



TEXAS ASSOCIATION OF REALTORS®

COMMERCIAL LEASE EXPENSE REIMBURSEMENT ADDENDUM

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ADDENDUM TO THE COMMERCIAL LEASE BETWEEN THE UNDERSIGNED PARTIES CONCERNING THE LEASED PREMISES AT _____

In addition to rent stated in the lease, Tenant will pay Landlord the additional rent described in this addendum. Tenant will pay the additional rent each month at the time the base-monthly rent in the lease is due.

A. Definitions:

- (1) "Tenant's pro rata share" is _____ %.
(2) "CAM" means all of Landlord's expenses reasonably incurred to maintain, repair, operate, manage, and secure the Property...
(3) "Insurance" means Landlord's costs to insure the leased premises and the Property including but not limited to insurance for casualty loss, general liability, and reasonable rent loss.
(4) "Taxes" means the real property ad valorem taxes assessed against the leased premises and Property inclusive of all general and special assessments and surcharges.

B. Method: The additional rent will be calculated under the following method:

Note: "CAM" means operating expenses except taxes and insurance.

- Base-year expenses: Each month Tenant will pay Tenant's pro rata share of the projected monthly expenses for the Property that exceed the amount of the monthly base-year expenses for the calendar year...
Expense-stop: Each month Tenant will pay Tenant's pro rata share of the projected monthly expenses for the Property that exceed \$... per square foot per year...
Net: Each month Tenant will pay Tenant's pro rata share of the projected monthly expenses for the Property for: taxes; insurance; CAM; and

C. Projected Monthly Expenses: On or about December 31 of each calendar year, Landlord will project the applicable monthly expenses (those that Tenant is to pay under this addendum) for the following calendar year and will notify Tenant of the projected expenses. The projected expenses are based on Landlord's estimates of such expenses. The actual expenses may vary.

Notice: The applicable projected monthly expenses for the calendar year in which the above-referenced lease commences is \$... per square foot. The total rentable area of the Property presently used by Landlord for calculating expense reimbursements is... square feet.

Expense Reimbursement Addendum concerning _____

D. Reconciliation: Within a reasonable time after the end of each calendar year, Landlord will notify Tenant of the actual costs of the applicable expenses (those that Tenant is to pay under this addendum) for the previous year. If the actual costs of the applicable expenses exceed the amounts paid or owed by Tenant for the previous year, Tenant must pay the deficient amount to Landlord within _____ days after Landlord notifies Tenant of the deficient amount. If the actual costs of the applicable expenses are less than the amounts paid by Tenant for the previous year, Landlord will refund the excess to Tenant or will credit the excess to Tenant's next rent payment. Tenant may audit or examine those items in Landlord's records that relate to Tenant's obligations under this addendum. Landlord will promptly refund to Tenant any overpayment revealed by an audit or examination. If the audit or examination reveals an error of more than 5% over the amounts Landlord collected in a calendar year from Tenant under this addendum, Landlord will pay the reasonable cost of the audit or examination. Landlord may not seek a deficiency from Tenant under this paragraph if Landlord fails to timely provide the required notice.

E. Special Provisions:

Tenant
By _____
Date

Landlord
By _____
Date

Tenant
By _____
Date

Landlord
By _____
Date