**Procedures for Leasing Property to Others**

Occasionally, an Iowa State University department may wish to lease office or laboratory space, farm land, or other real property owned by ISU to entities external to ISU. This document sets forth the procedures departments should follow to ensure the lease is entered into correctly and in a timely manner.

If the department will be allowing others to use ISU property only on a short term basis (i.e., a year or less) or on an intermittent basis, then the department should use a facility use agreement instead of a lease. For more information about facility use agreements, see the [Facility Use Agreement Instructions](https://www.universitycounsel.iastate.edu/sites/default/files/uploads/Contract%20Assistance/Facility%20Use/2022-03-21.Facility%20Use%20Agreement%20Instructions_FINAL.docx). In addition, these procedures pertain only if a department wishes to lease ISU’s property to someone else. If a department wishes to use property owned by someone else, please refer to the [Procedures for Leasing Property from Others](https://www.universitycounsel.iastate.edu/sites/default/files/uploads/Contract%20Assistance/Leases/Lease%20Procedures%20%28Tenant%29.docx).

1. **Ensure Support Exists for Proposed Lease**

The department should ensure that leasing of the property is supported by the ISU unit that oversees the property and does not conflict with other plans for the property.

1. **Contact Planning Services**

The department should contact Planning Services (fpmplanningservices@iastate.edu) for assistance with issues that may arise from the lease arrangement. In addition, Planning Services can advise the department whether the lease will require approval from ISU’s [Capital Projects Advisory Committee (CPAC)](https://www.committees.iastate.edu/comm-info.php?id=16) and the Board of Regents. In general, the [Board of Regents Policy Manual](https://www.iowaregents.edu/plans-and-policies/board-policy-manual/23-property-and-facilities#real-property) states that the Board of Regents must approve leases that contain any of the following: a term of five years or more; leased space of 10,000 square feet or more; annual rent of more than $150,000, or an option to purchase or right of first refusal to purchase the property or improvements on the land. There are, however, exceptions and other nuances within the Board of Regents policy that Planning Services can help the

department navigate. Leases requiring these approvals take at least four to six months to finalize.

1. **Establish Lease Rate**

The department should contact Financial Accounting and Reporting (far@iastate.edu) to establish the rent that the entity leasing the property (“lessee”) must pay for use of the ISU property.

1. **Initiate CPAC and Board of Regents Review Process (If Applicable)**

For leases that require approval from CPAC and the Board of Regents, the department should contact its CPAC Workgroup representative to inform the representative of the department’s plans. Planning Services can provide contact information for the CPAC Workgroup representative. The CPAC Workgroup representative and Planning Services can assist the department in completing a Project Initiation Request, which is the document that initiates the process through which CPAC and the Board of Regents review and approve leases.

1. **Use Lease Template or Contact the Office of General Counsel**

If the Office of General Counsel (universitycounsel@iastate.edu) has prepared a lease template for the department, the department should complete the lease template. After completing it, the department should send the completed lease template to the lessee for its review. If the lessee desires to make substantive changes to the lease, the department should ask the lessee to do so using tracked changes. The Office of General Counsel can assist the department in reviewing the lessee’s proposed changes to the lease template.

If the department has no pre-existing lease template, the department should contact the Office of General Counsel. The Office of General Counsel will draft, review, and negotiate the lease with the lessee.

1. **Sign the Lease**

After the terms of the lease have been agreed upon with the lessee and, where applicable, CPAC and the Board of Regents have approved the lease, the lease should be signed as follows:

* If an individual in the department has been delegated authority to sign the lease and the lease did not require approval from CPAC and the Board of Regents, then that individual may sign the lease on behalf of ISU. The Office of General Counsel maintains a [list](https://apps.universitycounsel.iastate.edu/delegations/) of individuals who have been delegated authority to sign contracts on behalf of ISU on its website. The department should arrange for that individual and for a representative of the lessee to sign the lease. From ISU’s perspective, original signatures are not necessary. Electronic signatures through DocuSign or Adobe Sign and scanned versions are acceptable.
* If no one in the department has authority to sign the lease or if the lease required CPAC and Board of Regents approval, the Office of General Counsel will arrange for the lease to be signed by the appropriate university representative and the lessee. The Office of General Counsel will provide a copy of the signed lease to the department.
1. **Provide Copy of Signed Lease to Office of the SVPOF and Planning Services**The department should email a copy of the signed lease to the Office of the Senior Vice President for Operations and Finance (opsfinance@iastate.edu) and to Planning Services (fpmplanningservices@iastate.edu).
2. **Obtain Certificate of Insurance**

The lease will normally require the lessee to carry certain insurance and to submit a certificate of insurance to prove that it is carrying the required insurance. The department is responsible for confirming that the lessee has submitted the certificate of insurance and reviewing the certificate of insurance to verify that it matches the insurance requirements in the lease. The Office of Risk Management (orm@iastate.edu) can assist the department in this review. The department should retain a copy of the certificate of insurance.

1. **Bill Lessee for Rent and other Charges**

The department is responsible for ensuring the lessee is billed for rent and any another charges, such as utilities and IT services. The department should contact Accounts Receivable (rcvbl-departmentalstaff@iastate.edu) with respect to any questions on how to bill rent. Please note that the department should use the “Leasing” revenue category in ADIN when billing rent. The department should also coordinate with Utilities, ITS, and other departments as needed with respect to those charges.

1. **Comply with Lease**

The department is responsible for complying with the lease terms and for ensuring the lessee complies with the lease terms. Consequently, the department should read the lease to understand its obligations and the lessee’s obligations.

1. **Obtain Assistance with Amendments or Renewals of Lease**

If the department and lessee wish to change the terms of the lease or extend the length of the lease, the department should contact the Office of General Counsel for assistance in preparing the needed documentation.