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For Immediate Release:

01/27/09

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The Top Ten Reasons for Tenants to Conduct a Lease/CAM Audit Now!

By David Tesler and Gerald Porath

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LAKEWOOD, N.J - No, this isn't a routine borrowed from a late night comedy show. There's nothing funny about controlling costs and expenses in today's market. But if any of these situations apply to your real estate portfolio, a Common Area Maintenance (CAM) audit may give you something to smile about. A comprehensive, professional review of the CAM charges being passed through to you may reveal some costly surprises in your real estate portfolio. Here are some of the most common reasons for a tenant to request a CAM audit.

Reason #1:

A Lease/CAM audit is simple and easy to do. With a professional lease abstracting and CAM auditing specialist, it usually takes just one call to get started. Staff can analyze lease documents and provide the peace of mind that a real estate portfolio is being managed efficiently. A qualified firm can assist in the recovery of overpayments while maintaining the landlord-tenant relationship, and all information is treated in the strictest of confidence.

For many companies that lease commercial space, a comprehensive, professional review of the CAM charges being passed through may uncover some unexpected and unnecessary costs in your real estate portfolio...and may provide an especially welcome reduction in expenses in 2009.

Reason #2:

A tenant may be overpaying its portion of the CAM all along. A comprehensive, professional audit can possibly save hundreds of thousands of dollars over the lifetime of a lease - dollars that go right to the bottom line.

Reason #3:

There may be troublesome language in a lease. A CAM audit can uncover problematic language in leases that can be corrected for future agreements.

Reason #4:

Companies with in-house lease administration departments may not have the time, personnel or expertise to thoroughly review and correctly interpret the relevant clauses in each lease.

Reason #5:

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Many tenants experiencing financial trouble are bringing the landlords back to the negotiating table to extract new concessions and improve the terms of their leases. Other tenants may end up picking up the tab for these renegotiated leases.

Reason #6:

A neighboring tenant may have uncovered CAM overpayments. The landlord may be looking for an unsuspecting tenant to pay for the shortfall.

Reason #7:

Timing - The landlord knows that if you don't request an audit within a given amount of time, the window of opportunity can close and you will forfeit the right for any audit or recovery of overpayments.

Reason #8:

Occupancy in a mall or center may be down and possibly heading south. In order to make up for current and anticipated vacancies, the landlord may try and pass some extra costs along to unsophisticated tenants.

Reason #9:

Landlords may need to re-finance a property, and with today's financial markets, lenders are taking a very close look at the property's economic health. Reimbursable expenses are a key factor in qualifying for a loan.

Reason #10:

Landlords may be looking to sell a property, and one of the ways to make the property more attractive to a potential buyer is to show higher reimbursable expenses in the CAM charges than are actually allowed according to a lease agreement.

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David Tesler, Esq., is Founder and Chief Executive Officer of LeaseProbe, LLC, a lease abstracting company, and Chief Executive Officer of Real Diligence, LLC, a financial due diligence company; both companies are affiliates of Madison Commercial Real Estate Services based in Lakewood, N.J.

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