

Commercial Lease Checklist

What business owners must review before signing — Ament Law Group, P.C.

Commercial leases are almost always written by the landlord's attorney — in the landlord's favor. Unlike residential leases, there is very little legal protection for commercial tenants in Pennsylvania. Everything is negotiable. Most tenants do not negotiate because they do not know what to ask for.

The most important thing: Commercial leases routinely contain personal guarantee clauses that make you personally liable for the entire remaining lease term if the business fails. Have every commercial lease reviewed by an attorney before signing.

Rent Structure

- Gross lease, net lease, or modified gross?
Net leases pass property taxes, insurance, and/or maintenance costs to the tenant on top of base rent
- Triple net (NNN) — responsible for taxes, insurance, AND maintenance?**
NNN leases can add 25–40% to your effective monthly cost
- CAM charges — what is included and how calculated?**
Request a cap on annual CAM increases
- Base rent escalation — fixed %, CPI, or market rate? How often?**
- Free rent period during build-out?

Lease Term & Options

- Initial lease term and expiration date
- Renewal options — how many, for how long, at what rent?**
"Market rate" renewal gives you nothing — pre-set rent or a formula is the only real protection
- Renewal notice deadline — typically 90–180 days before expiration
Missing this window is one of the most common and costly commercial lease mistakes
- Right of first refusal if landlord wants to sell**
- Early termination right — conditions and cost?**

The Space

- Rentable vs. usable square footage — what is the load factor?**
You may be paying rent on 15–20% more space than you can actually use
- Permitted use clause — is your exact business use permitted?**
A narrow clause prevents you from expanding or changing your business model mid-lease
- Exclusivity — can landlord lease adjacent space to a direct competitor?**
- Signage rights — exterior signage permitted? Who pays?
- Parking — how many spaces, where, at what cost?

Build-Out & Improvements

Tenant improvement allowance — how much will landlord contribute?

Who owns improvements at end of lease?

Landlords often require removal and restoration — budget for this cost

Delivery condition — shell, warm shell, or turn-key?

Assignment & Subletting

Can you assign the lease if you sell the business?

A non-assignable lease can make your business nearly impossible to sell

Can you sublet? Under what conditions?

Does assignment release you from personal guarantee?

Many leases allow assignment but keep the original tenant liable — negotiate a release

Personal Guarantee

Personal Guarantee: If your business closes, you still owe rent for the remaining term. On a 5-year lease at \$4,000/month with 3 years left, that is \$144,000 of personal liability.

Is a personal guarantee required?

"Good guy" clause — limits guarantee if you give proper notice and vacate

One of the most valuable protections you can negotiate in a commercial lease

Can guarantee be limited in amount or term rather than unlimited?

Bottom line: A commercial lease review typically takes 1–2 hours. Call (724) 733-3500 or visit ament.law before you sign.