

Holdover Lease Cost Calculation

Hold-Over

All hold-over lease transactions must be submitted with a complete and accurate breakdown and justification of lease costs. Requirements:

- State the amount of base rent. Amount must be verifiable in the lease.
- State the number of months of hold-over. Hold-over periods should generally be limited to 12 months.
- Itemize all costs that add up to the STS value, including total base rent and any ancillaries for the hold-over period. Ancillary costs must be divided into applicable parts, e.g. tax escalations, operating escalations, utilities, parking, etc.
- Subtract any amount remaining on the contract that is not needed through the end of the term. If all remaining funds will be needed before the end of the term, so state.
- If the lease will run out of money before the current end date, explain why (e.g., escalations were higher than expected).

Lease Cost Calculation Format:

monthly rent
 + other monthly expense (so state, if applicable)
 = monthly total
 x months of hold-over
 = hold-over subtotal
 + tax escalations (if applicable)
 + operating escalations (if applicable)
 + utilities (if applicable)
 + other cost (so state, if applicable)
 = hold-over total
 - amount remaining on contract
 = STS value

Lease Cost Calculation Example:

	\$10,000	monthly rent	
+	\$100	telephone	
=	\$10,100	monthly total	
x	12	months of hold-over	
=	\$121,200	hold-over subtotal	
+	\$5,000	tax escalations	
+	\$4,000	operating escalations	
+	\$500	electric	
=	\$130,700	hold-over total	
-	\$15,000	remaining on contract	
=	\$115,700	STS value	