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Hi, I'm Roy weinfeld. In today's topic, bankruptcy implications in real estate is going to be huge not only starting next quarter, but foreseeable for the foreseeable few years. You have started to see certain bankruptcies filed by a lot of retail establishments and have read about those. You're going to see more on real estate, as certain bailouts, certain realities of the moratorium of tenants not paying or not able to occupy a lot of real estate space, whether it be retail, office, industrial, certainly a residential with the foreclosures that will eventually happen. So it's if it's not your area of concentration, this overview will give you an idea of a roadmap on what you through perhaps retain counsel for these occasions need to do when your evictions and foreclosures hit a bankruptcy suggestion that would be filed in the state court proceedings. Let me tell you a bit about myself. I'm a native miamian. I've been practicing law for 25 years in Florida. I'm AV rated Martindale Hubbell, which is the highest and professional excellence and take pride in having this concentration of creditors rights collections litigation, which includes evictions and foreclosures as to real property. I also do reflow ovens which have to do personal properties such as 18 wheelers, and other types of vehicles and equipment. And even though we're just dealing with real estate today, it's analogous to what you may have to do when you're dealing with personal property that the replevin action in state court has hit a suggestion of bankruptcy. So let's first start on the eviction front eviction is a big area that we've had quite a bit of discussion about. It's, in fact, last yesterday, Texas, a federal judge entered in order that the moratorium currently on residential evictions that expires March 31, is unconstitutional. But the important part of that decision, which will be appealed, is there's a movement that's finally coming to a head as to the constitutionality. And at some point in time, the landlords who have endured great pain and losses, because tenants have been remaining in residential and in some jurisdictions, commercial space for an ordinate amount of time, haven't been able to get them out to release the space or just have the space out paying all the hard costs the landlord that is on taxes, that service insurance, maintenance. And so it's really important that you be prepared or have the right counsel to do so.

So you think your first got your final judgment of eviction? Great. Perhaps you had to do it on a different cause of action than non payment of rent such as termination of lease on a seven day notice. In order to

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use the exception that's provided in the CDC rules or our law, actually, we should say, Center of Disease Control. So you're going to face in both commercial and residential settings, a bankruptcy filing and the bankruptcy filing stops. Whatever happens during the course of the state court eviction proceedings, the judgment from being executed. After a judgment there's the writ of possession which is civil, Sherif. This is to execute. So it's one thing to have that judgment but that judgment is not a value until you're able to have the civil Sheriff meet. Meet your agent and locksmith and take control of the premises, whether it be the commercial space For the residential space. So what happens? And either context? Well, in a commercial context, you, you need to get to the bankruptcy court to get back to the state court to finish up the either the getting the final judgment or executing the final judgment. So what I've done and always have done is file an expedited, not an emergency, but an expedited motion for stay really, as requesting the judge there because of the basis of the bankruptcy and the harm that in a strong affidavit of your client as to the loss of rental income, and the overwhelming costs that he or she or its entity has had to pay throughout this time. And that affidavit would be incorporated into your expedited motion for state relief. What's really important when you file it on such a basis, now it gets teed up for hearing is that if successful if the basis of the bankruptcy was not in good faith, or was done solely to stop the eviction proceedings, certainly cite that intent by the debtor in possession of the real property, but also the harm that it's causing the landlord. And that's really critical in that motion. So the more specific, the more detailed you can, you can attest to taxes that serve as harm to the landlord will help that motion. But if successful, I said you need an order, but just not any order saying, okay, the bankruptcy stay. that's currently in effect, as to Mr. And Mrs. Jones, or ABC Inc. is lifted. And you may proceed into state court, well, you don't want to necessarily say that you're entitled to go to state court and recover your property. You want a clear and convincing order, which will not only describe the property, but say you're entitled, maybe the bankruptcy could continue to what we call interim relief as to the real property, and a very specific description, and also very specific, or that precludes and we'll go over one later that precludes Hey, let the debtor Mr. Mrs. Jones, for ABC Inc. From if the if this six cases dismissed from ever coming back through to bankruptcy court to get relief to stop you again or your client, again, from finishing up the bank, excuse me the eviction proceedings. So it's really important to have a very detailed order that protects your client from having to fight the tenant again in bankruptcy court. So if they're there, we use a term called bad faith quite a bit in law. And as mentioned to you, it may be something in addition to the harm to the landlord the indebtedness.

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Perhaps there could be other issues regarding Yeah, violations, municipal violations, too. But that faith is there's quite a bit of subject matters. And it's always particular and that's why you need to know your particular case and your client has to understand was it filed solely for this purpose? Or the schedules that the debtor had filed as to assets and liabilities? Are they such that in no way, shape or form? Are they entitled to a chapter seven liquidation relief for a chapter 11 reorganization and will ever be able to reorganize in order to pay the landlord because the landlord has a different posture than a traditional creditor. I mean, the landlord is a creditor And that if a, say a reorganization and under an 11, or would would go through that the landlord is treated differently. So the landlord has a preferred status. That's why you need to tee it up quickly, that's court will. If not immediately grant a strong motion, we'll set it for an evidentiary hearing. And similar to when state court you have is a motion to determine rent, which I call a put up or shut up order, you'll have a determination as to the ability for the debtor to pay rent, no discounts going forward, and a plan in which the debtor has to not only put up that money, but incorporate the arrearages or the past friend, that has been do pre bankruptcy. So it's, it's really a unique position landlord has in bankruptcy court. And so the sooner you file, the sooner you you get in front of the judge, at least for a preliminary hearing, unless, because sometimes it hasn't completely been filed. And certainly if it hasn't completely been filed, a judge may give it an opportunity. One judge in the Southern District of Florida doesn't want to hear a motion for stay relief, generally until after the meeting of creditors, so you have to be wary of each particular judge. My recollection is, as things have changed, as Judge Laurel isakov wants a meeting of creditors before hearing a motion for sterols, whether or not there might be an expedited motion granted to be heard, to depend upon the strength of your motion, and the reality of the economic times and Miami division of the Southern District of Florida. Let me move and show and show you an example of a motion that I filed. In a particular case, I call it the Freddy Krueger case. But his name is Jorge Krueger. And this is you can see that I am very specific in the title. And I cite and and and everyone in bankruptcy court. That's why if you don't live and breathe bankruptcy law, get up on how it pertains to leases and administrative expenses, and assumer rejecting leases. So, it's because what you're going to have is citing certain, you know, certain parts of the bankruptcy code left and right. And that's what's going to happen to know that.

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So, I always put whatever section that it pertains to in the title. And then the expedited hearing your request, you see the box that helps you know, kind of the highlighted terms front and center to show the grounds and which expedited relief should be given rather than say in your prayer for to leave for wherefore cause some people say so, front and center is the box that I had created there as to the issues the harm to the landlord. And they the better is actually the principle of a commercial property and the civil sheriff, how close he she it was to executing the rip and that and the breach of the lease and how long they have been past due and actually in the affidavit to

go into a numerous bounced checks. So based upon this motion was clear and debtors council did not want to fight it because they thought like it's the 13th on a personal basis could could possibly be confirmed as to Mr. Kruger's reorganization, but they knew that if there are they if they went in front of their counsel and the debtor when in front of the judge saw that he was using a tool to stop the eviction, and not in good faith trying to reorganize, reorganize his personal debts, then the judge would remember the case, the judge would certainly read grant the request. And then when it times comes for confirmation of a chapter 13 reorganization plan, in this matter, there's counsel that are would be in a really bad position, trying to show that they've come to confirmation. And there's also the US trustee in good faith to put forth a chapter 13 plan, which will obey when he's ratcheting this commercial lease into a personal chapter 13 reorganize that reorganization plan. Now, it's really important to know

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and,

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and to know that you want the foreclosure are going to happen. And you're going to see a lot of them both a tremendous amount of for commercial foreclosures. And that will be also the residential foreclosures, those will lead to, in many cases reorganization, which is the chapter 11 of business where the 13 for the consumer. And so if you have to go through that process, you have to not only pay the fee, but show there's a lack of adequate protection. What is adequate protection? Oh, it's kind of like what it's like kind of like what it sounds, it's like where is the debtor, and their finances is her there, its finances able to demonstrate the ability in which to provide the financial capacity to, to pay off the mortgage, and other debts that are involved. So in these particular cases, sometimes the schedules themselves will show the lack of adequate financial ability. Other times, you may have to take a we've got a 2000 for some rule 2000 for examination, which is a deposition, and request records, just show all the assets of the debtor, payroll history, payment history, would be for certainly tax returns, profit and loss statements, income statements, balance sheets, depends on if it's an individual or simmer. But certainly, bank statements are very easy. And many of these if they're not produced to the trustee for the meeting of creditors, which most of them demand to evaluate at that meeting. You certainly can explore that. Because most meeting of creditors tend to be brief, particularly in the consumer chapter 13 contexts you can spend, if you feel you need more fodder for when to take that deposition, and get all those documents and and try to demonstrate a record show the court that in no way shape or form can this debtor survive. And it's better to focus on just a relief on the property rather than a dismissal of the entire bankruptcy, which is a more complicated attack, as well as a higher standard. And all you care about is representing the bank or a private lender is getting the property out of bankruptcy and back in foreclosure proceedings, at some point, it

might be, you know, resetting the sale. And once again, a very all encompassing order is necessary. You want interim protection, you want protection against possible relatives, or other names of entities that could be related. So for instance, if it were a Mr. or Mrs. Jones, you'd want any and all relatives, sisters brothers, that you could name successors assigns or would be precluded from getting in right Protection again in the bankruptcy court, and a court case of an ABC Inc. That particular filing would also be precluded. And that filing would be precluded. Because you're going to not let ABC Inc, which has, say the manager, let's just say it's for a Krueger

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have another entity that set up. That could be JK, we're true JK virgin, or a Kruger, Inc, or some other LLC or a corporation that was created. And then there perhaps is a move for a quitclaim deed to transfer the property, which is in a different name. And therefore, the in RAM relief is critical because it pertains to the property, not to all the separate entity that could file later thinking that because on the defense side of the V, of the foreclosure proceedings, the Joneses, the ABCs, the kruegers, the JK inks are not necessarily there doesn't mean that the bankruptcy court will allow them to come back in, because the style of that case, the defendant that that case, has now changed names and and really offend will offend any court to have deeded it to another name and come in to the bankruptcy court for protection to try to avoid the foreclosure proceedings. And the same as for an eviction proceeding. Changing names shouldn't do anything. That's why the legal the real description is important. It also makes sure that any any other entities that could be related in any successors assigns agents employees are in that comprehensive order, when it comes time for the foreclosure. And of course, we're talking about process that takes a best case usually a foreclosure proceeding, Miami Dade County, maybe nine months or so. And there'll be various delay motions in state court and then bankruptcy when that state court judges, the attorney knows can't continue to, you know, to win an extension, or a sale date postpone. Or even when it goes live, like the eviction, let's take that as an analogy. The eviction of final judgment is great, but you need the writ of possession to be executed by the sheriff, and then you get your property and that foreclosure, you have to have a certificate of sale, and then a certificate of title. So theoretically prior to sale, after sale, once the title you give a title by the clerk is finally issued, then you're out in the woods, whether the title comes back to the lender, or the title goes to a third party bidder. But what's really important again, just like the writ of possession, you want to get that certificate of title to be done with these defendants borrowers tenants in the eviction process, so final actions are far from it when it comes to a judgment and expect delays and delays in state court proceedings. stake court between judgment and writs and, and state court proceedings between judgments and Certificate of title.

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So I'm resetting the foreclosure sale. You know, you'd want that done, certainly, very quickly. But it's important if you can, to have your bank the bankruptcy judge in that comprehensive order. Tried to urge in the state court judge, so not just reset it, but to reset it forthwith is a word of immediately. With no further delay, so that when it goes back to that foreclosure sale date that it will have it. And once again, it's important to reset it or have the clerk reset it. And do so in such a way. That in a quick note, because it reminds me of an interesting case that we may talk about as we move on to case studies. Case Study we we've we've almost of course is Mr. Krueger, Mr. Krueger, had it all by innovations. He's the he was the president of that company. And that company rent rented warehouse space. And so approver wasn't paying for quite a period of time. So when I sued, I had to sue both all by and Kruger because once again, it's not uncommon, you know, find strata save money and do it themselves and pull off a lease. And for some reason, instead of Krueger being a personal guarantor of the lease, he was named as a tenant. So in the complaint, if he's a tenant, I can't just name the corporate entity, if he's a co tenant, it was only proper because I always list all others in possession and commercial and residential, that I had the name of his attendant. So through various delays, his attorney brought in a judge that didn't move as quick as one would hope. I'm making decisions. Finally, I was, I would got to judgment. Miami Dade County, unlike other counties, you can pay the sheriff love in 95, nearly $500 and serve the traditional $115. And then you get expedited service, I told my client and I went down there personally. And I gave the sheriff the check. And they set it up for the next day. And I said soon as possible, because based upon the way he had manipulated the state court proceedings, not the attorney, not just the attorney, but the tenant in dealing with the by client with various bad checks and promises. I had a sense that he would reach for the bankruptcy card. And sure enough, the civil Sheriff was out there and, and and that and, and at the last minute, no matter how bogus it was, there was a filing done and the debtors council or Krueger alerted the judge, and she called the sheriff to stand down and they were there, right there with the locksmith with the agent for the landlord ready to do it. So that's an example in what I did make sure and I did have success with my expedited motion, but it's more fees and costs and loss of time for the client. But that's also an example is how drafting properly a commercial lease is so important to protect you. Certainly you can't contract out or have the the tenant contract out of of being able to file bankruptcy, you can put it in there but it's won't survive. But what's really important is to make sure you have the right names and the right relationships. So in a commercial setting, you want certainly this Mr. Krueger to be a personal guarantor, if anything that's certainly not defined as a tenant under the lease so when you go to state foot second case and re arm ventures LLC is an interesting case. It's not gonna I don't know how how much it will happen, because many of the South Beach clubs have given up but this particular time that in case it was 2016 there's a substantial amount of

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upstairs downstairs space. And the landlord like in this case, sometimes they know they're playing

with fire because it's very the restaurant business and the nightclub businesses is very, very tough to survive. And but if they get what they call key money, which is first Lesson security, which may be in this case might have been $100,000. And they're okay. And they're ready to deal with the headaches. Well, unfortunately, the headaches is that there's not as common challenges to running such a business is there's theft. There's, you know, high from from the high end champagne, and liquor bottles to a cash, very cash oriented business, to all kinds of people who present Well, for South Beach, but don't necessarily want people who present Well, they don't always have the same ethical vibrations if you're at or emphasizing on on the style over substance. So there's a lot of challenges in this particular case. Sure enough, there were all kinds of problems and all kinds of issues and running the place. And so here we were proceeding towards a final judgment and a Writ of Execution, excuse me a writ of possession. To execution could be it's the word assets left after a judgment, for monetary relief against the company, and the personal guarantor, but the writ of possession moving along and avoid the last part of the suggestion of bankruptcy was filed. And then I had to go over to bankruptcy court and get the state relief. In this chapter 11, there is an opportunity to, for the debtor, as I mentioned early to assumer, rejected, the landlord does have a strong position, but there is that opportunity. And what you'll find is that you want to get to that point in which you're going to have not just a preliminary hearing, but to the final hearing on the sole issue, which should come sooner than any other litigation and the chapter 11 of whether or not the debtor can and will pay up or shut up and go back to state court. And this particular case, now there was the testimony of the landlord there, where's the evidence of the bad financials of the debtor, though, is the evidence of the of the state court proceedings? based on the following it's the question was whether or not the tenant better would be able to pay all the amounts due and within five business days, and also how they better was going to be able to take care as a priority all the past you ran. And that had to be shown and demonstrated by the veteran debtors counsel. And they didn't show any of that and show of any, any ability to do that. So sure enough, we're gonna get there, we're gonna get our place back on our space, and bankruptcy, a lender once said, it's not as a creditor If you lose, it's how much you lose. But we weren't done yet. Because there's the US trustee. There are many, many creditors out there for this bad business venture. And as a result, there's personal property, there may be equipment leases, which you don't want to interfere with, or are with the trustee interfere with on certain, certain certain and it could be could be anything from

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equipment for, for sound in light of the nightclub, to certain kitchen necessities walking fridges, for instance. And so what was before we got our space back or the landlord got the space back, then the judge order first that the trustees shall get an appraisal see what it's worth their storage costs. The trustee gets paid first. And the administrative cost before any creditor First of all, and to go through it and see what's there, that doesn't have any equipment leases that doesn't have any liens that would affect it, and see if there's a way that was he in this case, there's bound trustees

as well, that will get an appraisal And see And see what can be done to try as a duty of the trustee is to sell off all the equipment. So we think, okay, we want we've, you know, in rent relief, we get the grant to go to state court. So fast, judge wants to protect all the other creditors, even if this chapter 11 is going to tank and fail and end up a seven and just liquidation others, there may be goods there, there may be jumped, but that step had to be taken. So as soon as practicable, practicable. The trustee did his job, in this case, to evaluate the property inside of the soon to be former tenant, and make sure that all creditors would be addressed if he could find a way to sell it. And do so. And in certain cases, use your your client the landlord's face, as a place to keep it as opposed to incurring additional costs for the court for the trustee, to have to move, Nana sound light audio visual kitchen equipment to another location that doesn't make sense for one install setup in there. So your client as landlord is essentially not getting rent is going to get its its its place back. But unfortunately, is also using it for the benefit of the trustee, as storage space strengthened by finally that process went through the trustee, disavow that interest in the property and the interim relief, and that specific order was given the property back to the landlord and own free at last. So in conclusion, both in evictions and foreclosure proceedings that are going to substantially increase as the bailouts and slow down the realities hit the workouts and and the moratorium on moratoriums, and that there's going to be an explosion in state court. And the first place of state court will be the likely place that you're going to need to fight to evict or foreclose, certainly you have to start this proceedings there. Sometimes the bankruptcies will be filed immediately, because there are other triggering mechanisms. But you need to be have a fine bankruptcy attorney with you, or go up and down the code at least as far as stay relief in the foreclosure and the eviction proceedings, we want to focus just on those two parts of the code.

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And find the ways and means to get the stay relief you need for your client and understand and always to start advising your client. Because of the pandemic, the economy has shifted in such a way nothing's predictable or necessarily salvageable. So those who want to try to salvage it will try to put roadblocks like during the last recession, and do so through filing bankruptcy to stop the eviction proceedings to stop the foreclosure proceedings. And it could happen at any time. And tell your client that a final judgment isn't the end. It's going to be the writ of possession being executed by the civil Sure. Or in the context of the the foreclosure proceedings until certificate title after sale. So there's various steps in though those post judgment processes in a foreclosure proceedings By the way, but when you want to win and finally back in state court, make sure That order that your bankruptcy judge drafted, which he or she will ask you to prepare, encompasses the property and and avoids any other names from coming in and protecting that property and rent relief. So thanks for the opportunity today to give you an overview of what's going to come and to start honing up on what's going to come. It's going to happen in safe court, and as a landlord, or a equipment leasing or bank, private lender, Attorney, these are going to happen and you need to prepare your client that there there is a very good kidney chance that you that we

prepare for bankruptcy, they're gonna say, how long does it take, meaning the eviction or the foreclosure? I said, Miami Dade County, you say at the minimum nine months for foreclosure and plenty eviction proceedings. I mean, you know, under traditional commercial circumstances, it could be a month to from or six weeks, till you get your property back the residential Of course, the Miami Dade County civil Sheriff is an executing writs of possession as to residential, and are just starting back up on the week of the eighth of March to execute writs of possession as to commercial. But you have to explain your clients that I can predict because there's the first stage of the state for the various hurdles that can exist in the state court to try to buy time, emotion, determine rents, and in for instance, in an eviction proceeding. And any type of attempt to run defenses to forestall until delay a foreclosure judgment and also the alternative, a motion to postpone sale. And then finally the suggestion of bankruptcy. So there's various stages that they need to prepare for. And unfortunately, a bigger budget than under normal circumstances. And these are far from it is hard to say whether or not this is the same recession as before, and how bad it's going to get. But a mentor said that where this country was before the shutdown is March 12, is in Miami Dade County, because that was when it was a state of emergency declared by the mayor as that the whole economy to get back to where it was booming and shaking and moving may take a decade for it to write itself. And there's only so much money that the government can print. But there will be very, whether we call it a recession. It's hard to there's certain economic terms that define it. But let's just say they're going to be tough times for a good few years. And it's just not. If it's gonna happen. It's just a matter of one. Thanks and have a great one. Be safe, most of all, I am really weinfeld. And today's topic is understanding the commercial letter of intent.

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I'll tell you a bit about myself. I am a lawyer. And I have been for 25 years AV rated which is the highest and professionalism and excellence considered by my peers, which is great to have had that distinguished rating by Martindale Hubbell through my peers. However, most of my practice has been in the area of creditors rights, commercial litigation, lease litigation. But there was a time and unfortunately feeling it back to a degree that when I was busy, I was focused on the law. But then I shifted gears and use my law relationships and did commercial lease transactions. And so back as an attorney, I only did I learned a great deal about the mark particularly of office leasing, market more than commercial sales, but also what would make me as a lawyer, if I were asked to draft a commercial office lease or a contract for sale of a building. What would be The best and what you want as an attorney, or if you're more of a on the broker side, but you want to present as a broker to make it as easy as possible. So as I mentioned, I have arrayed and was quite successful in my first two years, but you have to close them in order to keep going. And people kept asking me, you know, hey, do an eviction Can you knock this out and all those law relationships, it came, came back to a bit. And now I'm quite busy in the area, though, I still read and keep up on all the commercial transactions that go on that are of interest in South Florida, which is so real estate driven. And it's it's quite, was interesting. And learning costar, which is the

Westlaw for commercial real estate agent brokers, as well as understanding the prices and the changes and leasing market. And also, that experience in selling warehouse by the University of Miami medical school for 3.5 million area called allapattah, which is grown as many places have grown, re gentrification, or changes in many cities, not just Miami, throughout the country during the real estate boom, which is was ongoing through the march shutdown. And yet, I understand Miami to certain degrees is still moving and shaking, although a lot of the country is not. But there will be commercial transactions. There may be ones that come out of distressed litigation, in which those investors on the sidelines are waiting for prices to drop. So you will find yourself perhaps in the myths of real estate transactions, sale or a lease renewal or perhaps when someone wants to blend in extend or even reduce the size of square footage in the future is what we're what we've seen or understanding right now in the market. Less square footage, and less space but still desire in Miami to have an office presence, but not necessarily as much square footage as the past. So what is very important and my experience, and the way I was taught to drafts the lol or letter of intent was to describe the real property. Certainly, if it's for sale, it's important to give a very detailed description of the legal not just the physical address, not just 1047 Northwest Seventh Street, our but you really need to look and dig into the records. And I would also always like to put in both the folio number and folio that we have in Miami Dade County. As I mentioned their sales and leases the leases, it's going to be less important to describe what it is in the public records more so than say, the brick arch building 2400 square feet suite such and such of that building.

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The payment terms of course are critical. Usually a first last and security is important and they say the office lease arena or retail which has been in tougher shape. First, last and security and sales there's usually an initial deposit, and then there's a stronger second deposit through and then the due diligence period and then the payment price. If it's 3.5 million then you know the balance is due on a day certain after a due diligence of the property to see whether or not there's an any environmental issues or any other inspection issues that may arise before. The buyer as we say going hard. financials are very important to understand. If you have a solid prospective tenant or a prospective buyer want to see it's a buyer they've got to really be able to come through have they purchased before. What else do they own? What are the principles? Those are important aspects on both purchase and lease. Now, in traditionally in the lease you asked for the last two years of tax returns or as we are here today, most of them file for 2020. We are on February 26, of 2021. So what you're going to ask for is perhaps, the 2020 through the present, profit and loss, income statement balance sheets. And because the tax returns are not ready, but certainly you want to see the tax returns from 2019, and 2018. So you really have a good three year or three year idea of the performance of the business if they're going to enter into a five year lease term. And five years is traditionally, the standard in the Miami, I would say most most districts, but certainly in the sub markets of Brickell, Downtown, Coral Gables, Coconut Grove,

South Miami, and aventura that I've done brokerage worth five year traditional so but you want to make sure on the on the landlord's and as a broker as the attorney for, for who's going to draft the lease to encourage and ensure that those financials that are there, which also helps to calculate, and how much security deposit you're going to ask, and whether or not you're going to ask for a personal guarantee. Personal guarantees are ideal, but certainly in a prospective tenant that you want to get in. And times are difficult for landlords that to get in such tenants, you don't want to scare them away by demanding a personal guarantee, you have to have justification. But if the financials are great, then it's not, it would not be wise to push that or have the broker push that unless it's shaky and things are shaky. So you have to also counterbalance that fact as to what type of industry that potential tenants and of course, the most important is the closing date. Now from leasing brokerage standpoint, usually you'll have a lease, there's sometimes a lease commencement date, and then a rent commencement date, which are different, because there could be what we call the brokerage tip 10 improvements. So the lease could commencement could be March 1, but the rent commencement might be six months later. And the reason for that is there are improvements that need to be done. And their annual therefore give rent concessions while those improvements if they're going to take six months to be done. So. So the five years

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could be defined as five years from the date of rent commencement. So it could be a five year six month lease if you want to start from commencement date in which the tenant has access to the premises. And once again, it's very important to ensure that you work all these are the oil, these terms are worked out beforehand, as to whether there's a tenant improvement allowance that the landlord gives you that gives the tenant essentially a certainty which is usually done rather than paying the contractors or subcontractors by giving a abatement. A non essentially not not needing to pay rent for a certain period of time. So those are all the types of things that we're going to look at, where you're going to want to put in the letter of intent, or the background information you'll need on top of that, when you get close to lease. financials are going to be key LSI speaks and there's counter Ella eyes to get to the the overall terms. And it has to be doesn't have to be legal leaves just intelligible to the brokers, the parties. It's not a contract, it's a non binding letter of intent. But the effort and the say again, a two or three two page letter of intent. It's kind of the cover of the book. And then the least drafter will input the vote for the pages of that book. So there's it's done it ideally in Word format. So there can be markups done by the other side. And you try to highlight the key terms. No pointing big In small font, but in fact highlight some of the some of some of the aspects. We mentioned how much it is per month per read. First last and security commencement date, read commencement date, how many? How many years? Or how long is the due diligence period? And when does the buyer have to pay that puts about loans into escrow. So those are all critical aspects that should be highlighted in the Word document of the letter of intent. Now, what are some examples? I show you a letter of intent. And and there's examples. Essentially, it's it's you have one of which is there's a sub lessee

and a sub lessor. The rent says 6000 a month, the deposit the six month at the first month, security shall be placed in an escrow account and additional deposit of 12,000 as last month's rent in one month security shall be made at the time of the execution of the sublease. So that's what you that's key terms. How long this one says two years, six months.

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And

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they mentioned there's a master lease because we are dealing with this us sadly, so obviously, when there's a sublease, you need to when you get close that the the sub tenant one wants to review that directed by the sub landlord, but the key aspects is that you have to understand what other rules regulations provisions term on which the prospective sub tenant is going to be involved. So that's, you know, one aspect that we just went over, which is you know, we're dealing with a sublease situation. And let's take a look at another one, which I was involved with the transaction didn't close you close it another location and coconut grove, Florida. It has the name of the building, the address, the name of the prospective tenant, landlord agent, how much square feet is going to be 1092 square feet located in suite 305. And the final square footage is subject to be remeasured under Boma building, owner management associate standards of measurement. zoning we took out because that really was a little bit overkill. 180 days for the landlord to construct interior improvements. And, and in that 180 days becomes possession, which really is commencement of the lease. So possession is commencement of lease, but that doesn't mean commencement of rent. And this one five years with a termination option after three years by the tenant. And then so it's clear us lining up, how much is it going to be in your in once one through six, which has abated months six through 12. And full service, especially triple service is going to be the bottom line, it's 6000 a month, or there's going to be sales and sales is sales tax using included then you have to add that in plus the bus or your plus tax. But on the other hand, if it's if it's a triple net lease, there can be all kinds of calculations, common area maintenance, and accounting, pro rata share of the expenses. All kinds of issues, additional aspects to consider how much parking allowance does one have as a tenant? How much would was one charge or is it included in the 6000 per month? That is that is paid. And there is tax that usually you have to pay rather than the 6000 unless you work out a number so it's nice and clean to do so. So that being said, it's really important to just foresee the future. If you're representing the landlord, you certainly want that tenant to show the financials and to show of commitment and the longer you have someone the better. The tenant in this particular context, they wanted an option to an early option. to vacate if it didn't work out what more and more so at the age of his law practice wasn't quite sure where life was going. But what is really important was that buildings should do work, and that he should not pay for the first six months, once he has the

keys. And then once he has the keys, and once the construction of the interior is updated or completed, then and only then you have the rent start at a certain amount per month, those taxes or no taxes, as I said, I mean, our taxes have to be paid, it is just that you could create a figure in the 5000s that could come out to a nice clean mix. anticipatory number, by the tenants particularly liked and to know an exact number. So what's this, you know, 5.9%, that I got to pay on top of the 6000. And that is also subject to change. Let's turn our attention now to a sales example. So example I have it's a proposal. And it was for an office condo actually. And it describes it's a letter of intent. And it does not, it should, but it does not include makes it easier. But it says about 2009 have have certain have certain suite, either certain building at 5975, sunset drive,

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Miami, Florida 33143, it doesn't get the legal description, you certainly it's easy to pull off, or at least stretcher from the

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county property appraiser site. However, that's important that you have a good description, names of parties purchase price, earnest money on execution of the contract, there always is a deposit done. And then there's an inspection period, in this case, 60 days, then an additional deposit after the inspection period, and then a closing date and on that closing date 30 days after the inspection period and really after that subsequent deposit. And then the closing costs who is responsible? As for the for the closing costs? And are we in the state in this bound, we don't have to have a title or title attorney, ideally use attorney as opposed to just a company and a transaction and make sure you as a buyer, that title is run and doc stamps are paid and conveyance and recording of the deed. And those are very key things. And there's a as a broker, sometimes you like to be sure and upfront, the Commission's that are going to be due on each side. Do you see as as distinguished from the letter of intent in which you have how many years? You're talking about Bang, bang, bang, you have the initial deposit inspection period, after the inspection period, then ditional deposit after that period of time, then you got to close or go home. And certain and those deposits be very much

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non refundable. Because the big closing one is the one that counts and vironment back out and they essentially have you locked in the prospective buyer has locked in that property with the earnest money

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and also with the additional deposit so that maybe the seller can get some backup contracts. But right now is there's lost opportunity out there. So that's why a seller will make sure to try to get as many deposits upfront and more non refundable as practicable because they are taking it this property and effect off the market it may still be listed saying costar or other other commercial platforms, it may still be word of mouth. However, it may not it's the whole marketing campaign by the seller. And that budget that was proposed by the broker will be put on hold and as a result as a seller and as seller broker you want to try to lock in as much as You can make this go for. So that being said, the letter of intent is a very basic statement of what your intentions are. The 30 to 60 page lease are usually sometimes it was longer than actually the, the the the sales contract. Those that's where all the all the legalese comes in. But at this point in time, you're negotiating there nine binding letters of intent. This one regarding sale, it's not binding, it's essentially this is what you as a you're proposing on one side or the other, as to the demonstrating location to demonstrate the price demonstrate the times of deposits the types of inspection previously, and certain lease agreements, or only letter tentatively need to know what what type of deposits were necessary when they were to be positive. What was the landlord responsible for doing if anything, as far as repairs, what type of tenant allowance was provided, or the extent of giving the tenant money or cutting a check to some contractor, just a basement of rent, and certainly making sure that you have the financials as a landlord of the prospective tenant, and whether or not a personal guarantee is necessary. So keep its kickass. I say keep it simple, stupid, it's the best way to go. Because the very fine attorneys who do the drafting and the revising, will deal with all those technical terms they use simply want a nice word document, that's two to four pages, not too many words, and just hit the bullet points, so that both parties can negotiate on the non binding letter of intent. And when it's at a point where you go to lease, the attorneys can extrapolate the key terms into what they have been drafting for many years, that is standard and customary, whether in their own bank of many years of experience, as well as their bank of knowledge. And these type the type of lease for the office or retail, or warehouse as well as sales of the same type of different food groups of properties. So keep it simple and hit the bullet points and get to yes, in the letters of intent, which are non binding. And once you're there, then it goes to lease and my talks of course and that's why the security deposits as or the or the or the deposits are critical to demonstrate the good faith of the buyer going forward. Thanks and have a safe day.