



Lease Essentials for Commercial Real Estate

(4 Hours)

COURSE ORIENTATION

Roy L. Ponthier, Ph.D., Ed.D., CDEI, DREI
Executive Director

Instructor Backgrounds:

Roy L. Ponthier, Ph.D., Ed.D., CDEI, DREI

- Dr. Ponthier is a licensed Louisiana real estate broker, certified real estate and appraisal instructor, and Director of Executive Training Centers, LLC, an educational services company which offers in-class training in real estate, mortgage finance and appraisal, as well as online training through ProEducate, the company's web-based education division which offers real estate and mortgage finance related courses throughout the United States.
- Dr. Ponthier holds a B.S. degree from Southeastern Louisiana College. His graduate training was taken at Tulane University (M.S. and Ph.D.) and the University of New Orleans (M.Ed. and Ed.D.). He holds the Certified Distance Education Instructor (CDEI) certification awarded by the International Distance Education Certification Center (IDECC), as well as the Distinguished Real Estate Instructor (DREI) designation awarded by the Real Estate Educators Association in recognition of exceptional effectiveness in the classroom. Dr. Ponthier has served on the faculty of three Universities, currently teaches classes for The Real Estate Law Society of Loyola University Law School and has chaired college divisions of Computer Science, as well as Education. Since 1988 he has taught real estate related subjects to more than 73,000 students. He is a member of five academic honor societies, as well as MENSA, and author of more than two dozen internationally published scientific papers. He was Director of The Center for Computer Education, Inc., which trained teachers in computer science, and was president of Worldwide Information Network, Inc., a provider of Internet and television marketing in real estate. He has owned two mortgage companies, as well as a business brokerage company and a residential and commercial real estate company.
- Since early 2009, Dr. Ponthier has served on a work group for the Nationwide Mortgage Licensing System & Registry (NMLS&R) to help develop the functional specifications for mortgage pre-licensing and continuing education programs taught in the U.S. He is a member of the Real Estate Educator's Association, The South Central Educators Group, and the Louisiana Mortgage Bankers Association, for which he is Chair of the education committee. Dr. Ponthier's achievements have been documented in *Who's Who* (Oxford Edition), *American Men and Women of Science*, and the *International Who's Who in Education*.
- Dr. Ponthier has contracted with Loyola University of New Orleans, College of Law, to be the exclusive provider of online Continuing Legal Education (CLE) for the University.

Eric B. Storey

Designations: CPM, CCIM, SRA, DREI, CDEI

Licenses: Utah Brokers License

Utah Certified General Appraiser

Employment:

(current) S.V.P. Zions Bank, Manager Corporate Properties

(past) E.V.P. State Savings and Loan
Senior Appraiser – State Savings and Loan
Branch Manager/ Loan Officer – State Savings and Loan
Vice President – First Security Bank
Special Representative – Federal Home Loan Bank
Senior Asset Manager – FSLIC

Course Description:

Leases are the engines that drive commercial real estate. This course examines the essential elements that should be in a commercial real estate lease in order to protect the interests of both landlords and tenants. Insurance issues, responsibility for payment of capital expenses, escalation clauses, default provision, etc., are covered in detail. This course, in part, provides a comparative look at residential vs. commercial leases for those real estate professionals who, while somewhat familiar with the former, are considering negotiating the latter.

Required Course Material:

This course is entirely self-contained and does not require additional study materials.

REQUIRED HARDWARE and SOFTWARE:

- All course content is available online. To access, a student will need access to the Internet via a cable modem, ISDN, DSL, or T-1 connection. The only software needed is an Internet browser such as Google Chrome, Firefox, Safari, etc.
- Any additional software, such as Adobe Reader, needed to access PDF files, is available in the course for immediate and free download.

Completion Expectations:

Prerequisites:

- There are no educational prerequisites for this course; however, students are expected to have high school level reading and mathematics ability.

Upon registering:

- Students must complete the course lessons/modules and the final exam before the course expiration date.
 - Course completion will include completion of all group discussions and case studies, if applicable.
 - Each lesson will have a quiz at the end that must be passed in order to continue to the next lesson.
 - The quiz will consist of multiple-choice format questions requiring a minimum passing score of 70%
 - Quiz questions will be displayed one at a time.
 - Upon submission of the student's response (answer) to each presented quiz question, the system will display the correct/incorrect answer.
 - The final exam questions are also presented in multiple-choice format requiring a passing score of 70% or higher.
 - If a passing score is not achieved on any quiz or the final exam, the exam will reset and student will be presented with a different set of randomly selected questions. Student will be allowed to retake until a passing score has been achieved, or until the course expires, whichever occurs first.
 - The username and password will be deactivated after the course expiration date has passed.

School Policies:

Registration:

- The student is responsible for verification of qualifications for licensing, before registering for a course of study.
- Registrants with any form of criminal history, including misdemeanor or felony convictions, or who are currently on parole, must contact the relevant licensing agency before registering for any pre-licensing or pre-certification course.
- An e-mail account is essential to participate in the online program.

- Any attempt to take the course under an assumed identity, or to accept assistance from others in completing any portion of the course, may result in rejection of a license application, revocation of an existing license, fines, or other penalty provided by law governing the relevant state regulatory agency to whom the student submitted documentation.

Course Participation:

- Students are asked to please be certain that their address book is updated to include acceptance of e-mails from StudentServices@ProEducate.com and Instructor@ProEducate.com
- Instructors may not, in any venue, answer questions of a personal, professional, business, or legal nature, and students should not interpret any information received from instructors, or course content, as being legal or professional advice.
- The instructional staff will respond to questions by e-mail as quickly as possible. In general, questions received by noon on any business day are responded to by 5 pm the following business day. Students who abuse the e-mail opportunity may be dropped from the course, solely at the discretion of the school, without penalty to the school beyond refund of tuition.

School Contact Information:

- **By Phone:** For questions regarding **administrative** issues, the administrative offices may be contacted by phone at (504) 454-9866 or (800) 966-9866, weekdays between 8 a.m. and 5 p.m. central time.
- **By E-mail:** Ask technical or course content questions 24 hours a day by e-mailing the school office at the addresses listed below. A response will typically be received by close of business on the next business day.
 - **StudentServices@ProEducate.com for questions or comments about registration, technical assistance, administrative issues, or purchases from the online store.**
 - **Instructor@ProEducate.com for questions regarding course content.**
- **In Person:** We are in the office to assist you with administrative questions Monday - Friday 8:00 a.m. to 5:00 p.m. central time. We are located at 4200 S. I-10 Service Rd. W., Suite 134, Metairie, Louisiana 70001 (Boy Scouts of America Building).

Additional Information Regarding the Online Course:

- During the allotted class time, students will have access to the course 24 hours a day and may login and work on the assignments at their convenience.
- Instructors are constantly monitoring the student's progress throughout the course.
- During the course, if the students have questions about the course content, they may click on the "e-mail instructor" button and send a question to the instructor.
 - E-mails received by 3 PM on any business day will be responded to on the next business day.
 - Students are asked to please be very specific about the location of the content they are questioning (lesson #, topic, etc.)
 - Instructors are permitted to respond only to questions specifically related to the course content.
 - Questions regarding personal situations, unrelated to the specific course material or of a legal nature, may not be responded to.
- The course also makes a detailed glossary available to the students. Students may click on the glossary to study the definition of terms with which they are not familiar.
- The "Resources" section of the course makes forms and documents available to assist students in their studies.

- Upon completion of the course material, each student will be required to respond to a course evaluation in addition to a multiple choice final examination.

Learning Objectives, Modules (Lessons), Assignments, and Outline:

Module	Learning Objectives <i>Upon Completion of Module, each student will be able to:</i>	Module Time
Legal Concepts Associated with Leasing	<ul style="list-style-type: none"> Understanding of the legal aspects of leasing Knowledge of the various types of leases 	46:43
Lesson Quiz		5:00
Rent Payments and Allowances	<ul style="list-style-type: none"> Understanding of rent issues related to leasing Understanding of accounting issues related to leasing 	40:47
Lesson Quiz		5:00
Residential Leases	<ul style="list-style-type: none"> Understanding of the administration of residential leases Knowledge of the typical clauses and provisions of a residential lease 	35:00
Lesson Quiz		5:00
Commercial Leases	<ul style="list-style-type: none"> Understanding of the administration of commercial leases Knowledge of the typical clauses and provisions of a commercial lease 	74:40
Lesson Quiz		5:00
Final Exam	Measures student's competency.	20:00
End-of-Course Survey	Measures course presentation, materials, content and instructor competency.	5:00
Total Minutes		242:10

Lease Essentials for Commercial Real Estate Course Outline

Module 1 – Legal Concepts Associated with Leasing

- Introduction
- Lesson Objectives
 - Understanding of the legal aspects of leasing
 - Knowledge of the various types of leases
- Bundle of rights / Fee Simple Absolute
- Leased Fee - Leasehold
- Lenders and Leases (SNDA)
- Leases is a contract
- Types of Tenancy
- Essential Elements of a Lease (10)
- Lease Types (Gross Lease, Net Lease, Modified Gross Lease)
- Land Leases
- Master Leases
- Lesson Quiz

Module 2 – Rent Payments and Allowances

- Lesson Objectives
 - Understanding of rent issues related to leasing
 - Understanding of accounting issues related to leasing
- Lease abstracts
- Basic Accounting – Balance Sheet
- Operating Leases – Capital Leases – Finance Lease
- Establishing Market Rent
- Rent classifications
- Rent Concessions
- Effective Rent
- Rent Escalation (CPI, set escalations, appraisals)
- Straight Line Accounting
- Funding Tenant Improvements
- Depreciation
- Lesson Quiz

Module 3 – Residential Leases

- Lesson Objectives
 - Understanding of the administration of residential leases
 - Knowledge of the typical clauses and provisions of a residential lease
- Residential Property lease
- Residential Lease Forms
- Typical Clauses/Provisions in Residential Property Lease
 - Premises
 - Term
 - Rent and Late Fees
 - Security Deposit
 - Use of Premises - # of Occupants
 - Pets
 - Condition of Premises
 - Alterations and Improvements
 - Assignment and Subletting
 - Parking
 - Damage
 - Dangerous Materials
 - Utilities
 - Maintenance and Repair
 - Right of Inspection
 - Signage
 - Holdover Tenant
 - Default
 - Surrender of Premises
 - Abandonment
 - Insurance
 - Binding effect
 - Governing Law
 - Notices
 - Entire Agreement
- Lesson Quiz

Module 4 Commercial Leases

- Lesson Objectives
 - Understanding of the administration of commercial leases
 - Knowledge of the typical clauses and provisions of a commercial lease
- Economic amount of Commercial Real Estate
- Commercial Property Lease
- Length of a Commercial Property Lease

- Rentable /Useable Space
- Common Area (CAM)
- PV of Rent
- Leasehold Advantage
- Lease buyout
- Capital Expenditures vs. Maintenance
- Typical Clauses/Provisions in a Commercial Property Lease
 - Summary
 - Parties
 - Definitions
 - Premises – (describing the space and parking)
 - Term – Beginning and End
 - Rent
 - Improvements
 - Use
 - Signs
 - Maintenance
 - Tenant Improvements / Liens
 - Utilities
 - Common Areas
 - Assignment Subletting
 - Indemnity and Release
 - Insurance - Subrogation
 - Mortgages
 - Destruction
 - Condemnation
 - Default
 - Legal Requirements – ADA / Environmental
 - Access
 - Other tenants
 - SNDA (Subordination, Non - Disturbance, Attornment)
 - Quiet Enjoyment
 - Surrender
 - Holdover
 - Attorney's Fees
 - Past Due Fees
 - Miscellaneous clauses (Force Majeure, Commissions. Riders, Etc.)
- Lesson Quiz
- Course Summary

Course Final Examination

- Students will be administered a timed final examination consisting of multiple choice questions.
 - The final exam for this course consists of 40 multiple choice questions (time limit = 60 minutes)
- The countdown timer will be located in upper left-hand corner of the screen.
- In order to pass, you must score at least a 70% on the final exam.
- While you are taking this exam, you must answer at least one question each 5 minutes or the system will time you out and you will have to begin the exam again.
- Students who fail the examination may retake throughout the duration of their course.

End-of-Course Evaluation

Each student is required complete an evaluation of both the course and instructional services. This evaluation will take only a few moments to complete, but is required before a certificate of completion can be issued.