

Extension Templates User Guidance and Instructions

Overview

This leasing alert issues document templates which have been developed to expedite and standardize the lease extension process. These templates may be completed using the Extension Bot, or they may be completed manually. Use of the Lease Amendment template, including the guidance for documenting the rent and annual operating cost adjustments during extension periods is mandatory for all lease extensions. The remaining templates are strongly recommended to promote efficiency and consistency within the leasing program.

Lease Amendment Template - Mandatory

The lease amendment template uses standard language to extend the term of the lease and properly document the rent to be paid by the government during the extension term. The template contains language to establish whether the operating costs are subject to continued adjustment during the extension term. It is strongly encouraged that annual adjustments to the operating costs based on CPI are discontinued during any extension term. This prevents any future disagreement between the government and lessor over the rent to be paid during the extension period.

The template contains 2 sets of instructions for completing the rent table along with corresponding paragraphs. One set is used when operating cost adjustments are discontinued and alternate instructions for completing the rent table when operating cost adjustments will continue. It is critical that LCOs pay attention to this guidance and use the correct figure in the rent table along with the appropriate associated paragraphs. When this document is completed using the Extension Bot, the bot will automatically select the correct language based on the information provided by the requester.

The following data points have been standardized to provide clarity and consistency regarding the contractual obligation of the government.

- Extension Effective Date – This date is the day after the current expiration date.
- Lease Commencement Date – This date is the original commencement date. The lease commencement date does not change over the term of the lease.
- New Expiration Date – This date is the date when the lease will terminate after the extension.
- Rental Amounts – The amount of rent documented in the rent table as an annual amount for each applicable component of the rental rate. Rent should not be documented in any other fashion, such as a rate per rentable square foot.
- Operating Costs – The amount used in the rent table for operating costs is dependent on whether the operating costs are subject to adjustment or not during the extension term.
 - No further adjustments (preferred) – The operating cost amount is the amount negotiated between the LCO and the lessor. This amount may be the existing operating costs or a different amount based on the outcome of the negotiations.
 - Adjustments will continue – The operating cost amount is the current, as adjusted operating cost. This amount can be found in REXUS. When annual CPI based

adjustments will continue in the extension term, the following additional data points are required

- Operating Cost Base – This is the operating cost base expressed as a rate per rentable square foot that is established in the lease.
- Last Escalation Date – This is the most recent date of adjustment to the operating costs which resulted in the current, as adjusted operating costs shown in the rent table

B. → Sub-Paragraph "A" of Paragraph 1.03 "Rent and Other Consideration" is hereby deleted in its entirety and the following is inserted in lieu thereof:

"A. The Government shall pay the Lessor annual rent, payable in monthly installments in arrears, at the following rates:

~~OPERATING RENT IS SUBJECT TO ANNUAL CPI ESCALATIONS IF YOUR LEASE CONTAINS THE OPERATING COST ADJUSTMENT PARAGRAPH. IF THE OPERATING COSTS WILL NOT BE SUBJECT TO ANNUAL ADJUSTMENT DURING THE EXTENSION PERIOD, REMOVE "OPERATING COST ADJUSTMENT" PARAGRAPH IN THE LEASE. ALWAYS CHECK THAT THE OPERATING COST BASE IS CORRECT IF YOU CONTINUE TO USE CPI ADJUSTMENTS IN THE EXTENSION PERIOD.~~

| | EFFECTIVE: <Extension Effective-Date> | | |
|------------------|---------------------------------------|--|--|
| | ANNUAL RENT | | |
| SHELL RENT | \$ <New Shell Rent> | | |
| OPERATING COSTS* | \$ <New Operating Costs> | | |
| PARKING | \$ <New Total Parking Rent> | | |
| ANNUAL RENT | \$ <New Annual Rent> | | |

~~CONFIRM RENT SUBCOMPONENTS ADD UP TO TOTAL. A MISMATCH INDICATES CONFLICTING REXUS DATA ELEMENTS.~~

~~IF THE OPERATING COSTS WILL NOT BE SUBJECT TO ANNUAL ADJUSTMENT DURING THE EXTENSION PERIOD, DELETE THE TWO RED CLARIFICATION NOTATIONS BELOW AND DELETE THE RED ASTERISK NEXT TO "OPERATING COSTS" IN THE TABLE ABOVE.~~

~~*OPERATING COST BASE FOR PURPOSES OF ADJUSTMENT REMAINS \$ <Operating Cost Base>/RSF. THE OPERATING COST BASE WILL CONTINUE TO BE ADJUSTED IN ACCORDANCE WITH PARAGRAPH 2.09 OPERATING COSTS ADJUSTMENT~~

~~*OPERATING COSTS CITED IN THE TABLE ABOVE REFLECT ADJUSTMENT AS OF <Last Escalation Date>~~

C. → The following FAR clause 52.204-25 (August 2020) is hereby attached to the lease. . .

~~IF THE OPERATING COSTS WILL BE SUBJECT TO ANNUAL ADJUSTMENT DURING THE EXTENSION PERIOD, DELETE THE PARAGRAPH BELOW.~~

D. → Paragraph 2.09 Operating Costs Adjustment is hereby deleted in its entirety. The operating rent is no longer subject to annual adjustment.

Additional Templates

The following templates are issued to promote consistency and efficiency in completing lease extensions. Use of these templates is strongly encouraged. The Extension Bot will complete these templates, or they may be completed manually.

- Extension Acquisition Plan
- Extension Justification for Other Than Full and Open Competition
- Extension Absence of Competition Memo
- Extension Price Negotiation Memorandum
- Extension Lease Administration Manager Notification Letter