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## **COMMERCIAL LEASE AGREEMENT**

*State of Alabama*

This Lease Agreement (hereinafter "Lease") is entered into and made effective as of the date set forth at the end of this document by and be between the Lessor, \_\_\_\_\_, (hereinafter referred to as "Landlord"), and the Lessee, \_\_\_\_\_ (hereinafter referred to as "Tenant"). The parties agree to the following:

### **I. PREMISES.**

1. Landlord, in consideration of the lease payments described by this Lease, leases to Tenant the property (hereinafter referred to as the "Premises") which is described as follows:

\_\_\_\_\_

2. The Premises is located at the following address:

\_\_\_\_\_

### **II. SPACE RENTED.**

3. The space described equals 2 (two square feet).

### **III. TERM.**

4. The lease will begin on the date of \_\_\_\_\_ at 12:01 A.M. and shall continue until its natural termination under this part on the date of \_\_\_\_\_ at 11:59 P.M. Tenant shall

notify Landlord in advance of any anticipated extended absence from the Premises.

#### **IV. LEASE PAYMENTS.**

5. Tenant shall pay to Landlord Monthly installments of \$2 (two dollars) which equates to \$ 1.00 per Square Foot (\$/SF).

6. Rent shall increase 50% (fifty percent) on an annual basis.

7. The rent shall be payable in advance on the 1st (first) of each month.

8. Lease payments shall be made to the Landlord at the following address:

\_\_\_\_\_

9. The payment address may be changed at the discretion of the Landlord and the Tenant will be informed of such change by written notice.

10. The first full rent payment under this Lease shall be due on \_\_\_\_\_. No holidays, special events, or weekends shall excuse Tenant's obligation to pay timely rent as described by this Lease agreement.

#### **V. LATE PAYMENTS.**

11. For any payment that is not paid within one day of its due date, Tenant shall pay a late fee of 5% of the outstanding rent payment.

#### **VI. SECURITY DEPOSIT.**

12. At the time of the signing of this Lease, Tenant shall pay to Landlord, in trust, a security deposit of \$2 (two dollars) to be held for the reasonable cleaning or repair of damages to the Premises upon the expiration or termination of this Lease or in case of default by Tenant, as provided by law.

13. Tenant hereby agrees to be liable to Landlord at the expiration or termination of this Lease for all damages to the Property, except ordinary wear and tear. Landlord may hold the security deposit in a non-interest-bearing account. In such case, no interest is due to Tenant and Tenant may not use the security deposit to cover Rent. Landlord may otherwise elect to hold security deposit in an interest-bearing account and allow Tenant

to receive certain interest funds, if applicable. Tenant shall still not be permitted to use the security deposit to cover any Rent.

14. In case of sale or assignation of the Lease by Landlord, Tenant's security deposit shall be transferred to the new owner or assignee and Landlord shall be released from liability to Tenant for return of the security deposit.

15. Deductions from the security deposit may be made for the following reasons (this list constitutes examples only and is not intended to be exhaustive): unpaid rent or utilities, late fees, cleaning, key replacement, and/or removing abandoned property.

## **VII. POSSESSION.**

16. Tenant shall be entitled to possession on the first day of the term of this Lease, and shall yield possession to Landlord on the last day of the term of this Lease, unless both parties agree in writing to otherwise. At the end of the Lease term, Tenant shall remove all goods and effects and peaceably return the Premises in as good a condition as when first delivered to Tenant, excepted ordinary wear and tear that occurred during Tenant's possession of the property.

## **VIII. EXCLUSIVITY.**

17. Landlord shall not directly or indirectly, through any agent, employee, or other representative, lease any space within the property (except the Premises described by this Lease), or permit the use or occupancy of any such space whose primary business activity is in, or may result in, competition with the Tenant's primary business activity without an express agreement in writing signed by both Parties. The Landlord hereby gives the Tenant the exclusive right to conduct their primary business activity on the property.

## **IX. PARKING.**

18. Tenant shall be entitled to use 2 parking spaces for the parking of the Tenant's patrons' motor vehicles.

## **X. STORAGE.**

19. Tenant shall be permitted to store items of personal property in a designated storage

area at the Premises during the term of this Lease. Landlord shall not be held liable for any loss of or damage to these stored items.

#### **XI. PROPERTY INSURANCE.**

20. Landlord and Tenant shall each maintain appropriate insurance for their respective interests in the Premises and property located on the Premises. Tenant's insurance amount will be agreed upon by the Parties at a later time. Landlord shall be named as an additional insured party on any and all such policies. Tenant shall deliver evidence to Landlord as proof of adequate insurance in force issued by companies reasonably satisfactory to Landlord. Landlord shall receive advance written notice from the insurer prior to any termination of such policies. Tenant shall also maintain any other insurance which Landlord reasonably requires for the protection of Landlord's interest in the Premises. Tenant is responsible for maintaining property insurance on its own property

#### **XII. LIABILITY INSURANCE.**

21. Tenant shall maintain liability insurance on the Premises in an amount to be agreed upon by the Parties. Tenant shall deliver evidence to Landlord as proof that sufficient insurance is in force and issued by companies reasonably satisfactory to Landlord. Landlord shall receive advance written notice from the insurer prior to any termination of such insurance policies.

#### **XIII. RENEWAL TERMS.**

22. This Lease shall automatically renew for an additional period of \_\_\_\_\_, unless either party gives written notice of termination no later than 90 days prior to the end of either the initial lease term or the renewal term. The Lease terms during any such renewal term shall be the same as those contained in this Lease.

#### **XIV. MAINTENANCE.**

23. Landlord shall be responsible for maintaining the Premises in good repair at all times during the term of this lease.

#### **XV. UTILITIES.**

24. Landlord shall be responsible for paying for and maintaining provision of all utilities under this Lease.

**XVI.**

**XVII.**

**XVIII. DESTRUCTION OR CONDEMNATION OF PREMISES.**

25. If the Premises are partially destroyed by fire or other casualty to the extent that such resulting damage prevents the Tenant's continued use of the Premises in a normal manner as intended, and if the damage is reasonably repairable within sixty days after the occurrence of the incident which caused the damage, and if the cost of repair is less than 50% of the value of the property itself, Landlord shall repair the Premises and a reasonable and just proportion of the lease payments shall abate during the period of the repair according to the extent to which the Premises have remained unusable. However, if the damage is not repairable within sixty days, or if the cost of repairs is greater than 50% of the value of the property, or if Landlord is prevented from repairing the damage by forces beyond Landlord's control given their reasonable level of effort, or if the property is condemned, this Lease shall terminate upon twenty days notice of such event or condition by either party and any unearned rent paid in advance by the Tenant shall be apportioned and refunded to it. Tenant shall give Landlord timely notice of any damage to the Premises.

**XIX. DEFAULTS.**

26. Tenant shall be in default of this Lease if Tenant fails to fulfill any lease obligation or term by which the Tenant is bound in this Lease. Subject to any governing law that states otherwise, if Tenant fails to cure any financial obligation within 30 days (or any other obligation within 60 days after written notice of such default is provided by Landlord to Tenant, Landlord may take possession of the Premises without further notice (to the extent permitted by law), and without foreclosing Landlord's ability to recoup damages. Alternatively, Landlord may elect to cure any default themselves and the cost of such action shall be added to Tenant's financial obligations under this Lease. Tenant shall pay all costs, damages, and expenses (including reasonable attorney fees and expenses) suffered by Landlord as a direct result of Tenant's default. All sums of money or charges Tenant is required to pay under this Lease shall be additional rent,

whether or not such sums or charges are designated as "additional rent." The rights provided by this section are cumulative in nature and are in addition to any other rights afforded by law.

#### **XX. QUIET ENJOYMENT.**

27. During the term of the Lease agreement, the Tenant has the right of quiet enjoyment of the Premises.

#### **XXI. EMINENT DOMAIN.**

28. The lease automatically becomes void if the Premises are taken by eminent domain. During the process, the Tenant will have the right to claim:

- Value of the Lease Agreement
- Loss of Business Revenue
- Moving and Relocation Expenses

#### **XXII. HOLDOVER.**

29. If Tenant maintains possession of the Premises for any period after the termination of this lease (hereinafter referred to as the "Holdover Period"), Tenant shall pay to Landlord lease payment(s) during the Holdover Period at a rate equal to 150% (one hundred and fifty percent) of the normal payment rate from the last rent period under this Lease, prorated based on the actual number of holdover days.

#### **XXIII. CUMULATIVE RIGHTS.**

30. The rights of the Parties under this Lease are cumulative and shall not be construed as exclusive unless otherwise required by state law.

#### **XXIV. LANDLORD ACCESS TO PREMISES.**

31. Subject to Tenant's consent (which shall not be unreasonably withheld), Landlord shall have the right to enter the Premises to make inspections, provide necessary

services, or show the unit to prospective buyers, lessors, or workers. However, Landlord does not assume any liability for the care or supervision of the Premises. As provided by law, in case of an emergency, Landlord may enter the Premises without Tenant's prior consent. During the last three months of this Lease, or any extended period of this Lease, Landlord shall be allowed access to the Premises to display "To Let" signs and show the Premises to prospective future tenants.

#### **XXV. INDEMNITY REGARDING USE OF PREMISES.**

32. To the extent allowed by law, Tenant agrees to indemnify, hold harmless, and defend Landlord from and against any and all losses, claims, liabilities, and expenses, including reasonable attorney's fees, if any, for which Landlord may suffer or incur in connection with Tenant's possession, use, or misuse of the Premises, except Landlord's own act or negligence.

#### **XXVI. DANGEROUS AND HAZARDOUS MATERIALS.**

33. Tenant shall not keep or have on Premises any article or thing of a dangerous, flammable, or explosive nature that might substantially and unreasonably increase the danger of fire or explosion on the Premises, or that might be considered hazardous by a responsible insurance company, unless the prior written consent of Landlord is obtained and proof of adequate insurance protection is provided by Tenant to Landlord.

#### **XXVII. COMPLIANCE WITH REGULATIONS.**

34. Tenant shall promptly and dutifully comply with all laws, ordinances, requirements, and regulations of the federal, state, county, municipal, and other authorities, and the fire insurance underwriters. However, Tenant shall not by this provision be required to make alterations to the exterior or structure of the building.

#### **XXVIII. REMODELING AND STRUCTURAL ALTERATIONS.**

35. Tenant shall have the obligation to conduct any construction or remodeling (at Tenant's expense) that may be required to use the Premises as specified above. Tenant may also construct such fixtures on the Premises (at Tenant's expense) that appropriately facilitate its use for such purposes. Such construction shall be undertaken and such fixtures may be erected only with the prior written consent of the Landlord which shall not be unreasonably withheld. Tenant shall not install awnings or

advertisements on any part of the Premises without Landlord's prior written consent. At the end of the lease term, Tenant shall be entitled to remove (or at the request of the Landlord shall remove) such fixtures, and shall restore the Premises to substantially the same condition of the Premises at the commencement of this Lease.

#### **XXIX. AMERICANS WITH DISABILITIES ACT COMPLIANCE.**

36. As dictated by the Americans with Disabilities Act (ADA), all businesses that are open to the public or employ fifteen or more people require that the premises be accessible to individuals with disabilities. In the event that the premises must be altered for ADA compliance, the cost of improvements, alterations, and/or modifications necessary for compliance with the ADA shall be the responsibility of both Landlord and Tenant, with the cost to be equally divided between the parties.

#### **XXX. SUBORDINATION OF LEASE.**

37. This Lease is subordinate to any mortgage that now exists, or may be given later by the Landlord, with respect to the Premises.

#### **XXXI. SUBLETTING AND ASSIGNMENTS.**

38. Tenant may not assign or sublease any interest in the Premises, nor effect a change in the majority ownership of the Tenant (from the ownership existing at the inception of this lease), nor assign, mortgage, or pledge this Lease, without the prior express written consent of the Landlord, which shall not be unreasonably withheld.

#### **XXXII. DISAGREEMENTS DURING THE LEASE PERIOD.**

39. If a disagreement arises during the Lease period, the following actions shall take place:

- If there is a dispute between the Landlord and Tenant, all Parties agree to attempt to come to an agreement through the use of an agreed upon mediator.
- It is agreed that the costs involved in hiring the mediator shall be shared equally and that each party shall cooperate in a good faith attempt to come to a resolution.
- Both parties agree that they shall allow the mediator 30 (thirty) days from the first



meeting to reach a compromise before going to court.

-- If the parties are unable to come to an agreement with the assistance of the mediator in 30 (thirty) days, they each reserve the right to bring legal action in a court of law or before an arbitrator.

-- The decision of a court or arbitrator shall be legally binding upon all parties involved.

**XXXIII. EARLY TERMINATION.**

40. The Tenant does have the option to terminate the Lease prior to the natural end of the Lease term.

41. The Landlord shall allow the Tenant to quit or terminate the Lease via a penalty of \$2 (two dollars).

**XXXIV. NOTICES.**

42. Notices under this lease shall not be deemed valid unless given or served in writing and forwarded by mail, prepaid postage, addressed as the following:

**LANDLORD:**

\_\_\_\_\_

**TENANT:**

\_\_\_\_\_

Such addresses may be changed by either party at any time by providing written notice to the other party as set forth above. Notices mailed in accordance with the above provisions shall be deemed received on the third day after posting.

**XXXV. GOVERNING LAW.**

43. This Lease shall be construed in accordance with the laws of the State of Alabama.

**XXXVI. ENTIRE AGREEMENT.**

44. This Lease Agreement contains the entirety of the agreement between the parties and there are no other promises, conditions, understandings, or other agreements, written or oral, relating to the subject matter of this Lease. This Lease may be modified or amended in writing if the writing is signed by the party obligated under the Amendment.

**XXXVII. SEVERABILITY.**

45. If any part of sub-part of this agreement is deemed invalid by court order, judgment or other operation of law, the remaining parts and sub-parts of this agreement shall remain valid and enforceable to the fullest extent.

**XXXVIII. HEIRS AND ASSIGNS.**

46. Tenant may not transfer or assign this Lease or any portion of this Lease to a third party. Notwithstanding the foregoing, all covenants of this Lease shall succeed to and be binding upon any heirs, executors, administrators, successors, and assigns of the parties.

**XXXIX. NO WAIVER.**

47. If Landlord fails to enforce strict performance of any part or sub-part of this Lease, this shall not be construed as a waiver of Landlord's right to enforce the same part or sub-part later in time or to enforce any other part or sub-part.

**XL. BINDING.**

48. The provisions of this Lease shall be binding upon and inure to the benefit of both parties and their respective legal representatives, successors, and assigns.

SIGNATURE OF LANDLORD:

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

SIGNATURE OF TENANT:

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_