

Understand the Lingo

USF: Usable Square feet

Usable square feet is the actual area occupied by your business. It is usually calculated using the BOMA method of measuring.

RSF: Rentable Square feet

Rentable square feet is the total area that you pay for. It includes an add-on factor (rentable factor) to account for common areas such as lobby, restrooms, etc. Each building has its own unique rentable factor and some buildings are more efficient than others. Make sure you know what that factor is.

CAM: Common Area Maintenance

This is the cost of the maintenance of the common areas that may be passed along to the tenant as an added expense. Look for that cost outlined in the lease agreement. It can be billed as an annual expense at year-end.

T&I: Taxes and Insurance

The landlord may be passing those expenses on to the tenants. Those can be billed on a prorated basis to each tenant based on the total rsf. Sometimes the landlord only bills for increases to the base taxes and insurance costs at the start of the lease. Look for that cost outlined in the lease agreement.

LOI: Letter of Intent

A document signed by lessor and lessee or buyer and seller outlining the initial terms of the rental or purchase agreement. Acceptance of an LOI means that negotiations will move forward.

PA: Purchase Agreement

A document signed by both buyer and seller specifying the final terms of the purchase.

Phase I: Phase I Environmental Report

A report that is required by financial institutions prior to closing on a real estate loan. This report asserts that an environmental inspection of the property has been done and outlines any existing or past environmental issues.

Phase II: Phase II Environmental Report

An additional report that is recommended based on findings in the Phase I report. If any environmental issues are identified they may require additional testing and reports. Examples of these would be asbestos, underground tanks, vapor testing or underground water testing.

Brownfield Site: A site that is or has been identified to be environmentally contaminated by IDEM, Indiana Department of Environmental Management. The site may be identified for cleanup or may be undergoing cleanup. You can check for locations of Brownfield sites online.

Survey: ALTA/CSM Land Title Survey

A site plan document that documents the actual physical aspects of the property. Those include gross land area, boundaries, buildings, right of ways, easements and zoning classification. Beware: a standard ALTA/CSM Survey does not include topography or trees. Make sure you understand what is included when you order one from a Civil Engineer. This is also a document required by financial institutions for financing.

Insurance: Renters Insurance or Property Insurance

Even if you are renting, you will need insurance to cover the contents of your tenant space. If you own, you will need to obtain property insurance prior to closing. Make sure to update your policy when relocating.