

**MODEL LEASE
CLAUSE**

Strengthen Lease Bans on Use of Premises for Illegal Activities

Like necessity, new laws are the mother of invention, at least in the context of commercial leasing. Exhibit A: The following lease clause tightening standard lease restrictions on illegal use of the premises by tenants created in response to new New York City laws holding landlords accountable for unlicensed cannabis sales by tenants. While inspired by local events, the clause is general in approach and will work just about anywhere landlords have extra incentive to ensure the tenant's use of the premises complies with all applicable laws. Show this clause to your attorney before adding it to your leases.

TENANT'S DUTY TO ENSURE COMPLIANT USE OF PREMISES

As a material inducement by Tenant for Landlord to enter into this Amendment, Tenant hereby represents, warrants, and covenants that: (i) the demised premises shall be operated and used solely for the conduct of business that strictly complies in all respects with Articles *[insert #s of lease provisions that require the tenant to comply with applicable laws and refrain from illegal uses]* of the Lease; and (ii) Tenant shall engage only in activities that strictly comply in all respects with Articles *[insert #s]* of the Lease.

Any breach or violation of this Section and/or Articles *[insert #s]* of the Lease, whether material or immaterial, substantial or insubstantial, minor or otherwise, shall: (1) constitute an incurable material event of default under the Lease beyond any applicable grace period and without the requirement of notice from Landlord; and (2) entitle Landlord, in its sole discretion, to exercise such remedies as Landlord deems appropriate to terminate the Lease, enjoin any violation or breach by Tenant, and/or recover any damages, including consequential damages, to which Landlord may be exposed by virtue of any breach or violation of this Section and/or Articles *[insert #s]* of the Lease. Furthermore, as a material inducement by Tenant for Landlord to enter into this Amendment, Tenant agrees that it shall at all times: (a) be strictly liable for, (b) assume sole responsibility of, (c) release Landlord from, and (d) indemnify, hold harmless, and defend Landlord against any penalties, fees, costs, and expenses of any kind and nature (including, but not limited to, those arising under NYC Local Law 107 of 2023, NY RPAPL Section 715-A, and NY Cannabis Law Article 2, Section 16-A) related directly or indirectly (in whole or in part) to any breach of this Section and/or Articles *[insert #s]* of the Lease.