



OPTION TO EXTEND RIDER

This Option to Extend Rider (“Rider”) is made part of and incorporated by this reference into that certain Lease Agreement dated _____, 20____ (“Lease”) between _____, a(n) _____ (“Landlord”) and _____, a(n) _____ (“Tenant”), as the same may be amended, concerning the leased commercial space commonly known as _____ (“Premises”), which Premises are part of the real property located at _____ and commonly known as _____ (“Property”).

- 1. Extension of Lease.** Provided Tenant is not in default of any provision of the Lease beyond the applicable cure period at the time that Tenant exercises the right to extend the term of the Lease or at the time an Extended Term defined below begins, Tenant shall have _____ (zero, if not completed) successive options to extend the term of the Lease for _____ years each (each, an “Extended Term”). The term of the Lease shall be extended for the length of the Extended Term on the same terms, conditions and covenants set forth in the Lease, except that (i) any periods of free or abated rent periods, tenant improvement allowances or other concessions that may have been granted to Tenant at the beginning of the initial term hereof shall be of no further for or effect during any Extended Term; and (ii) after exercise of Tenant’s final Extended Term option, there shall be no further term extension or renewal options.
- 2. Notice.** To exercise its option to extend the term of the Lease, Tenant must deliver written notice of its election to extend the term of the Lease to Landlord not more than two hundred forty (240) days and not less than one hundred eighty (180) days prior to the expiration date of the then-current Lease term. Time is of the essence of this Rider.
- 3. Monthly Rent.** Check one: (Market Rental Rate if no box is checked)

Market Rental Rate: Upon Tenant’s exercise of an option to extend the term of the Lease, Landlord and Tenant shall make a good faith effort to determine and agree on the Base Rent for the Premises for the Extended Term, which shall be the fair market rental rate thereof, provided that in no event shall the Base Rent for the Extended Term be less than the base rental rate payable in the last full calendar month of the immediately-preceding term.

- a. Failure to Agree on Rent.** If Landlord and Tenant are unable to agree on the fair market rental rate for the Premises for the applicable Extended Term within thirty (30) days after Tenant delivers notice of its election to exercise its option to extend, the parties shall then have ten (10) days to mutually select or appoint one real estate appraiser to determine the fair market rental rate for the Premises. Each appraiser selected or appointed pursuant to this Rider shall have received an MAI designation from the Appraisal Institute with at least ten (10) years of experience appraising commercial properties in the commercial leasing market in which the Premises are located, or equivalent experience in the commercial leasing industry. The appraiser appointed shall determine the fair market rental rate for the Premises within twenty (20) days of appointment, which determination shall be final, conclusive, and binding upon both Landlord and Tenant, and Base Rent shall be adjusted accordingly for the extended term. The appraiser’s fees and expenses shall be shared equally between the parties.
- b. Failure to Appoint One Appraiser.** If Landlord and Tenant cannot mutually agree upon an appraiser, then either party may give the other party written notice that it has selected and appointed an appraiser, complete with the name, address, and other identifying information about the appraiser. The party receiving such notice shall then have ten (10) days to select and appoint its own appraiser and respond by giving written notice to the other party, containing the name, address, and other identifying information about the appraiser. If, however, the responding party fails to select and appoint an appraiser and give notice to the other party within ten (10) days, the determination of the appraiser first appointed shall be final, conclusive and binding upon both parties, and the Base Rent shall be adjusted accordingly for the applicable Extended Term. The appraiser’s

INITIALS: LANDLORD _____ DATE _____ TENANT _____ DATE _____
LANDLORD _____ DATE _____ TENANT _____ DATE _____



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fees and expenses shall be shared equally between the parties.

c. Method of Determining Rent. The appraisers appointed shall proceed to determine the fair market rental rate within twenty (20) days following their appointment. The conclusion of the appraisers shall be final, conclusive and binding upon both Landlord and Tenant. If the appraisers should fail to agree, but the difference in their conclusions as to fair market rental rate is ten percent (10%) or less of the lower of the two appraisals, then the fair market rental rate shall be deemed to be the average of the two rates, and Base Rent shall be adjusted accordingly for the applicable Extended Term. If the two appraisers should fail to agree on the fair market rental value, and the difference between the two appraisals exceeds ten percent (10%) of the lower of the two appraisals, then the two appraisers shall promptly appoint a third appraiser. If they fail to agree on a third appraiser within ten (10) days after their individual determination of the fair market rental rate, either party may apply to the courts for the county in which the Premises are located, requesting the appointment of the third appraiser. Once appointed, the third appraiser shall promptly determine the fair market rental rate for the Premises. The third appraiser shall then take the average of the two appraisals that are closest in value, which average rate shall be final, conclusive, and binding upon both Landlord and Tenant, and Base Rent shall be adjusted accordingly for the applicable Extended Term. Each party shall pay its own legal fees (if any) and the fees and expenses for its own appraiser. In the event a third appraiser must be appointed, his or her fees and expenses shall be borne equally by the parties.

Base Rent for the Extended Term(s) shall be paid as set forth in the Rent Rider attached to the Lease.

4. Conflicts. In the event of any conflicts between the terms of this Option to Extend Rider and the terms of the Lease and/or any Rent Rider, the terms of this Option to Extend Rider shall control.

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