

COMMERCIAL LEASE AGREEMENT

DATED [DATE OF LEASE]

BETWEEN

[NAME OF LANDLORD]

AND

[TENANT]

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COMMERCIAL LEASE AGREEMENT (NORTH DAKOTA)

THIS AGREEMENT made effective as of the ____ day of _____, _____.

BETWEEN:

[NAME OF LANDLORD]
[address]
(the "Landlord")

OF THE FIRST PART

- and -

[NAME OF TENANT]
[address]
(the "Tenant")

OF THE SECOND PART

IN CONSIDERATION of the mutual promises and at the rental and upon the covenants, conditions and provisions herein set forth, contained and other good and valuable consideration, Landlord leases to Tenant and Tenant leases from Landlord, the real property described in the attached Schedule "A", which Schedule "A" is incorporated herein by this reference, together with all improvements now or hereafter located thereon and all appurtenances and privileges related thereto, all of which area is hereinafter referred to as the "Premises."

1. Initial Term and Renewals

- (a) Landlord hereby leases the Leased Premises to Tenant, and Tenant hereby leases the same from Landlord, for an "Initial Term" beginning on [commencement date] and ending on [expiry date]. Landlord shall use its best efforts to give Tenant possession as nearly as possible at the beginning of the Lease term. If Landlord is unable to provide Tenant with possession of the Leased Premises in a timely fashion, rent shall abate for the period of delay. Tenant shall make no other claim against Landlord for any such delay.
- (b) Tenant shall have the option to renew the Lease for an additional period of ____ year(s) ("Renewal Term"). Tenant shall exercise such renewal option, if at all, by giving written notice to Landlord not less than ninety (90) days prior to the expiration of the Initial Term. The Renewal Term shall be at the rental set forth below and otherwise upon the same covenants, conditions and provisions as provided in this Lease.

2. Rent

- (a) Tenant shall pay to Landlord during the Initial Term rental of [AMOUNT OF ANNUAL RENT IN WORDS] DOLLARS (\$#####.##) per year, payable in installments of [amount of monthly rental payment in words] Dollars (\$###.##) per month. Each installment payment shall be due in advance on the first (1st) day of each calendar month during the lease term to Landlord at [Landlord's Designated Payment Address] or at such other place designated by written notice from Landlord to Tenant. Tenant shall pay the first and last month's rent to Landlord at the time of the parties' execution of this Lease. If the lease term commences on a day other than the first day of a calendar month, the first month's rent shall be adjusted accordingly. Tenant shall also pay to Landlord a "Security Deposit" in the amount of [amount of security deposit in words] Dollars (\$###.##).
- (b) The rental for any renewal lease term, if created as permitted under this Lease, shall be [AMOUNT OF RENEWAL TERM RENT IN WORDS] DOLLARS (\$#####.##) per year payable in installments of [amount of monthly rental payment for renewal term in words] Dollars (\$###.##) per month.

3. Use of Premises

Tenant's use of the Leased Premises shall be in a lawful, careful, safe, and proper manner, and Tenant shall carefully preserve, protect, control and guard the same from damage. Tenant shall not use the parking area or the ingress and egress area of the Premises in an unreasonable manner so as to interfere with the normal flow of traffic or the use of such areas by occupants of properties adjacent to the Leased Premises. Tenant shall not use the Leased Premises for the purposes of storing, manufacturing or selling any explosives, flammables or other inherently dangerous substance, chemical, thing or device.

4. Sublease and Assignment

Tenant shall have the right without Landlord's consent, to assign this Lease to a corporation with which Tenant may merge or consolidate, to any subsidiary of Tenant, to any corporation under common control with Tenant, or to a purchaser of substantially all of Tenant's assets. Except as set forth above, Tenant shall not sublease all or any part of the Leased Premises, or assign this Lease in whole or in part without Landlord's consent, such consent not to be unreasonably withheld or delayed. Provided, however, that no assignment of this Lease, whether by act of Tenant or by operation of law, and no sublease of the Leased Premises, or any part thereof, by or from Tenant, shall relieve or release Tenant from any of its obligations hereunder.

5. Maintenance and Repairs

[if Landlord is responsible for mechanical systems and roof: During the Lease term, Tenant shall make, at Tenant's expense, all necessary repairs to the Leased Premises. Repairs shall include such items as routine repairs of floors, walls, ceilings, and other parts of the Leased Premises damaged or worn through normal occupancy, except for major mechanical systems or the roof, subject to the obligations of the parties otherwise set forth in this Lease.] **OR**

[if Tenant is responsible for all repairs and maintenance: Subject to the provisions of Section 14, relating to destruction of or damage to the Leased Premises, and Section 17, relating to condemnation of the Leased Premises, Tenant shall, at its sole cost and expense, keep and maintain the Leased Premises, including without limitation, the roof, exterior, foundation, structural and operational parts (cooling, heating, air conditioning, plumbing equipment and fixtures), paving and landscaping, snow and ice removal, interior maintenance (floors, doors, toilets, light replacement, etc.), and all other elements or systems of the Leased Premises, in a condition and repair similar to its original condition and repair, reasonable wear and tear excepted. Replacement and repair parts, materials, and equipment used by Tenant to fulfill its obligations hereunder shall be of a quality equivalent to those initially installed within the Leased Premises. All repair and maintenance work shall be done in accordance with the then existing federal, state, and local laws, regulations and ordinances pertaining thereto. Except as otherwise provided in Sections 14 and 17, Landlord shall have no obligation whatsoever with respect to the maintenance and repair of the Leased Premises.]

6. Alterations and Improvements

Tenant shall have the right to make, at no expense to Landlord, improvements, alterations, or additions (hereinafter collectively referred to as "Alteration") to the Leased Premises, whether structural or nonstructural, interior or exterior, provided that:

- (a) no Alteration shall be made without the prior written consent of Landlord, which consent shall not be unreasonably withheld;
- (b) no Alteration shall reduce or otherwise impair the value of the Leased Premises;
- (c) no Alteration shall be commenced until Tenant has first obtained and paid for all required permits and authorizations of all governmental authorities having jurisdiction with respect to such Alteration;
- (d) any Alteration shall be made in a good workmanlike manner and in compliance with all laws, ordinances, regulations, codes, and permits;
- (e) Tenant shall hold Landlord harmless from and against any liens and claims for work, labor, or materials supplied to the Leased Premises at the direction of Tenant, and in the event that any such liens or claims shall be filed for work, labor or materials supplied to the Leased Premises at the direction of Tenant, Tenant shall, at Landlord's option, either escrow an amount equal to the amount of the lien or claim being filed, or obtain a bond for the protection of Landlord in an amount not less than the amount of the lien or claim being filed; and
- (f) any Alteration shall become and remain the property of Landlord unless Landlord otherwise agrees in writing.

7. Taxes

[if Landlord is to pay property taxes: Landlord shall pay, prior to delinquency, all general real estate taxes and installments of special assessments coming due during the Lease term on the Leased Premises, and all personal property taxes with respect to Landlord's personal property, if any, on the Leased Premises. Tenant shall be responsible for paying all personal property taxes with respect to Tenant's personal property at the Leased Premises.] **OR**

- (a) Tenant shall pay *[if Tenant is to pay property taxes:* all real estate taxes and assessments becoming due and payable with respect to the Leased Premises during the Initial Term and any Renewal Term, and] all taxes or other charges imposed during the Initial Term and any Renewal Term with respect to any business conducted on the Leased Premises by Tenant or any personal property used by Tenant in connection therewith. Taxes, assessments or other charges which Tenant is obligated to pay or cause to be paid hereunder and which relate to any fraction of a tax year at the commencement or termination of this Lease shall be prorated based upon the ratio that the number of days in such fractional tax year bears to 365.
- (b) Tenant shall have the right to contest, object, or oppose the legality or validity of any tax, assessment, or charge, provided that prompt notice of such contest, objection, or opposition be given to Landlord, and provided further that Tenant promptly thereafter set aside in a separate escrow account funds equal to the amount of the taxes, assessments, or charges being contested, objected, or opposed by Tenant. Tenant agrees to hold Landlord harmless from and to fully pay and discharge the amounts finally determined to be due following the exercise of such right to contest, object or oppose, together with any penalties, fines, interests, costs, or expenses that may accrue, or have accrued, thereon and Tenant shall apply the funds to set aside under this Section 7 or fully discharge its obligations hereunder.

- (c) If at any time during the Initial Term and any Renewal Term hereunder, the method of taxation prevailing at the commencement of the lease term shall be altered so as to cause the whole or any part of the taxes, assessments, or charges now or hereafter levied, assessed or imposed on real estate and improvement thereon to be levied, assessed or imposed wholly or partially as a capital levy, or otherwise, on the rents received therefrom, Tenant shall pay and discharge the same with respect to the rents due hereunder.

8. Insurance

- (a) If the Leased Premises or any other part of the Building is damaged by fire or other casualty resulting from any act or negligence of Tenant or any of Tenant's agents, employees or invitees, rent shall not be diminished or abated while such damages are under repair, and Tenant shall be responsible for the costs of repair not covered by insurance.
- (b) At its sole cost and expense, Tenant shall obtain and thereafter maintain in full force and effect, at all times during the lease term and any extension thereof, the following insurance with respect to the Leased Premises:
- (i) comprehensive public liability insurance having limits of not less than \$500,000 for bodily injury or death to one person, \$500,00 for bodily injuries or death arising out of one occurrence, and \$200,000 for property damage;
 - (ii) fire and extended coverage insurance in an amount equal to at least eighty-five (85%) percent of the current replacement value of the Leased Premises, which replacement value shall be redetermined by Landlord at the beginning of each year of the Initial Term and any Renewal Term. Landlord shall, upon each such redetermination, give written notice to Tenant of such redetermined replacement value. If Tenant fails to object to such redetermined replacement value within twenty-one (21) days after its receipt of written notice thereof, such value shall be deemed acceptable to Tenant. If Tenant does object to such redetermined replacement value, the replacement value of the Leased Premises shall then be determined by an appraisal by a third party selected by Landlord and approved by Tenant. Such third party's determination of the replacement value of the Leased Premises shall be conclusive and binding upon Landlord and Tenant. The cost of any such appraisal shall be borne equally by Landlord and Tenant. If the replacement value of the Leased Premises determined by such an appraisal is higher than the then existing limits of fire and extended insurance coverage, Tenant shall, at its sole cost and expense, promptly cause such insurance limits to be increased to the new replacement value of the Leased Premises. The fire and extended coverage insurance policy shall specifically provide that Landlord and any mortgagee or lessor of Landlord are additional insureds and that all payments shall be made as their interests appear.
- (c) Each insurance policy furnished under this Section 8 shall be issued by a responsible insurance company acceptable to Landlord, and such insurance coverage may be written under a blanket policy or policies obtained by Tenant, which policy or policies may include other real estate owned or leased by Tenant. Landlord, Tenant and any mortgagee or lessor of Landlord shall all be named as insured parties in each such insurance policy, and each policy shall provide for written notice to Landlord and to any mortgagee or lessor of Landlord at least ten (10) days prior to any cancellation, modification, or lapse thereof. Tenant shall furnish Landlord with memorandum copies of such insurance policies prior to the commencement of the lease term.
- (d) Tenant shall indemnify Landlord for, defend Landlord against, and save Landlord harmless from any liability, loss, cost, injury, damage, or other expense that may occur or be claimed by or with respect to any person or property on or about the Leased Premises resulting from the use, misuse, occupancy, possession, or unoccupancy of the Leased Premises by Tenant, its agents, employees, licensees, invitees or guests. Except where any loss, cost, injury or damage is the result of Landlord's sole fault or negligence, Landlord shall not have any liability for any loss, cost, injury or damage to the Leased Premises, to Tenant or Tenant's employees, agents, licensees, invitees or guests or to any property of such persons. Except as set forth in the Section 8, Landlord shall not be responsible or liable for loss or damage to the contents of any improvements on the Leased Premises, regardless of who owns the contents and regardless of how or by whom the loss or damage is caused.

9. Utilities

Tenant shall pay all charges for water, sewer, gas, electricity, telephone and other services and utilities used by Tenant on the Leased Premises during the term of this Lease unless otherwise expressly agreed in writing by Landlord. In the event that any utility or service provided to the Leased Premises is not separately metered, Landlord shall pay the amount due and separately invoice Tenant for Tenant's pro rata share of the charges. Tenant shall pay such amounts within fifteen (15) days of invoice. Tenant acknowledges that the Leased Premises are designed to provide standard office use electrical facilities and standard office lighting. Tenant shall not use any equipment or devices that utilizes excessive electrical energy or which may, in Landlord's reasonable opinion, overload the wiring or interfere with electrical services to other tenants.

Landlord does not warrant that any of the utility services above-mentioned will be free from interruptions caused by war, insurrection, civil commotion, riots, acts of God or the enemy, governmental action, lockouts, picketing (whether legal or illegal), accidents, inability of Landlord to obtain fuel or supplies, or any other cause or causes beyond the reasonable control of Landlord. Any such interruption