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This Week in Real Estate: Leases

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This Week in Real Estate will focus on a new series of discussions on a topic that is very important in the world of real estate: leases. Over the next several weeks, *TWIRE* will discuss what they are. What are the different types, and what are the provisions included in the lease that are frequently overlooked but could have major implications?

A lease is a contract outlining the terms under which one party agrees to rent or lease property owned by another party. It guarantees the lessee's, also known as the tenant, use and occupancy of a property or asset and guarantees the lessor, the property owner or landlord, regular payments for a specified period in exchange. Both the lessee and the lessor have rights and responsibilities and face consequences if they fail to uphold the terms of the contract.

Leases are legal and binding contracts that set forth the terms of rental agreements in real estate and real and personal property. These contracts stipulate the duties of each party to effect and maintain the agreement and are enforceable by each. For example, a residential property lease includes the address of the property, landlord responsibilities, and tenant responsibilities, such as the rent amount, a required security deposit, rent due date, consequences for breach of contract, the duration of the lease, pet policies, and any other essential information.

Not all leases are designed the same, but there are some common features: rent amount, due date, lessee and lessor, etc. The landlord requires the tenant to sign the lease, thereby agreeing to its terms before occupying the property. Leases for commercial properties, on the other hand, are usually negotiated in accordance with the specific lessee and typically run from one to 10 years, with larger tenants often having longer, complex lease agreements. The landlord and tenant should retain a copy of the lease for their records. This is especially helpful when disputes arise.

Next week, we will discuss residential leases, specifically in the State of Delaware, and the Ten Things Every Delaware Residential Landlord Should Know.