



# Understanding Your USPS Lease

Karen Delamore

# Lease Page 1

- ▶ General Information
  - Facility and Lease Identification
  - Identification of the Landlord and Tenant
  - Transferability of the Lease
- ▶ Paragraph 1 – Lease Areas
  - Inclusion of General Conditions, Riders, Etc.
  - Brief description of facility (single or joint-use)
  - USPS leased premises areas
- ▶ Paragraph 2 – Type of lease and lease term
- ▶ Paragraph 3 – Rent
  - Paid at the END of the month
  - Payee is the Landlord or Landlord's designee as authorized in writing

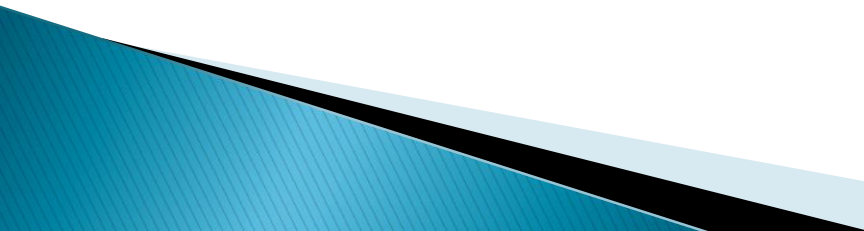
# Lease Page 2

- ▶ Paragraph 4 – Renewal Option(s)
  - Will print when applicable
  - Number of years, annual rent and notice period
- ▶ Paragraph 5 – Termination Rights
  - None
  - Number of Days
  - Number or Days for Renewal Options ONLY
- ▶ Paragraph 6 – Other Provisions
  - Inclusion of Riders, Mortgagee’s Agreement Etc.
  - Limited space other provisions
- ▶ Paragraph 7 – Legal Description

# Lease Addendum

- ▶ Additional Paragraphs added to a specific lease for terms not shown on pages 1 or 2 of the lease.

# Lease Signature Page

- ▶ Landlord Type
    - Owner (single, married , joint tenants & tenants in common)
    - Partnership (general and limited)
    - Corporation
    - LLC (limited liability corporation)
    - Governmental Entity
  - ▶ Landlord is or is not a postal employee
  - ▶ Required landlord documentation
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# General Conditions to USPS Lease

- ▶ 1. Choice of Law (Federal)
- ▶ 2. Recording (may or may not be required)
- ▶ 3. Mortgagee's Agreement
- ▶ 4. Assignments
  - Binding Agreement to Landlord, heirs, assignees
  - Claims
  - Transfer of Title (Certificate of Transfer of Title to Leased Property and Lease Assignment and Assumption)
- ▶ 5. Applicable Codes and Ordinances

- ▶ 6. Sublease
- ▶ 7. Restoration and Alterations
  - Landlord restoration rights notice requirements
  - USPS responsibilities when terminating lease
  - USPS has the right to make alterations
- ▶ 8. Claims and Disputes
- ▶ 9. Hazardous/Toxic Conditions Clause
  - Landlord warranty and responsibilities
  - GC-3 Landlord Certifications for new space
- ▶ 10. Facilities Nondiscrimination

- ▶ 11. Clauses Required to Implement Policies, Statutes, or Executive Orders
  - Clause 1–5, Gratuities or Gifts
  - Clause 1–6, Contingent Fees
  - Clause 9–3, Davis–Bacon Act
  - Clause 9–7, Equal Opportunity
  - Clause 9–13, Affirmative Action for Handicap Workers
  - Clause 9–14, Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era
  - Clause B–25, Advertising of Contract Awards



# MAINTENANCE RIDERS

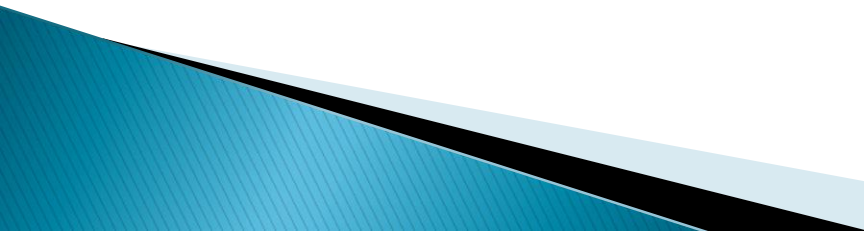
## ▶ Types

- Landlord Responsibility (most common)
- USPS Responsibility (Partial) (newer facilities)
- USPS Responsibility (Partial) First Time (rare)

## ▶ Landlord Responsibility

- 1. Landlord has full responsibility for repairs and replacement of landlord demised premises.
- 2. Landlord has responsibility for termites etc.
- 3. Landlord has 5 year painting requirement.
- 4. Landlord has Heating & Pressure Vessel requirements.

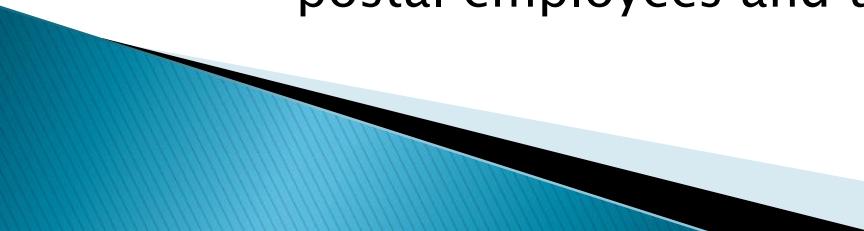
# Landlord Maintenance (continued)

- ▶ 5. Landlord has Elevators, escalators & dumbwaiter requirements if applicable.
  - ▶ 6. Landlord has air conditioning responsibilities.
  - ▶ 7. Landlord has electrical and power system responsibilities.
  - ▶ 8. USPS has responsibility for USPS security equipment.
  - ▶ 9. Landlord has responsibility for water and sewer systems.
  - ▶ 10. Damage or destruction and USPS rights to enforce landlord maintenance.
  - ▶ 11. Landlord must comply with OSHA, safety, code, regulations, and use proper precautions for laborers, other workmen, postal employees and the public. Safety wording to be included in Landlord contracts and for subcontractors.
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# USPS Responsibility (Partial)

- ▶ 1. General maintenance responsibility
- ▶ 2. Definition of demised premises
- ▶ 3. Landlord maintenance responsibilities (or exclusions for USPS responsibilities)
  - Common and joint-use areas
  - Structural elements
  - Roof system
  - Termites and other wood eating insect damage
  - Defects in building construction or installation of equipment
  - Damage from fire or other casualties

# USPS Responsibility (Partial) continued

- Items of repair performed by the Postal Service due to the failure of elements that are landlord responsibility
  - Any water system or sewer system (USPS responsible for necessary plumbing and cleaning of the sewer system)
  - ▶ 4. Damage or destruction of facility and USPS rights to cure
  - ▶ 5. Other responsibilities
    - Compliance with OSHA standards and Occupational Safety and Health Act
    - Compliance with other applicable federal, state, and local regulations
    - Other proper health and safety precautions for workers, postal employees and the public
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# Tax Riders

## ▶ Types

- None (Landlord pays real estate taxes with compensation in rent)
- Reimbursement of Paid Taxes
- Percentage Reimbursement of Paid Taxes

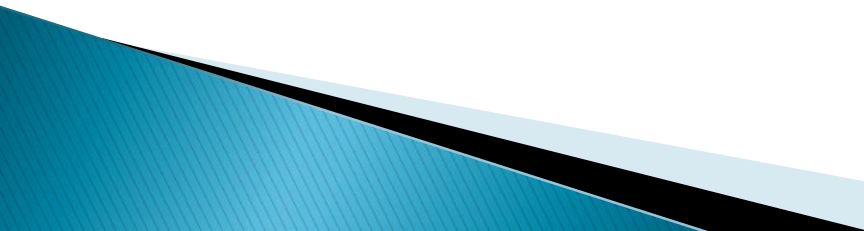
## ▶ Reimbursement of Paid Taxes

- a. Definitions: Ad Valorem, Property Tax Rate and Real Property Taxes
- b. Landlord requirement to all taxes of any kind including Real Property Taxes

# Reimbursement of Paid Taxes (continued)

- c. Postal Service conditions to reimburse paid Real Property Taxes
  - 1. Landlord to submit for reimbursement one time per year
  - 2. No USPS reimbursement for fines, penalties or interest for late payment
  - 3. Reimbursement will be made on paid real property taxes ONLY
  - 4. Reimbursement will be made for taxes only during the term of the lease
  - 5. Tax bill as issued by the taxing authority must pertain to the demised premises ONLY and to no other real property
  - 6. Landlord to provide a complete copy of the tax bill, proof of payment
  - 7. Incomplete or improper requests for reimbursement will be returned to Landlord without payment
  - 8. Landlord agrees to submit request for reimbursement within 18 months after the close of the tax year.

# Reimbursement of Paid Taxes (continued)

- ▶ d. Landlord to furnish Postal Service copies of all notices that may affect valuation and Real Property Taxes, penalty for not submitting said notices and where to send notices
  - ▶ e. Postal Service right to appeal Real Property valuation
  - ▶ f. Landlord responsibility to notify Postal Service of landlord's appeal or other action taken to adjust real property valuation
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# Reimbursement of Paid Taxes (continued)

- g. Postal Service is entitled to the benefits of all tax exemptions or abatements authorized by law.
- h. No waiver or deprive the Postal Service of any rights, privileges or immunities it enjoys under the law



# Percentage Reimbursement of Paid Taxes

- Used for multi-tenant (joint-use space)
- Includes the conditions of the Reimbursement of Paid Taxes Rider
- Adds percentage of occupancy requirements
  - Calculation for USPS percentage of occupancy
    - USPS area divided by facility area (must be net to net or gross to gross)
  - Any changes to the facility areas **MUST** be reported to USPS and percentage of occupancy recalculated

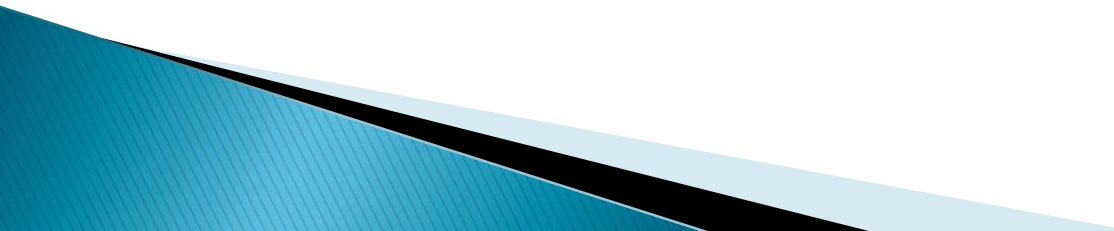
# UTILITIES, SERVICES AND EQUIPMENT RIDER

- ▶ This rider works in conjunction with the applicable Maintenance Rider
  
- ▶ All charges for utilities **MUST** be separately metered for USPS demised premises **ONLY**
  - 1. Heating includes heating equipment and who pays for heating.
  - 2. Air conditioning includes air conditioning equipment and who pays for power.
  - 3. Electricity includes electrical system and who pays for power.

# UTILITIES, SERVICES AND EQUIPMENT RIDER (continued)

- 4. Light includes light fixtures and USPS to replace light bulbs.
- 5. Water includes having potable water system and who pays for water. (Landlord pays for private system)
- 6. Sewer includes a sewerage disposal system and who pays for related cost. (Landlord pays for private system EXCEPT for cleaning cost)
- 7. Trash includes who provides and pays for trash removal.
- 8. Snow includes who furnishes and pays for snow removal. (Landlord always required to furnish and pay for roof snow removal, if needed)

# Mortgagee's Agreement

- ▶ Identifies the facility and lease agreement
  - ▶ Form to be completed by the Landlord's lender
  - ▶ If no mortgage, Landlord to write "No Mortgage" on the form
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# Other Riders and Exhibits Used as needed

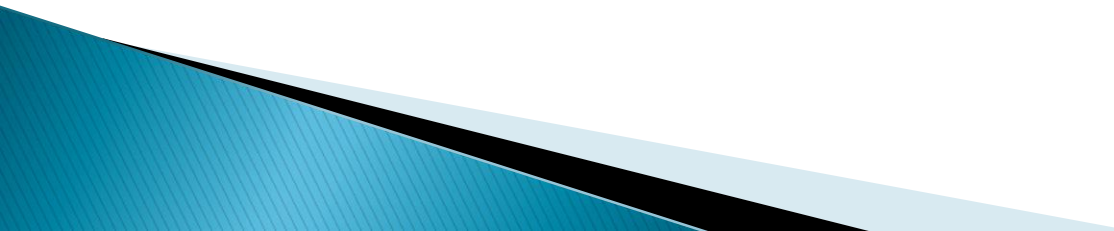
## ▶ RIDERS

- Renewal Option Fair Market Value Rider
- Underground Storage Tank Riders
- Common Area Maintenance Rider
- Construction Rider
- Purchase Option Riders
  - Fixed Price Option
  - Fair Market Value Option
  - Right of First Refusal

## ▶ EXHIBITS

- Legal Description (long)
- Site Utilization Drawing
- Floor Plan
- Building Rules

# Lease Amendments

- Generic (used for corrections or changes)
  - Lease Extension
  - Landlord Design
  - Landlord Improvements
  - Modification to Construction Rider
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# Hourly Rate Available:

- Current lease/summaries
  - Lease comparison analysis
  - Income and expense reports
  - Internet research for local real estate trends and vacancy
  - Lease maintenance responsibility
  - Due diligence coordination
  - Feasibility studies
  - Training seminars
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