingly.

2.5 - This Lease may, at the option of the Lessee, be extended for a **five-year** term beginning at 12:01 a.m. on , and ending at 11:59 p.m. on , provided notice be given in writing to the Lessor ( ) days before this Lease or extension expires.

2.6 – **Deleted, Not Applicable.**

2.7 - **Deleted, Not Applicable**

2.8 - **Deleted, Not Applicable**

2.9 - The Lessee may, upon written notice to the Lessor, at least thirty (30) days prior to termination of this Lease or any extension, remain in possession of the Leased premises for the period specified in the notice, not to exceed three months. The Lessee

shall pay the Lessor for each month or part of a month a sum equal to 1/12 of the annual rent consideration set forth in Article V.

2.10 - The Lessee may assign this Lease or may sublet the Leased premises in whole or in part, with prior written consent of the Lessor, which shall not be unreasonably withheld. The Lessee, through its Department of Management and Budget may assign or reassign any or all of the Leased premises to any branch, department, board, agency, commission or other instrumentality of State government without the necessity of obtaining consent of the Lessor.

2.11 - The Lessee, upon payment of the rental consideration specified in Article V and upon performing all covenants, shall and may peacefully and quietly have, hold, and enjoy the Leased premises for the term of this Lease or any extension.

2.12 - The Lessor or Lessor's agent may enter the Leased premises with reasonable advance notice for the purpose of conducting repairs, preventive maintenance, or providing replacements, as required under Article III.

2.13 - If for any reason relating to ownership of the Leased premises the Lessor is unable to lawfully put and maintain the Lessee in possession of the Leased premises as of the commencement of the term of this Lease or any proper extension thereof, the Lessor shall immediately secure other premises which in the Lessee's sole judgment is substantially equivalent to the Leased premises described herein, at a rental rate to the Lessee which shall not exceed the rental consideration in this Lease.

ARTICLE III - LESSOR OBLIGATIONS

3.1 - The Lessor shall furnish to the Lessee and pay the cost of the following:

a) Heating, mechanical ventilating, cooling, and humidification system capable of providing a temperature range of 68°F to 78°F, measured at 30" above the finished floor, and 12" inside any exterior wall, and a humidification range of 30% to 50%, at all times occupied. Ventilation in restrooms shall be a minimum of 100 cfm, exhausted to the outdoors.

b) Electrical power distribution system throughout the Leased premises, for the operation of all business machinery and equipment.

c) Natural and/or artificial interior illumination that provides a minimum **50** foot-candles, measured at desk level, at all times, throughout the Leased premises. Artificial illumination shall be by incandescent or fluorescent lamps, and shall include tubes, bulbs, starters, ballasts, and fuses used inside the illumination fixture, and the replacement thereof for the Leased premises and common areas.

d) Domestic plumbing system to restrooms and break rooms capable of supplying hot and cold water, and removing sanitary waste water. Hot water delivery shall be not more than 120°F and not less than 110°F, measured at the tap.

e) Potable water shall meet the requirement of the Safe Drinking Water Act, 1976 PA 399, as amended, MCL 325.1001 et seq.

f) Metered utility costs for electricity, natural gas, water, sewerage, steam, fuel oil, or coal.

g) Adequate roof, vertical, and foundation thermal insulation in accordance with applicable codes.

h) Complete moisture protection from all exterior weather sources, on all sides, floors, and roof of the Leased premises.

i) Sound attenuation between any mechanical system or other tenant in the premises and the Leased premises, which provides not greater than 45dbA sound level readings, under conditions with all Lessee business equipment shut down.

j) Vibration isolation between any mechanical, plumbing, electrical, or other building system attached to and a part of the Leased premises.

k) Any equipment, portable or fixed, including alarm notification systems, required by the local public fire marshal authority.

l) Commercial grade, heavy-duty locking hardware.

Prior to Lessee possession, all doors providing access to the Leased premises shall be rekeyed and ( ) keys per lock combination shall be provided to the Lessee.

m) Pest control, including but not limited to: insects, rodents, flying animals, etc. Spraying must be performed after business hours or on weekends.

n) Trash removal from office wastebaskets, dumpsters, or equivalent containers.

o) Exterior grounds maintenance, including grass and weed cutting, clippings removal, leaf raking, litter removal, sidewalk surface and parking lot surface maintenance, de-icing, and snow removal. Snow removal is required anytime the accumulated depth is 2" or more, 24 hours after the most recent snowfall, and there shall be a clear path from the handicapper motor vehicle parking spaces to the barrier free entrances.

p) Janitorial supplies, equipment, personnel, and supervision to provide cleaning services as described in Enclosure "**F**".

In the event the janitorial service provided by the Lessor is not satisfactory to a reasonable industry standard, the Lessee may provide janitorial service as described above and the Lessee's rent will then be reduced by the actual per square foot cost plus a 15% administrative fee per occurrence.

q) Paved, striped, illuminated, and common motor vehicle parking on the Leased premises, for **seventy-seven (77)** motor vehicles, including overnight parking for state-owned motor vehicles. The striping on the parking lot shall be repainted **once** during the lease period in the summer by the Lessor. Illumination shall be not less than 2 foot-candles, with a uniformity not greater than 4 to 1, measured on the parking surface. The Lessor shall provide replacement tubes, bulbs, starters, and fuses, i.e., all parts and equipment necessary to provide and maintain this exterior illumination.

r) Leased premises shall comply with the barrier free design requirements of 1966 PA 1, as amended, MCL 125.1351 et seq. (Utilization of Public Facilities by Physically Limited).

s) Complete maintenance of the Leased premises, except for any obligations expressly undertaken by the Lessee set forth in Article IV. The Lessor shall keep the Leased premises in good repair, and able to perform and operate as designed, free from dangerous or defective conditions, and in tenantable condition, and at the Lessor's sole expense, properly and in a manner customarily accepted by the skilled trades, make all repairs and/or replacements, structural or nonstructural, of whatever nature. The Lessor shall provide inspections and preventive maintenance for heating and cooling systems in accordance with manufacturers' standards and any local codes or ordinances. The Lessor shall have a reasonable period of time, not to exceed thirty (30) days after receipt of a detailed written notice from the Lessee, to cure any maintenance defect. Additional time to cure any such maintenance defects may be allowed provided, in the Lessee's discretion, the Lessor proceeds with due diligence both during and after such thirty (30) day period, and the total time period to cure does not exceed ninety (90) days. This provision is cross-referenced in paragraphs 4.2, 5.15, 5.17, and 11.3.

t) A listing of all important service or repair contractors to be contacted by telephone by the Lessee for emergency service or maintenance. These emergency telephone numbers shall be used by the Lessee only after attempting contact with the Lessor, given the scope and nature of the emergency. The Lessor shall maintain an updated or otherwise current listing. Lessor's failure to provide the emergency telephone numbers or to notify the Lessee of changes to the current listing shall be considered as authorization for the Lessee to contact an emergency service or maintenance contractor of choice.

u) Full replacement value insurance, for the Leased premises identified in paragraphs 2.1 and 2.2, having only standard exclusions, i.e. for acts of war, nuclear disaster, or civil riots.

v) General premises liability insurance for the Leased premises identified in paragraphs 2.1 and 2.2, which provides full coverage for the Lessor, the Lessee, and their respective agents and employees and which protects against all claims, demands, actions, suits, or causes of action, and judgments, settlements or recoveries, for bodily injury or property damage arising out of a condition of the Leased premises. The Lessor agrees to maintain minimum policy limits in the amount of $500,000.00 per occurrence for property damage, and $1,000,000.00 per occurrence for bodily injury, with a $2,000,000.00 aggregate. The Lessor shall provide to the Lessee a certificate of insurance listing the Lessee, its several departments, boards, agencies, commissions, officers, and employees as additional insureds, within thirty (30) calendar days following execution and delivery of this Lease to the Lessor, and every year thereafter. The insurance policy shall provide that it may not be modified, cancelled, or allowed to expire without thirty (30) days prior written notice given to the Lessee.

w) A written report, not more than sixty (60) days old from the date of first possession, from the local public fire marshal authority, indicating the Leased premises are approved for occupancy. If a renewal option is exercised, the Lessor shall provide the Lessee with an updated report within sixty (60) days from the beginning date of each renewal period.

x) A legible photocopy of the recorded warranty deed, or other instrument conveying current legal possession or title, with right to lease or sublease the Leased premises, as found in paragraphs 2.1 and 2.2, to the Lessor; and copies of all other documents limiting or restricting the use of the Leased premises or affecting title to the lands and Leased premises.

y) A legible photocopy of the current legal entity documents (corporation, partnership, trust, D.B.A., etc.) of the Lessor. This shall include signature authorizations indicating the signatory of this Lease is authorized to act on behalf of the legal entity, in this real estate transaction.

z) A legible photocopy of any certificates of occupancy, as approved by the local public building department or authority, if remodeling or construction is performed in paragraph 3.7.

aa) Legible photocopies of all paid-in-full supporting documents necessary to calculate adjustments to the rental consideration referenced in Article V.

bb) Adequate and easily accessible indoor space in the vicinity of any shipping and receiving docks, areas, or platforms, for the purpose of the placement of holding containers for state-government recyclable materials and supplies, in accordance with 1994 PA 451, as amended, MCL 324.16501 et seq.

cc) **Deleted, Not Applicable.**

3.2 - The Lessor warrants that any asbestos contained within the Leased premises has been removed prior to the Lessee taking possession; or if not removed, is

present or installed in a manner that will not harm or injure human occupants. The parties agree that the Lessee assumes no liability or responsibility for the presence of asbestos in or on the Leased premises.

3.3 - a) The Lessor covenants that he/she has undertaken an environmental assessment of the Leased premises, satisfactory to and for the benefit of the Lessee, that is adequate to establish the liability exemptions and defenses available in Sections 20126(1)(c) and 20126(3)(h) of the Natural Resources and Environmental Protection Act (NREPA), MCL 324.20126(1)(c) and 324.20126(3)(h) and Section 107(b)(3) of the Comprehensive Environmental Response Compensation Liability Act, 42 USC 9607(b)(3), and that the Leased premises, and property on which the Leased premises is located, do not contain a concentration of any hazardous substance above applicable criteria.

b) The Lessor covenants that in the event a release or the threat of a release of a hazardous substance is discovered after execution of the Lease, to exist on, in or below the Leased premises, the Lessor shall:

1) Promptly notify both the State, as the Lessee, and the Michigan Department of Environmental Quality (MDEQ) of the release or threatened release.

2) Report, investigate, remediate, and take all other actions consistent with Federal, State and local laws and regulations including, without limitation, Part 201 of the Natural Resources and Environmental Protection Act (NREPA), MCL 324.20101, et seq.

3) Inform the Lessee, the MDEQ, and all other parties required to be notified under Federal, State or local law, of all actions taken under (2) above.

4) Provide the Lessee, the MDEQ, and all other parties required to be notified under Federal, State or local law, with all reports, data, analyses and other documents and information related in any way to the investigation, remediation or other steps taken under (2) above.

c) The Lessor, except as otherwise provided herein, agrees to hold the Lessee harmless and to indemnify the Lessee for any claims brought against the Lessee related to asbestos or the release or threatened release of any hazardous substance on, in or below the Leased premises that may have occurred prior to or after the Lessee's occupancy of the Leased premises. This indemnification and hold harmless provision shall survive the termination of the leasehold interest and the sale of the Leased premises by the Lessor.

d) The Lessor agrees to take no administrative or judicial action against the Lessee including, without limitation, any action for damages, contribution, cost recovery, or injunctive relief to compel the Lessee to investigate or take remedial action, declaratory relief, or any action associated with the Lessor's obligations to comply with Federal, State or local law as a result of asbestos or the release or threat of release of any hazardous substance on, in or below the Leased premises, except if the release or threatened release is caused solely by the Lessee.

e) The Lessor and Lessee mutually agree that they shall not release on, in, or below the Leases premises any hazardous substance. The Lessee assumes responsibility, to the extend provided by law, for a release or threatened release of a hazardous substance caused by the Lessee. The Lessor need not indemnify or defend the Lessee if the release or threatened release is caused solely by the Lessee.

3.4 - The Lessor is responsible for defending the Lessee against any claim whether meritorious or frivolous, by any person challenging the Lessor's right to Lease the Leased premises, and shall at its sole expense satisfy any judgment against the Lessee.

3.5 - The Lessor shall begin the remodeling or construction indicated in paragraph 3.7 within ( ) days of Lessor's receipt of a fully executed copy of this Lease. All work required under paragraph 3.7 shall meet the latest local and state building codes, fire codes, and barrier free regulations. The Lessor shall be responsible for acquisition of and payment for all necessary permits.

3.5 - The Lessor shall provide to the Lessee, within fifteen (15) days from the effective date of the Lease, written evidence from a surety company authorized to do business in the State of Michigan, that a performance bond and a payment bond have been issued each in the amount of one hundred percent (100%) of the value of construction as security for the faithful performance of all the work described in Enclosure C and C-1 and this Lease and payment of all charges in connection with the work. Lessor shall obtain such bonds in a manner consistent with Michigan law. Attorneys-in-Fact who sign bonds shall attach a certified copy of their Power of Attorney to sign such bonds and conduct business in the State of Michigan. Each bond shall assure that the Lessee is named as a third-party beneficiary thereunder with full rights and benefits to enforce the terms and conditions of each bond as if the contract(s) was made directly with the Lessee.

a) No later than ( ) days after the effective date of the Lease, the Lessor shall submit to the Lessee a detailed schedule for the design and construction of the Leased premises conforming to the Critical Path Method as outlined in Enclosure "C". Prior to commencement of construction, the Lessor shall submit detailed preliminary plans and specifications consistent with Enclosure "C" and a schedule of all permits and approvals for review by the Lessee.

b) Lessee will endeavor to use its best efforts to complete the review of the preliminary detailed plans and specifications within ( ) weeks of their submittal.

c) Lessee will either approve the preliminary detailed plans and specifications or make comments on them. The Lessor shall incorporate the Lessee's comments into the final design of the Leased premises. Once the final detailed plans and specifications are complete, they shall be attached to and become part of this Lease as Enclosure "C-1". Lessor shall supply three (3) copies of the final detailed plans and specifications to the Lessee prior to commencement of construction.

d) No modification shall be made to the final detailed plans and specifications without the prior written consent of the Lessee. Lessor, in constructing the Leased premises, shall use quality materials and comply with all federal, state, and municipal laws, rules, and regulations of any governmental agencies having jurisdiction over the Leased premises. All proposals for the necessary substitution of materials because of shortage or lack of specified materials will be immediately submitted to Lessee, and Lessee may thereupon approve these substitutions, provided they do not alter the quality of the Leased premises.

e) Building plan review and approval as described in this paragraph is not for the Lessor's benefit and the Lessee is not responsible for any design error and/or omissions discovered or which could have been discovered during this review. Nor does this review waive or negate any rights of the Lessee for breach of contract and/or default based upon design error and/or omissions.

f) The Lessor shall immediately commence construction as required in paragraph 3.6 upon submission of the final detailed plans and specifications to the Office of Design and Construction.

g) All work required under paragraph 3.6 shall meet the latest local and state building codes, fire codes, and barrier free regulations. The Lessor shall be responsible for acquisition of and payment for all necessary permits.

3.6 - The Lessor shall complete the remodeling or construction in accordance with the standards and specifications listed in paragraph 3.7 by , or ( ) days after Lessor receives a fully executed copy of this Lease, whichever is later.

3.6 - a) The Lessor shall complete construction in accordance with the standards and specifications found in Enclosures "C" and "C-1" by , or ( ) days after Lessor receives a fully executed copy of this Lease whichever is later. Upon completion of construction, Lessor shall submit to the Lessee three (3) copies of the "as-built" detailed plans and specifications.

b) Time extension requests must be submitted in writing to Lessee each month in which the Lessor believes he/she is entitled to more time. Such requests shall detail the

length of time extension requested and indicate why the Lessor believes more time is warranted. Lessee will respond to such requests and may extend the timeframe allowed for Substantial Completion. If no time extension is requested in writing, it will be assumed that no additional time is needed and no timeframe extension will be allowed for that month.

c) The work to be performed under Article III of this Lease shall be commenced as provided in paragraph 3.5 and shall be Substantially Completed within the timeframe required in paragraph 3.6(a). Lessor and Lessee agree that Substantial Completion by the time specified is of the essence to this Lease and that the Lessee will suffer injuries and damages if the work is not timely completed. Should the Lessor fail to Substantially Complete the work within the above-referenced timeframe, the sum of $ per day shall be deducted from the Lease rent payment(s) for each and every calendar day of delay. It is understood and agreed that this deduction from Lease rent payment(s) is not a penalty, but represents liquidated damages suffered by the Lessee, and is so fixed on a per diem basis because of the extreme difficulty of ascertaining the full amount of damages the Lessee will sustain if the work is not timely completed. Liquidated damages are not intended to compensate the Lessee for any other breach of this Lease.

d) See attached Enclosure "C", for construction standards and specifications. Enclosure "C-1" (final detailed construction plans and specifications) shall be incorporated and attached to this Lease upon receipt by the Office of Design and Construction pursuant to paragraph 3.5.

e) The program, design, and construction of the Leased premises shall be executed in compliance with all applicable federal, state, and local laws, permits, approvals, ordinances, standards, and regulations, including but not limited to applicable regulations of the Occupational Safety and Health Act (OSHA), and other professional practices and industry standards.

f) The Lessor expressly warrants and guarantees to the Lessee that all construction work will conform to the Lease, Enclosures "C "and "C-1" and will not be defective. Reasonably prompt notice of defective work of which the Lessee has actual knowledge shall be given to the Lessor, but failure to do so will not void the Lessor’s warranty and guarantee obligations unless actual prejudice results from such untimely notice.

The Lessor’s obligations for correction of construction work specified herein are in addition to, and not in limitation of, any warranties or guarantees required elsewhere in this Lease, Enclosure "C" and "C-1", or by law. Nothing contained in this paragraph shall be construed as establishing a period of limitations for, or limiting the obligations of, the Lessor to warrant and guarantee that the construction work will not be defective.

3.7 - See attached Enclosure "C", for remodeling or construction standards and specifications.

SAMPLE GROSS LEASE

3.7 - Lessor agrees that the Lessee or its authorized representative(s) shall, at all times, have access to the Leased premises construction site to determine that the Leased premises are being constructed in accordance with reasonable construction standards and the requirements of Enclosure "C" and "C-1". Lessor agrees that:

a) The Lessee's representative shall receive copies of Lessor's required construction submittals as outlined in Enclosure "C-1", such as shop drawings, product data and samples, to confirm conformance with the design concept of the work and with the information provided in enclosure "C-1" and industry performance standards.

b) The Lessee's representative shall have authority to observe the construction and where non-conformance with Enclosure "C" and/or "C-1" is discovered communicate to the Lessor such non-conformance. The Lessor agrees to take appropriate corrective action to conform the construction work to the requirements of Enclosure "C" and "C-1".

c) The Lessee's right to make observations or otherwise act as set forth in paragraph 3.7(a), 3.7(b), 3.7(d) and 3.7(e) shall not:

1) give rise to or impose any duty or responsibility on Lessee to make those observations or perform those services for the benefit of the Lessor or any of its contractors, subcontractors, agents, or employees;

2) relieve the Lessor from its obligations to perform the construction work in accordance with Enclosure "C" and "C-1"; or

3) represent acceptance of defective construction work.

3.8 - During the remodeling or construction of the Leased premises, either party may request remodeling or construction changes, for the purposes of economizing, or Lessee program changes. The Lessor shall submit a complete description and itemized cost estimate for prior written approval to the Real Estate Division of the Department of Management and Budget, prior to performing the work required by the requested change. If the changes, and any resulting cost differences, are mutually agreed upon in writing by the Lessor, Lessee, and Real Estate Division, the Lessee shall make a lump-sum payment with, or lump-sum deduction from, the first month's rental consideration due the Lessor. Failure to include in the complete itemized cost estimate any cost directly or indirectly incurred as a result of the change constitutes Lessor's waiver of entitlement to such costs, except in the event that the Lessor or Lessor's contractor provides a detailed reservation of its right to additional costs which cannot be reasonably calculated as of the date the cost estimate is submitted.

3.8 - Lessor agrees that the Lessee shall retain an Architect/Engineer at Lessee's expense, who will provide construction inspection services and will periodically visit the site to determine that the Leased premises are being constructed in accordance with reasonable construction standards and relevant specifications and drawings, Lessor agrees that:

a) The Lessee's Architect/Engineer shall at all times have access to the work whenever it is in preparation and progress. Lessor is responsible for providing access to the Lessee's Architect/Engineer so that he/she may properly perform functions under this agreement.

b) The Lessee’s Architect/Engineer who is responsible for the preparation of the construction documents will be the final interpreter of the specifications, drawings and standards, and the judge of performance thereunder by the Lessor.

c) The Lessee's Architect/Engineer shall receive copies of Lessor's required construction submittals, such as shop drawings, product data and samples, to confirm conformance with the design concept of the work and with the information provided in the specifications, drawings, and industry performance standards.

d) The Lessee's Architect/Engineer shall have authority to inspect and, where required because of a non-conformance with the relevant contract documents, reject any construction work, or take other appropriate action including recommending action necessary to correct any rejected work. The Lessor shall promptly correct the rejected work according to the Lessee's Architect/Engineer's recommendations.

e) The Lessee's Architect/Engineer's authority to make the required observations or otherwise act as set forth in Section 3.8 (a) - (d), shall not a) give rise to or impose any duty or responsibility on it to make those observations or perform those services for the benefit of the Lessor or any of its contractors, subcontractors, agents or employees, b) relieve the Lessor from its obligations to perform the construction work in accordance with the drawings, specifications and standards, or c) represent acceptance of defective construction work.

f) During the remodeling or construction of the Leased premises, either party may request remodeling or construction changes, for the purposes of economizing, or Lessee program changes. The Lessor shall submit a complete description and cost estimate for prior written approval to the Real Estate Division of the Department of Management and Budget, prior to the requested change. If the changes, and any resulting cost differences, are mutually agreed upon in writing by the Lessor, Lessee, and Real Estate Division, the Lessee shall make a lump-sum payment with, or lump-sum deduction from, the first month's rental consideration due the Lessor. Failure to include in the complete itemized cost estimate any cost directly or indirectly incurred as a result of the change constitutes Lessor's waiver of entitlement to such costs, except in the event that the Lessor or Lessor's contractor provides a detailed reservation of its right to additional costs which cannot be reasonably calculated as of the date the cost estimate is submitted.

3.9 - Remodeling of the Leased premises required by any existing or future laws, ordinances, or regulations of the city, village, township, county, state, or federal government, or other public building authority, shall be made by the Lessor, at no expense to the Lessee.

SAMPLE GROSS LEASE

3.10 - In the event that less than ten percent (10%) of the replacement value of the Leased premises are damaged or destroyed by any casualty insured under the Lessor's insurance policy, the Lessor shall at its own expense, as speedily as circumstances permit, repair said damage and restore the Leased premises to its prior condition, within thirty (30) days notice after the damage or destruction. In the event that between ten percent (10%) and fifty percent (50%) of the replacement value of the Leased premises are damaged or destroyed by any casualty insured under the Lessor's insurance policy, the Lessor shall at its own expense, as speedily as circumstances permit, repair said damage and restore the Leased premises to its prior condition, within ninety (90) days notice after the damage or destruction. In the event that more than fifty percent (50%) of the replacement value of the Leased premises are damaged or destroyed by any casualty insured under the Lessor's insurance policy, the Lessor shall have the option of repairing or reconstructing, or canceling this Lease, which option shall be exercised within ninety (90) days after the damage or destruction. This covenant is cross referenced in Articles IV, V and XI.

3.11 - The Lessor shall not rent or otherwise occupy any adjoining space which is or becomes vacant on the Leased premises known as during the term of this Lease, or any extensions thereof, without first offering for a period of ten (10) days, the space to the Lessee at the Lessee's current rental rate, and under the same terms and conditions found in this Lease.

3.12 - The Lessor shall comply with the Elliott-Larsen Civil Rights Act, 1976 PA 453, as amended, MCL 37.2101 et seq, the Persons with Disabilities Civil Rights Act, 1976 PA 220, as amended, MCL 37.1101 et seq, and all other federal, state and local fair employment practices and equal opportunity laws and covenants that it shall not discriminate against any employee or applicant for employment, to be employed in the performance of this real estate contract, with respect to his or her hire, tenure, terms, conditions, or privileges of employment, or any matter directly or indirectly related to employment, because of his or her race, religion, color, national origin, age, sex, height, weight, marital status, or physical or mental disability that is unrelated to the individual's ability to perform the duties of a particular job or position. The Lessor agrees to include in every subcontract entered into for the performance of this real estate contract this covenant not to discriminate in employment. A breach of this covenant is a material breach of this real estate contract. This covenant is cross referenced in Article XI.

3.13 - The Lessor shall have the right to specify positioning of safes or other concentrated loads, that do not exceed the structural loading capacities, in the floor design layout.

3.14 - The Lessor shall, within forty-five (45) days after transfer of its ownership interest in the Leased premises, provide notice to the Lessee of said transfer.

3.15 – **Deleted, Not Applicable**

3.16 - Time extension requests must be submitted in writing to Lessee each month in which the Lessor believes he/she is entitled to more time. Such requests shall detail the length of time extension requested and indicate why the Lessor believes more time is warranted. Lessee will respond to such requests and may extend the timeframe allowed for substantial completion. If no time extension is requested in writing, it will be assumed that no additional time is needed and no timeframe extension will be allowed for that month.

3.17 - The Lessor shall permit the Lessee to display public notifications of applicable public meetings as required by 1976 PA 267, as amended, MCL 15.261 et seq., in public lobby areas of the building wherein the Leased premises are located, in a manner consistent with the decor of the public lobby areas. Any display cases or other means used to display such public notifications shall be at the Lessee's expense.

3.18 - Lessee requires that all newly constructed buildings leased by the State of Michigan shall be designed and constructed in accordance with the Leadership in Energy and Environmental Design (LEED) Green Building Rating System developed by the United States Green Building Council and complies with Energy Star® designation.

3.19 - In all contracts for the construction or renovation of the Leased Premises, the Lessor must include a provision stating that the rates of wages and fringe benefits to be paid to each class of construction mechanics by the Lessor's General Contractor, all of the General Contractor's Subcontractors, and all lower tier Subcontractors shall not be less than the wage and fringe benefit rates issued by the Michigan Department of Energy, Labor & Economic Growth, Wage and Hour Division in its schedule of occupational classification and wage and fringe benefit rates for the locality in which the work is to be performed. "Construction mechanic" means a skilled or unskilled mechanic, laborer, worker, helper, assistant, or apprentice working on the construction or renovation of the Leased Premises but shall not include executive, administrative, professional, office, or custodial employees. The Lessor or the Lessor's General Contractor must keep posted on the construction or renovation site, in a conspicuous place, a copy of all prevailing wage and fringe benefit rates and the address and telephone number of the Michigan Department of Energy, Labor & Economic Growth's Wage and Hour Division, currently 6546 Mercantile Way, Suite 5, P.O. Box 30476, Lansing, Michigan 48909-7976, Phone: (517) 335-0400 and a notice that as the intended beneficiaries of 1965 PS 166, as amended, MCL 408.551, et seq., construction mechanics who have not been paid in accordance with the Act may file a claim with the Department of Energy, Labor & Economic Growth. The Lessor or the Lessor's General Contractor must keep an accurate record showing the name and classification of each person performing work on the site, the dates on which work was performed, the hours each person worked on the site, and the actual hourly wages and benefits paid to each person. This record must be made available for inspection by the Department of Management and Budget and/or the Michigan Department of Energy, Labor & Economic Growth, at any time, upon request.

ARTICLE IV - LESSEE OBLIGATIONS, DUTIES, and OPTIONS

SAMPLE GROSS LEASE

4.1 - The Lessee shall furnish:

a) **Deleted, Not Applicable**

b) **Deleted, Not Applicable**

c) **Deleted, Not Applicable**

d) **Deleted, Not Applicable**

e) **Deleted, Not Applicable**

f) **Deleted, Not Applicable**

g) Telecommunications system and equipment.

h) **Deleted, Not Applicable**

i) Reimbursement to the Lessor, for any repairs to the Leased premises, from damage that exceeds the normal wear and tear expected from the lawful and proper use of the Leased premises, and the sole cause of which was the negligent acts or omissions of the Lessee's employees, agents, wards, clients, or customers.

j) **Deleted, Not Applicable**

k) **Deleted, Not Applicable**

4.2 - The Lessee shall give detailed written notice to the Lessor, and if applicable, to the Lessor's mortgagee, of the need for any maintenance which is the obligation of the Lessor pursuant to Article III. This provision is cross referenced in paragraphs 3.1(s), 5.15, and 5.17.

4.3 - a) The Lessee shall have the option to add tenant improvements to the Leased premises during this Lease or any extension at the Lessee's expense. The tenant improvements to the Leased premises shall be and remain the property of the Lessee, and may be removed by the Lessee prior to cancellation or termination of this Lease. In the event the Lessee exercises its option to remove any tenant improvements to the Leased premises under this paragraph upon cancellation or termination of this Lease, the Lessee shall restore or otherwise return the Leased premises to the Lessor in an "as found" condition, except for normal wear and tear, unless otherwise agreed upon in writing.

b) In the event the Lessee removes any fixtures, finishes, additions, or structures owned by the Lessor, placed in or attached to the Leased premises, upon termination or cancellation of this Lease, the Lessee shall restore or otherwise return the Leased premises to the Lessor in an "as found" condition, except for normal wear and tear, unless otherwise agreed upon in writing.

SAMPLE GROSS LEASE

4.4 - All tenant improvements by the Lessee, made pursuant to paragraph 4.3, shall be performed in a manner customarily accepted by the skilled trades, and in accordance with all federal, state, and local rules, ordinances, laws, codes, or nationally recognized standards of good construction practice.

4.5 - Upon cancellation or termination of this Lease, the Lessee shall clean the Leased premises to "broom-clean condition", and shall remove all furnishings from the Leased premises. Furnishings remaining in or on the Leased premises after the cancellation or termination effective date shall be considered abandoned property, and the Lessee shall be obligated to pay the Lessor for all reasonable removal costs.

4.6 - The Lessee shall be responsible to request and obtain any local government sign ordinance variances and the payment of any related fees.

4.7 - In the event the Lessor fails to proceed with repairs necessitated by damage or destruction that is fifty percent (50%) or less, as referenced in paragraph 3.10, the Lessee may proceed, after affording insurance surveyors or adjusters opportunity to inspect the damages, with repairs for the account of and at the expense of the Lessor.

4.8 - If the Lessee records this Lease with the county register of deeds, the Lessee shall record a discharge or notice of cancellation or termination of Lease within thirty (30) days after the cancellation or termination of this Lease is effective. The discharge from the public record shall include any recorded amendments to this Lease.

4.9 – The Lessee shall close all windows, skylights, doors, or other exterior openings to the Leased premises, within the control of the Lessee, to avoid possible damage from fire, storms, rain or freezing, when leaving the Leased premises at the close of the business day, or prior to any times when the Leased premises shall be unoccupied.

4.10 - The Lessee shall not permit:

a) Bicycles, mopeds, or other vehicles used for personal transportation, to be stored within the Leased premises or other common areas, unless otherwise specifically authorized elsewhere in this Lease, or agreed upon in writing with the Lessor.

b) Any items to be attached to suspended acoustical ceiling grids.

c) Access to any roof or overhang structure, except as under emergencies to maintain the roof moisture barrier or any rooftop mechanical system affecting the Leased premises.

SAMPLE GROSS LEASE

ARTICLE V - RENT CONSIDERATION

5.1 - Rent consideration installment payments shall be made during the month for which the installment applies.

5.2 - If the Leased premises are not ready for possession by the date established in paragraphs 2.4 and 3.6, the Lessee shall not be responsible for rent until taking possession, nor shall the Lessee waive any claims to damages which the Lessee may have suffered.

5.3 - The Lessee shall pay to the Lessor as annual rent consideration for the Leased premises from 12:01 a.m. , through 11:59 p.m. , at the rate of /100 dollars ($) per year, payable in installments of /100 dollars ($) per month.

5.3 a) – **For Bonded Project only**

5.4 – **Deleted, Not Applicable**

5.5 - In the event the Lessee exercises the renewal option pursuant to Article II, paragraph , the Lessee shall pay to the Lessor as annual rent consideration for the Leased premises from 12:01 a.m. , through 11:59 p.m. , at the rate of /100 dollars ($) per year, payable in installments of /100 dollars ($) per month.

5.6 - **Deleted, Not Applicable**

5.7 - **Deleted, Not Applicable**

5.8 - **Deleted, Not Applicable**

5.9 - **Deleted, Not Applicable**

5.10 – **Deleted, Not Applicable**

5.11 **- Deleted, Not Applicable**

5.12 - Upon Substantial Completion of the remodeling or construction work found in paragraph 3.7, the Lessee shall make full or partial payment to the Lessor for said remodeling or construction in an amount not to exceed $. The Lessor shall submit to the Real Estate Division of the Department of Management and Budget, invoices from all contractors, subcontractors, or skilled trades, to substantiate costs. Full or partial payment shall be made concurrently with the first month's rent consideration payment, or the rent consideration payment due the Lessor thirty (30) days after the remodeling or construction is completed, and proper invoices submitted, whichever is later. The amount of partial payment withheld from the total amount due will be proportional to the amount of work substantially completed.

5.13 - **Reserved**

5.14 - **Reserved**

5.15 - If the Lessor fails to provide maintenance or complete the remodeling or construction, as referenced in Article III, the Lessee may provide the required maintenance, or complete the required remodeling or construction, and deduct the costs from future rent consideration payments due the Lessor.

5.16 - If the Lessor fails to provide supporting documentation or warranties, as required by Article III, four percent (4%) of the monthly rent consideration shall be held by the Lessee, until the required documentation is provided to the Lessee.

5.17 - The Lessee shall be entitled to an abatement of rent consideration for the period during which the Leased premises are rendered untenantable or incapable of the use for which the premises were leased as described in paragraph 1.10. In the event that only a part of the Leased premises are untenantable or incapable of such use, the rent shall be reduced in proportion to the entire area rented by the Lessee. This covenant is cross referenced in Articles III, IV and XI.

5.18 - Any rent consideration prepaid in advance to the Lessor, shall, upon damage or destruction as identified in paragraph 3.10, be repaid by the Lessor to the Lessee, within thirty (30) days of cancellation.

ARTICLE VI - LESSEE OPTION TO PURCHASE

Deleted, Not Applicble

ARTICLE VII - EMINENT DOMAIN/CONDEMNATION

7.1 - The Lessor shall notify the Lessee within ten (10) days of the commencement of eminent domain/condemnation proceedings against the Leased premises described in paragraphs 2.1 and 2.2 by a public agency authorized by law to condemn property. The Lessor shall timely notify the Lessee of the Lessor's intent to contest eminent domain/condemnation proceedings. The Lessor shall notify the Lessee within ten (10) days of acquisition by eminent domain/condemnation of the Leased premises described in paragraphs 2.1 and 2.2 by a public agency.

7.2 - If a total taking of the Leased premises by any public authority under the power of eminent domain/condemnation occurs, then the term of this Lease shall cease as of the day of possession and the rent shall be paid up to that day with a proportionate refund by the Lessor of such rent as may have been paid in advance for a period subsequent to the date of the taking. This covenant is cross referenced in Article XI.

7.3 - If a partial taking of the Leased premises by any public authority under eminent domain/condemnation occurs, the Lessee shall have the right either to terminate this Lease and declare same null and void, or, subject to the Lessor's right of termination as set forth below, to continue in possession of the remainder of the Leased premises, and shall notify the Lessor in writing within ten (10) days after such taking of the Lessee's intention. In the event the Lessee elects to remain in possession, all of the terms herein provided shall continue in effect, except that the fixed annual rental shall be reduced in proportion to the amount of the Leased premises taken and the Lessor shall, at its own cost and expense, make all the necessary repairs or alterations to the building, as originally installed by the Lessor, so as to constitute the remaining Leased premises a complete architectural unit.

7.4 - If more than fifty (50%) percent of the Leased premises are taken under the power of eminent domain/condemnation, the Lessor may, by written notice to the Lessee delivered on or before the date of surrendering possession to the public authority, terminate this Lease.

7.5 - All damages awarded for either a total or partial taking under the power of eminent domain/condemnation, of the Leased premises, including fee title, described in paragraphs 2.1 and 2.2 shall belong to and be the property of the Lessor, except damages awarded as compensation for diminution in value to the leasehold interest which shall belong to and be the property of the Lessee. The Lessee shall be entitled to all damages and costs flowing from its loss of the leasehold interest including, but not limited to, loss of the value of the remaining terms of the Lease, the economic value of the Lease, depreciation and cost of removal of the Lessee's supplies and fixtures, and relocation cost.

ARTICLE VIII - ESTOPPEL

8.1 - The Lessee shall, within fourteen (14) days of receipt of a request by the Lessor, pursuant to paragraph 12.1, certify, to the extent the Lessee believes the information to be true and deliver to the Lessor an executed estoppel certificate (Enclosure "D"). The Lessee's failure to deliver such statement shall be conclusive upon the Lessee that:

a) This Lease is in full force and effect without modification except as may be represented by the Lessor,

b) There are no uncured defaults in the Lessor's performance,

c) Not more than one (1) month's rent has been paid in advance.

ARTICLE IX - Deleted, Not Applicable

ARTICLE X - LESSOR'S MORTGAGEE

10.1 - For purposes of this Article, the term "Lessor's mortgagee" means any party of record holding a mortgage or deed of trust on the Leased premises described in paragraphs 2.1 and 2.2, or any part thereof. The Lessor shall give the Lessee written notice that such party holds such lien or deed of trust, and written evidence of the date the mortgage or deed of trust was executed, together with notice of the address of Lessor's mortgagee. A lien held by a Lessor's mortgagee on the Leased premises, or any portion thereof, is herein referred to as a "Lessor's mortgage".

10.2 - Pursuant to paragraph 10.1, the Lessor has disclosed all mortgages or deeds if trust affecting the Leased premises set forth in paragraphs 2.1 and 2.2 which exist as of the execution date of this Lease. If a mortgage or deed of trust exists or existed, as of the execution date of the original Lease, the Lessor shall cause each mortgagee to execute in favor of the Lessee the Nondisturbance Agreement, attached as Enclosure "E", whereby said mortgagee agrees that it will not disturb the Lessee's tenancy in the event of foreclosure or other succession to the interest of the Lessor. Enclosure "E" shall be executed before this Lease becomes effective. Any mortgage is to be subordinate to this Lease, and any future amendment thereto unless specifically provided otherwise in writing.

10.3 - If the Leased premises are at any time during the term of this Lease subject to a Lessor's mortgage, then, whenever the Lessee gives notice to the Lessor alleging default by the Lessor in performance of any covenant or obligation under this Lease, the Lessee shall simultaneously give a copy of such notice to the Lessor's mortgagee (at the address of the Lessor's mortgagee provided pursuant to paragraph 10.1). Lessor's mortgagee shall have the right (but not the obligation) to cure or remedy Lessor’s default during the same time period that is permitted to the Lessor hereunder for the remedying or curing of such default. Lessee will accept such curative or remedial action taken by a Lessor's mortgagee with the same effect as if such action had been taken by the Lessor. Any claims for damages by the Lessee shall not be waived by the Lessor's mortgagee's corrective or remedial action.

10.4 - In the event that the Lessor's mortgagee of record (or any other party) shall acquire title to the Leased premises or shall succeed to the Lessor's interest in this Lease, whether through foreclosure of the Lessor's mortgage, conveyance in lieu of foreclosure, or otherwise (collectively, a "foreclosure"), the Lessor's mortgagee (or other such party) shall thereupon, and without the necessity of attornment or other act or agreement, be substituted as the Lessee's landlord under this Lease, and shall be subject to the obligations thereof. The rights acquired by the Lessor's mortgagee are subordinate to this Lease and all of the Lessee's rights under the Lease continue undisturbed.

ARTICLE XI - CANCELLATION

11.1 - This Lease may be cancelled by the Lessee during any period of possession, if:

a) The Lessor is notified in writing at least **ninety** (**90**) days prior to the effective date of cancellation.

SAMPLE GROSS LEASE

11.2 – **Deleted, Not Applicable**

11.3 - This Lease may be cancelled by the Lessee provided the Lessor is notified in writing at least thirty (30) days prior to the effective date of cancellation and any one of the following occur:

a) The Lessor or any subcontractor, manufacturer or supplier of the Lessor appears in the register compiled by the Michigan Department of Energy, Labor & Economic Growth pursuant to 1980 PA 278, as amended, MCL 423.321 et seq. (Employers Engaging in Unfair Labor Practices Act).

b) The Lessor or any subcontractor, manufacturer or supplier of the Lessor is found guilty of discrimination, pursuant to 1976 PA 453, as amended, MCL 37.2101 et seq. (Elliott-Larsen Civil Rights Act); or 1976 PA 220, as amended, MCL 37.1101 et seq. (Persons with Disabilities Civil Rights Act). This covenant is cross referenced in Article III.

c) The Leased premises do not comply with the barrier free design requirements of 1966 PA 1, as amended, MCL 125.1351 et seq. (Utilization of Public Facilities by Physically Limited). This covenant is cross referenced in Article III.

d) The Leased premises are taken for a public purpose by eminent domain/condemnation proceedings by a governmental unit. This covenant is cross referenced in Article VII.

e) The Lessee's use of the Leased premises is in violation of local adopted ordinance, or recorded deed restrictions.

f) The Lessee acquires fee title to the Leased premises in paragraphs 2.1 and 2.2. This covenant is cross referenced in Article VI.

g) The Lessor fails to maintain the Leased premises in a tenantable condition, described in and subject to the notice provision in paragraph 3.1(s). The Lessee shall provide detailed written notice to the Lessor, of not less than thirty (30) days, to correct defaults.

h) The Lessor fails to repair or restore the Leased premises for damage specified in paragraph 3.10. This covenant is cross referenced in Articles III, IV, and V.

i) The Lessor fails to deliver the Leased premises, according to the plans, specifications, and timeframe for remodeling or construction, found in paragraph 3.6.

j) Damage or destruction, specified in paragraph 3.10, is so extensive as to constitute a total destruction of the Leased premises. This covenant is cross referenced in Articles III, IV and V.

SAMPLE GROSS LEASE

11.4 - This Lease may be cancelled by the Lessor if the Lessee is notified in writing at least sixty (60) days prior to the effective date of cancellation and any one of the following occur:

a) Damage or destruction to the Leased premises exceeds fifty percent (50%) of the replacement value of the Leased premises, as referenced in paragraph 3.10. This covenant is cross referenced in Articles III, IV and V.

b) The Leased premises are taken by eminent domain/condemnation proceedings, as referenced in Article VII.

ARTICLE XII - NOTICE, APPLICATION, AND APPROVALS

12.1 - Any notice to Lessee required by this Lease shall be complete if submitted in writing and transmitted by personal delivery (with signed delivery receipt), or certified or registered mail return receipt requested. Unless either party notifies the other in writing of a different mailing address, notice to the Lessor and/or Lessee shall be transmitted to:

Lessor	**Lessee**
	Terri L. Fitzpatrick, Director
	Real Estate Division
	Michigan Department of Management and Budget
	530 West Allegan Street
E-mail:	Lansing MI 48933
Telephone:	
Fax:	

The notice shall be deemed effective as of Noon, Eastern Time on the third business day following the date of mailing, if transmitted by mail. Business day is defined as any day other than a Saturday, Sunday, legal holiday, or day preceding a legal holiday. A receipt from a U.S. Postal Service, or successor agency, performing such function shall be conclusive evidence of the date of mailing.

12.2 - This Lease shall be interpreted in accordance with the laws of the State of Michigan.

12.3 – This Lease shall be binding upon and to the benefit of the heirs, executors, administrators, and assigns of the Lessor; and upon and to the benefit of the assignees and sublessees of the Lessee.

12.4 - This Lease shall not be binding or effective on either party until approved (and notarized as necessary) by the Lessor, Lessee, Department of the Attorney General, Department of Management and Budget, Building Committee of the State Administrative Board, and the State Administrative Board. If this Lease or any subsequent amendments to it fall within the requirements of 1984 PA 431, as amended, MCL 18.1101 et seq. (Management and Budget Act), this Lease and any subsequent

amendments to it shall also require approval of the Joint Capital Outlay Subcommittee of the Legislature.

12.5 – **Deleted, Not Applicable.**

12.6 - Should any provision of this Lease or any addenda thereto be found to be illegal or otherwise unenforceable by a court of law, such provision shall be severed from the remainder of the Lease, and such action shall not affect the enforceability of the remaining provisions of the Lease.

12.7 - This Lease, with all enclosures and attachments as listed below, constitutes the entire agreement between the parties with regard to this transaction and may be amended only in writing and executed in the same manner as this Lease was originally executed, as under paragraph 12.4.

12.8 - Electronic Funds Transfer (EFT): Public Act 533 of 2004 requires that payments under this Lease be processed by electronic funds transfer (EFT). Lessor is required to register to receive payments by EFT at the Contract & Payment Express website (www.cpexpress.state.mi.us).

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Enclosure "A" - page(s), floor plan(s)/site plan

Enclosure "B" - page(s), legal description

Enclosure "C" - page(s), remodeling/construction specifications

Enclosure "C-1" - page(s), final detailed construction plans and specifications

Enclosure "D" - 1 page, estoppel

Enclosure "E" - 2 pages, Nondisturbance Agreement

Enclosure “F” - page(s), janitorial schedule

SAMPLE GROSS LEASE

Corporation

IN WITNESS WHEREOF, the parties to this Lease subscribe their names on the date set forth below:

Lessor:

_____Date:_____
Signature

Print Name:
Title:

State of Michigan, County of _____.

The foregoing instrument was acknowledged before me on this _____ day of _____,

2009, by _____,
Type or print name(s) of person(s) signing this document

the _____ of _____,

a _____, corporation, on behalf of the corporation.

_____, Notary Public in the County of _____.

Acting in the County of _____, State of Michigan.

My commission expires _____.

SAMPLE GROSS LEASE

Department

IN WITNESS WHEREOF, the parties to this Lease subscribe their names on the date set forth below:

Lessee:

_____Date:_____
Signature

Print Name:
Title:

State of Michigan, County of _____.

The foregoing instrument was acknowledged before me on this _____ day of _____,

2009, by _____,
Type or print name(s) of person(s) signing this document

the _____, for the Michigan Department of Energy, Labor and Economic Growth.

_____, Notary Public in the County of _____.

Acting in the County of _____, State of Michigan.

My commission expires _____.

This Lease has been approved as to legal form by the Michigan Attorney General _____

SAMPLE GROSS LEASE

IN WITNESS WHEREOF, the parties to this Lease subscribe their names on the date set forth below:

Lessee:

_____Date:_____
Signature

Terri L. Fitzpatrick
Director, Real Estate Division
Department of Management and Budget

State of Michigan, County of Ingham

The foregoing instrument was acknowledged before me on this _____ day of ___, 2009, by Terri L. Fitzpatrick, Director of the Real Estate Division of the Michigan Department of Management and Budget.

_____, Notary Public in the County of _____.

Acting in the County of _____, State of Michigan.

My commission expires _____.

This Lease was approved by the Michigan State Administrative Board on

Form Updated: 8-11-09

Item #

SAMPLE GROSS LEASE

Enclosure "D" to Lease #**11364** by and between , and the State of Michigan for the Department of **Energy, Labor and Economic Growth**.

SAMPLE ESTOPPEL CERTIFICATE

Date

Lessor Name/Mailing Address

Attn: Name of Lessor

Subject: Department of Xxxxxxxxxxxx, Located at 1445 Xxxxxxxxxxxx Avenue, Anytown, Michigan (#1234)

A review of the lease between Xxxxxxxxxxxxxxxxxxxx and the State of Michigan for the above facility has been requested. Information obtained from this review might be used in negotiations for a possible change in ownership or financing of the facility.

The undersigned [is/is not] in possession as a tenant of certain rental space situated at [address of premises], Michigan, consisting of x,xxx square feet of [office/ warehouse/ residential/ (other)] space with a monthly rental of $xx,xxx.xx. In connection therewith, the undersigned represents as follows:

The Leased premises [are/ will be] occupied pursuant to a certain written Lease dated [month/ day/ year] between the State of Michigan, as Lessee and [Lessor's name], a [corporation/ partnership/ trust/ estate etc.] as Lessor. Such Lease is presently in full force and effect [and has been amended "x" times].

The term of possession provided in the Lease [commenced/ commences] on [month/ day/ year] and expires on [month/ day/ year]. Renewal options are provided which can be exercised to extend possession to [month/ day/ year]. [Actual possession took place on [month/ day/ year] at which time rental payments started]. [An agreement [was/ was not] written to change the Lease dates to coincide with the date of possession].

This Lease [may] contain(s) a [lump-sum/ rental rate] adjustment clause for [liability insurance/ real property taxes/ other].

The undersigned [has/ has not] accepted possession of the Leased premises. Obligations or improvements required by the terms of said Lease, to be furnished or made by the Lessor to the premises, have been completed to date to the satisfaction of the undersigned with the exception of the following items:

1. [items listed here], 2. etc., and 3., etc.

The most recent rent paid to the Lessor or Lessor’s agent was for the month of Xxxxxx; no rent has been paid more than thirty days in advance of its due date. There is no security deposit. The last payment of its proportionate share of real property taxes and insurance was made by the undersigned to the Lessor on [month/ day/ year] as a part of the regular monthly rental payment; no such payment has been made more than thirty days in advance of its due date.

The State [pays utilities directly with the exception of water and sewer service; proportional payment for water and sewer service made directly to the Lessor upon presentation of a billing document from the city. Common area expenses are paid as a part of the monthly rental].

The undersigned knows of no default or breach of the Lease by either the Lessor or State except obligations or improvements listed above - if any. The Lessor holds no deposit or other property of the State. There are no offsets, claims, or rent deductions except those which might be made by the State by its Department of Xxxxxxxxxxx. The Lessor should contact [name of State agency contact person] for information about rent deductions. The Lease (as amended) represents the entire agreement between the parties as to the Leased premises.

Sincerely,
Terri L. Fitzpatrick
Director, Real Estate Division

XXX:xxx cc: Department contact person

SAMPLE GROSS LEASE

Enclosure "E" to Lease #**11364** by and between , as Lessor and the State of Michigan for the Department of **Energy, Labor and Economic Growth.**

SAMPLE NONDISTURBANCE AGREEMENT

This Agreement between , hereinafter called "Mortgagee," the State of Michigan by the Department of Management and Budget for the Department of , hereinafter called "Lessee," and , hereinafter called "Lessor," which terms "Lessor," "Lessee," and "Mortgagee" shall include the successors and assigns of the respective parties.

THE FOLLOWING is a recital of facts underlying this Agreement:

By State Lease #*****, [as amended], which is by reference made a part of this Agreement (hereinafter the Lease), Lessor in consideration of the rents reserved therein, and of the terms, covenants, conditions, and agreements set forth in the Lease, has demised and let to Lessee, and Lessee has leased from Lessor, certain premises described in Lease paragraphs 2.1 and 2.2, located in _____, for an original term extending until (date), and for any exercised extensions.

Mortgagee is the holder of a mortgage made by (name of Lessor), dated _____ which mortgage covers the real property described in Lease paragraphs 2.1 and 2.2 and buildings thereon, and other property, rights, franchises and privileges more particularly described in the Mortgage (which collectively are herein called the "Mortgaged Property").

Lessor is the owner and holder of title to the Mortgaged Property.

Mortgagee shall recognize Lessee's rights under the Lease in the event of a foreclosure of Mortgagee's lien.

The parties agree as follow:

So long as Lessee is not in default (beyond any period given Lessee to cure such default) in the payment of rent or additional rent, or the performance of any other terms, covenants, or conditions of the Lease, Lessee's possession under the Lease and Lessee's rights and privileges thereunder, or under any extensions or renewals thereof that may be affected in accordance with any option contained in the Lease, shall not be diminished or interfered with by Mortgagee. (The term "Mortgagee" shall include any purchaser at a foreclosure sale). Lessee's occupancy shall not be disturbed by Mortgagee during the term of this Lease or any extensions or renewals thereof.

As indicated in Lease Article X, when Mortgagee is substituted as the Lessee's Lessor, Mortgagee is subject to the obligation of the Lease including any amendments to the Lease. It is the intention of the parties hereto to incorporate the Lease into this Agreement by reference with the same force and effect as if set forth fully verbatim herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

Witnesses:

Lessee: State of Michigan

_____
1st witness:
Print name of witness

By:_____
(name typed)

Title:_____

_____
2nd witness:
Print name of witness

Date: _____

*State of Michigan, County of _____.
|
| Acknowledged before me this _____day of _____, 20_____, by _____
| the_____ of _____, State of Michigan.
* _____, Notary Public in the County of _____,
| Notary signature
* Acting in the County of _____, State of Michigan. My Commission expires:_____.

SAMPLE GROSS LEASE

Witnesses:

Lessor:_____
(name of Lessor)

_____
1st witness:
Print name of witness

By:_____
(name typed)

Title:_____

_____
2nd witness:
Print name of witness

Date: _____

*State of Michigan, County of _____.
*
* Acknowledged before me this _____day of _____, 20_____, by _____
| Name of Lessor
| the_____ of _____,
* .
* _____, Notary Public in the County of _____,
* Notary signature
* Acting in the County of _____, State of Michigan.
|
| My Commission expires:_____.

Witnesses:

Mortgagee:_____
(name of mortgagee)

_____
1st witness:
Print name of witness

By:_____
(name typed)

Title:_____

_____
2nd witness:
Print name of witness

Date: _____

*State of Michigan, County of _____.
*
* Acknowledged before me this _____ day of _____, 20_____, by _____
| Name of Mortgagee
| the_____ of _____,
*
* _____, Notary Public in the County of _____,
* Notary signature
* Acting in the County of _____, State of Michigan.
|
| My Commission expires:_____.