



Leasing Terms Reference Guide

LeaseAccelerator

Version 25.2



Document Information

Notices

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This guide is designed to help you to use the LeaseAccelerator applications effectively and efficiently. All data shown in graphics are provided as examples only. The example companies and calculations herein are fictitious. No association with any real company or organization is intended or should be inferred.

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Leasing Terms

LeaseAccelerator uses many terms common in the leasing industry, from asset type and Lessee to fair market value and evergreen. Below you will find a listing of the most common terms for equipment and real estate leases used throughout our applications and related documents.

Term	Definition
Access Level	The grouping which identifies the extent of functionality that a user is given.
Accounting Classification	This is defined in the various standards and represents the rules associated with the standard. In LeaseAccelerator, the classifications can be: for ASC840, Operating or Capital Leases. For ASC842 Operating, Capitalized-Operating or Finance. For IFRS 16, Operating (off balance sheet) or Finance.
Address Role Type	The function that this location plays within your leasing program.
Adjustment Frequency	How often the index basis is measured for change. Monthly, quarterly, semi-annually, annually.
Advance vs. Arrears	Payments made at the beginning of the lease payment period (advance) or at the end of the lease payment period (arrears).
Allocation Level Scope	A characteristic that could be allocated across multiple participants for a single asset. Example = Cost Center. A single asset could allocate to several Cost Centers.
Allocation Percent	Percent of allocation split for the asset on the same row expressed as a number, not a percentage. When splitting allocation of an asset the total allocation for one asset must equal 100. Allocation splitting will only apply to allocation level attributes, i.e., Cost Center, GL Code or Project.
Alterations	Alterations or changes to a leased space that occur during the term of the lease.
Amendments	A contractual change to a lease that both the Landlord/Funder (Lessor) and Tenant (Lessee) agree to.
Amortization Term (months)	The depreciable period for financial accounting purposes if different from the economic life. This term is used to define the depreciable period for when a reasonably certain buyout or automatic transfer of ownership is contained within the lease contract. This is typically consistent with the client's internal policies for capital asset acquisitions.
Analyst	Name of employee responsible for analyzing lease versus buy analysis.
Annuity	A stream of even (equal) cash flows occurring at regular intervals, such as even monthly lease payments.
Asset Level Scope or Attribute	A characteristic that is unique to a single asset. This means there is a one-to-one relationship between the attribute and an asset. Example = ShipTo. Each asset would only have one location but a lease schedule with multiple assets could then have multiple ShipTo's.
Asset Management	Providing for the timely and proper maintenance, tracking, and disposition of the Lessee's leased assets.
Asset Owner	Name or employee responsible from organization/fiduciary perspective.

Term	Definition
Asset Retirement Obligation (or Makegood Cost)	The cost to return the rented asset to its original condition when the lease commenced (RTOC), or the cost to dismantle or remove the asset at the end of the lease (CDR). Note: RTOC and CDR can have different accounting treatment depending on the accounting standard. RTOC usually applies to real estate and CDR usually applied to equipment.
Asset Tag	A field available to clients to group assets.
Term	Definition
Asset User	Name of employee with custodial responsibility.
Assignment	A provision within a lease agreement that allows either, neither or both parties of a lease transaction to deliver their obligation to a third party in return for immediate compensation. For example, a Lessor may assign all current and future Lessee's lease payments to a third party.
Assignment Clause	A clause that defines whether or not the tenant (and landlord) can assign the lease to another legal entity, and the terms and conditions under which it may (or may not) do so.
Available for Use Date	This is a defined term within the standard that drives the recognition and the start of amortization of the Right of Use Asset and Liability.
Bargain Purchase Option Threshold	Point at which a client determines that the overall economics of the lease make it compelling, at the given buyout price and will therefore be exercised (this is an ASC840 classification test).
Base Building/Core and Shell Expenses	Any improvements the landlord will already have to make in order to make the building usable (think flooring, electrical, plumbing systems, elevator, and HVAC), and any other permanent, always-necessary features.
Base Term	The initial, noncancelable term of the lease used by the Lessor in computing the payment. The base term is the minimum time period during which the Lessee has the use and custody of the asset.
Benchmark Date for Indexed Rate	The date the initial floating rate is based on. This serves as the base index by which changes are measured from.
Book Depreciation Method (Accounting)	The accounting methodology used to calculate depreciation expense for financial accounting purposes.
Broker	A licensed real estate broker works to connect a tenant and a landlord. The broker could be a listing broker who is contracted to work with the landlord, a non-listing broker who is not under contract with the landlord, a tenant's broker who only represents the tenant, a dual agent who works for both the landlord and tenant, or a realtor who must be a member of the National Association of Realtors. An exclusive broker relationship means that they earn a fee when the tenant signs a lease even if it was not through the broker's efforts. A non-exclusive broker relationship means that the broker only earns a fee if the lease is signed through the efforts of the broker.
Build-to-Suit Lease	A build-to-suit lease is an agreement where a landlord builds a building for a specific tenant, where that tenant will occupy most or all of the building for an extended period of time. Normally used by businesses that don't want to own property but want to build something specific to their needs.

Term	Definition
Building Standard Allowance	A set of standard improvements offered by the landlord to every tenant. Any further improvements must be negotiated between the parties and might be paid for by the landlord or tenant. If the cost of the standard improvements goes over what the landlord estimated, the landlord must still pay for the unanticipated costs.
Business Type	Is your company a for-profit or non-profit enterprise? Key information for Sourcing RFP.
Business Unit (BU)	Operational group within client organization primarily used for management reporting.
Buyout	The amount a Lessee must pay the Lessor to terminate a lease and results in an ownership transfer from Lessor to Lessee.
Term	Definition
Buyout Ceiling	Maximum amount that buyout cost may be if structured as FMV rather than as a stated amount.
Buyout Floor	Minimum amount that buyout cost may be if structured as an FMV rather than as a stated amount.
Capital Improvements	Improvements that add to the long-term value of the property, extend the life of the building, or change the use of all or a substantial portion of the building. Often paid for by the landlord since the landlord will receive benefit from the improvements even after the current tenant leaves.
Capital Lease	From a financial reporting perspective, a lease that has the characteristics of a purchase agreement, and also meets certain criteria established by ASC 840. Such a lease is required to be shown as an asset and related obligation on the balance sheet of the Lessee. In LeaseAccelerator "Capital Lease" is used interchangeably with "Finance Lease".
Capitalized-Operating Lease	LeaseAccelerator's term for an operating lease under ASC 842 that has been capitalized and is essentially treating the lease as debt. Both the lease and the asset acquired under the lease will appear on the balance sheet. The firm must adjust depreciation expenses to account for the asset and interest expenses to account for the debt.
Cash Flow	A measure of an organization's liquidity that compares cash inflows and outflows. Often shown by adding noncash expenses to net income.
Cash Flow Preference	A measure of an organization's liquidity that compared cash inflows and outflows. Often shown by adding noncash expenses to net income. May be used to indicate the "best" way for management to increase shareholder wealth.
Certificate of Delivery and Acceptance (D&A or COA)	A document signed by the Lessee to acknowledge the assets to be leased have been delivered and is acceptable. Many lease agreements state that the actual lease term commences once this document has been signed.
Certificate of Occupancy	A government-issued certificate stating that a space is in compliance with applicable zoning and building codes and can be occupied.

Term	Definition
Co-Tenancy Clause	Typical of retail leases, this clause provides relief to smaller retailers when one or more anchor tenants vacate the shopping center, and the space remains vacant for more than a specified period of time.
Commencement Date	This is not the same definition as contained in the accounting standard for Commencement date. In LeaseAccelerator, we use this term as the lease start date, which represents the start of the first lease payment period, which will drive the timing of the periodic payments.
Commencement Date Agreement	An agreement that states when the lease terms will begin. The commencement date and rent commencement date could be contingent upon the completion of other events, and other critical dates could be calculated from the commencement date. It is therefore critical to document the relevant dates in a Commencement Date Agreement, to avoid disputes later in the lease term.
Commercial General Liability Insurance	An insurance policy held by the tenant, also covering the landlord, which protects against being sued by a third party - like a client - injured on the property. The tenant may be required to contribute or pay for the entirety of the policy.
Commercial Lease	Specific to a lease agreement between a landlord and a business. These leases generally cover all uses other than residential, such as office, retail, industrial, warehouse, flex, R&D, medical, house of worship, school, etc.
Common Name	Description field for an asset.
Company Name	Name of the entity which you want to use within the system. This may/may not be the official legal name of the entity. This may be a subsidiary of a larger company.
Term	Definition
Company Role Type	This is a description of the function that this company plays within your leasing program.
Compliance with Laws Clause	The clause states the responsibilities of the tenant and landlord in keeping the building up to code, including complying with the Americans with Disabilities Act.
Compounding	The addition of the time value of money to a beginning balance amount.
Contraction	An option that allows the tenant to reduce the amount of space leased, also referred to as Reduction in Scope.
Contractual GRV	This is for the purposes of lease classification only and represents the maximum possible contractual residual value.
Cost Center	The "value" used by your accounting system to identify the cost center. Typically, this is one of many portions of an overall General Ledger (GL) string. This can also be the department code asset is assigned to for responsibility/management reporting.
Cost of Capital or WACC	The weighted-average cost of funds that a firm secures from both debt and equity sources to fund its assets. The use of a firm's costs of capital is essential in making accurate capital budgeting and project investment decisions.

Term	Definition
Cost of Debt	The costs incurred by a firm to fund the acquisition of assets through the use of borrowings. A firm's component cost of debt is used in calculating the firm's overall weighted-average cost of capital.
Cost of Equity	The return on investment required by the equity holders of a firm. Cost of equity can be calculated using any number of different theoretical approaches and must take into consideration the current and long-term yield requirements of a firm's investors. A firm's component cost of equity is used in calculating its overall weighted-average cost of capital.
Credit Rating	Credit Rating assigned to the Lessee (or Parent Company, if appropriate). Key information for Sourcing RFP.
Credit Rating Source	Company issuing Credit Rating. Key information for Sourcing RFP.
Deal Level Scope or Attribute	A characteristic that is shared by all assets on a single lease schedule. This means there is a one-to-one relationship between the attribute and a lease schedule. Example = Lessee is a deal level attribute since a single lease schedule can only have one Lessee and therefore all assets on that schedule share the same Lessee.
Deal Tags	An identifier for leases that meet certain criteria and can be grouped together at the schedule-level. LeaseAccelerator has three standard deal tags: Intercompany, Land Not Separated, Schedule Reviewed.
Debt Optimization	A method of borrowing funds in a leveraged lease where the equity participants borrow and repay the obligation in such a manner as to maximize their return on equity, maintain a constant return while offering a lower lease payment, maximize cash flow, etc., or to maximize a combination of factors.
Debt Weight	Percent of Debt to Total Debt plus Equity. Key information for Sourcing LvB.
Deed Restrictions	Deed restrictions are common for some residential properties, like condos, and limit the kinds of activities, such as commercial activities, that can be carried out on that premises.
Default Date	The day the tenant is considered to be in default after having missed a payment or other action to which it is obligated by the lease. The lease will define what constitutes a default, the time period for curing the default, the notifications required to communicate about the default, as well as the remedies available to the non-defaulting party.
Default EOT Treatment	The end of term option to be used to record a lease in the absence of a defined EOT Recordation. This can either be terminate without fee or evergreen.
Default Lease Component Treatment	Identification of Lease Component or Non-Lease Component for a given product category or asset type. Non-lease Component means product category will have non-lease treatment in LeaseAccelerator. This is required for accounting.
Deposit Clause	A clause that states the terms of a security deposit, including how much it is, what the interest rate is and who gets the interest, burn down provisions, and how the deposit may be used by the landlord - typically when the tenant defaults on a payment. The deposit clause may also state that the lease cannot be terminated so long as the deposit covers the default amount.

Term	Definition
Depreciation Start Date	This is a rarely used field where a user wishes to commence the amortization of the Right of Use asset on a date that is inconsistent with the accounting standard. Such an exception would be driven by accounting policy.
Discount Rate	An interest rate used to bring a series of future cash flows to their present value to state them in current, or today's, dollars.
Double Net	The tenant pays for property tax and insurance, but maintenance costs remain the responsibility of the landlord*.
Due Date	The day the rent or periodic payment is due.
Duration	Number of payments between lease start date and original end of term. (Examples: 3-year lease paid monthly; Duration is 36. 3-year lease paid quarterly; Duration is 12.)
Early Penalty	Amount paid by Lessee for terminating lease prior to expiration.
Early Termination	An option that specifies the terms by which a Lessee may exit a lease earlier than the Expiration Date. Even if this option is not available, in some situations the Lessee may still be able to exit the lease early through negotiation with the Lessor, but could experience significant financial consequences, as a result.
Earnest Payment	An amount paid by the applicant to demonstrate that they are earnest about wanting to sign the lease. It can also be used to prevent the landlord from seeking other tenants during the period of time before the official agreement is signed.
Economic Life	This is a defined term within the standard and is used in the determination of the accounting classification. Often the expected useful life of the assets is used as a proxy for economic life.
Effective End Date	The final end date of the lease, including any reasonably certain holding periods. This would also include any renewal option terms already exercised.
Eminent Domain	This clause defines each party's rights and responsibilities in the event that the government takes the property in whole or in part through a legal proceeding known as Eminent Domain. In such a case, the government compensates the landlord, and such compensation may or may not be shared with the tenants of the building.
End of Term Event (EOT)	The action that happens at the end of the original term of a lease. This may be a return or buyout which will terminate the lease, or a renewal which will extend the lease for a negotiated period of time and rental amount.
Entity	Organization or company recognized as having fiduciary responsibility for the lease. This may or may not be the same company named on the contract as Lessee.
EOT Option Type	Defines the type of contractual options available at end of term for Lessee. For example: renewal, buyout, or return.
EOT Timing	Defines the contractual timing of the mid-term or end-of-term option.
Equity Investor	An entity that provides equity funding in a leveraged lease transaction and thereby becomes the owner and ultimate Lessor of the leased equipment.
Term	Definition
Escalation Caps	Caps on how much the periodic payment can increase.

Term	Definition
Estimated Guaranteed Residual Value (EGRV)	The amount expected to be paid by Lessee to Lessor at end of lease because equipment fair market value is less than contractual guaranteed residual. This amount is included in the Right of Use Asset.
Estoppel Letter or Certificate	A document signed by the tenant certifying the current terms of a lease that the landlord often presents to a lender or a potential buyer of the property. Since the lender and buyer rely on the contents of the Estoppel Letter when deciding to make a loan or buy the property, it could effectively amend the lease.
Evergreen	This represents the rent beyond the original term when a contractual renewal has not been executed, typically on a month-to-month basis charged at 100% of the original primary lease rate factor.
Exclusive Clause	A clause that forbids the landlord from leasing space in the building to a tenant that engages in a similar type of business, like a similar retail or professional services firm.
Executed Lease	A lease that has been signed by both parties.
Execution Date	The day the lease is signed.
Executory Costs	These costs tend to include things such as insurance fees, taxes, and maintenance expenses. Previously, ASC 840 required that these be excluded from lease accounting. However, the new ASC 842 standards divides these costs into those related and unrelated to leases. Each company must make a differentiation between these two types of expenses and how they relate to the actual leasing of the asset or property. Those that fall under the umbrella of the lease are included on the balance sheet while the rest are not.
Exercisable by Lessee	Flag denoting whether the EOT option is exercisable by the Lessee. Used in real estate. If left blank, system will assume and default to Yes. Best practice is to populate.
Expansion	An option that, if exercised, guarantees the tenant the right to expand its premises and typically results in a modification of the lease.
Expiration Date	The day the lease ends and the landlord and tenant are no longer held to the lease terms.
External Id	Unique identifier defined by the user. Used to identify parent/child relationships (if any) for a group of assets. Also, used to identify assets with split asset allocation.
External Rate of Return	A method of yield calculation. ERR is a modified internal rate of return (IRR) that allows for the incorporation of specific reinvestment, borrowing and sinking fund assumptions.
External UID (SSO)	Unique ID used to authenticate the SSO user. (Typically, the email ID but can be anything.)
Facility Code	Facility Code (ShipTo Key) is a client code associated with a specific ShipTo Address. Using a Facility Code on the PIW eliminates the need to enter the long form description in the ShipTo Address fields in the PIW.

Term	Definition
Federal Tax Rate	The Federal Income Tax rate to be used in the LvB analysis. The rate is typically the highest marginal rate used in a client's tax return. Key information for Sourcing LvB.
Fiscal Year End	The last day in client's accounting year.
Fiscal Year Model	The standard type of accounting year - Gregorian Calendar or a special recognized pattern such as 4-4-5.
Fixed Purchase Option	An option contained in the lease agreement allowing the Lessee to purchase the equipment at a predetermined price at lease term.
Term	Definition
Fixed Rent	The predetermined contractual base rent.
Frequency	Periodic nature of payments - monthly, quarterly, bi-monthly, annual, bi-annual, etc.
Fully Qualified Name	Description field for an asset.
Functional Currency	Defined in the accounting standard, for example ASC 830. Functional Currency is the currency of the primary economic environment in which the entity operates. In LeaseAccelerator, each entity may only have one functional currency.
Funder	Also referred to as Lessor, they provide the cash to finance the equipment purchase through a lease agreement. Real Estate leases may refer to this as the Landlord.
Funder Implicit Interest Rate (FIIR)	An implicit interest rate, known by the Funder, rarely provided to the Lessee given the Lessee is not privy to the Funder's residual position.
Funding Source	An entity that provides any part of the funds used to pay for the cost of the leased equipment. Funds can come from either an equity funding source, such as the ultimate Lessor in a lease transaction, or a debt funding source, such as a bank or other lending institution.
Geographic Area (Geo)	The country that determines the accounting and tax rules that apply to a transaction.
GL Code	GL Coding Convention mapping of natural account codes contained in a company's chart of accounts to LeaseAccelerator's generic accounts.
Gross Leasable Area (GLA)	GLA is the total space that can be occupied by tenants. GLA is often referenced in retail leases when determining a tenant's pro-rata share.
Gross Leasable Occupied Area (GLOA)	GLOA is the total space currently occupied by tenants. GLOA is often referenced in retail leases when determining a tenant's pro-rata share. Using GLOA instead of GLA as the denominator for calculating the pro-rata share increases a tenant's proportionate share if the building is not fully occupied.
Gross Lease	The tenant's base rent includes an allowance for all or part of operating expenses.
Gross Lease Base Amount	The Stop or Base Amount can be stated in dollars per square foot, or as the actual number of dollars incurred.

Term	Definition
Gross Lease Base Year Actual	The tenant's gross payment changes each year due to change in operating expenses from their base year - typically the first year of the lease. The difference in operating expenses from one year to the next is estimated by the landlord, who typically pays for the difference in installments throughout the year. If the operating expenses are greater than the tenant expects, they pay the difference, and if the expenses are less, they get a refund.
Gross Lease with Stops	The base rent includes a specific amount for operating expenses. If operating expenses exceed this amount, the tenant is responsible for its share (as defined in the lease) of the excess, generally calculated via an annual reconciliation or true-up.
Gross-Up Provisions	A "gross-up" refers to how a landlord calculates a tenant's pro-rata share of operating expenses when the building is not full. The landlord begins with the actual operating expenses, imputes the operating expenses that would be incurred if the building were fully occupied to determine the "grossed up" expenses, and then multiplies that "grossed up" total by the tenant's pro-rata share to determine the amount of operating costs that the tenant will pay.
Guaranty or Guarantee	An agreement by an entity (or person) who is not a party to a lease, to guarantee the performance of the tenant under the lease. Often, the guaranteeing party (guarantor), is an owner of the business (such as in a small retail establishment).
Term	Definition
Hard Costs	Hard cost is something that can be returned to the Lessor at the end of term. The hard cost financing rate will be based on a residual assumption made by the Lessor to be monetized at the end of the lease term.
Holdover	Used to describe a tenant that continues to occupy the premises after the lease has expired. The lease defines the conditions by which the tenant continues to occupy the space, including the amount of rent, which is typically 150%-200% of what was being paid prior to expiration. This may also be referred to as Evergreen.
Holdover Clause	Specifies the terms for if the tenant stays past the expiration date. Often the clause will state that payments become month-to-month under the same conditions as the previous lease. However, the clause can also state that the lease will automatically renew, or the payment could increase significantly.
Hopscotch Events	Two or more events that are processed in an out of chronological order that may be in conflict. Example: an evergreen event overlapping a term renewal.
Impairment	Write-off of part or all of an asset's net book value based on an assessment or reassessment of its net realizable value compared with its net book value.
Improvements and Alterations Clause	The clause that defines who is responsible for paying for improvements, and how to define which features will be considered improvements, trade fixtures, or core and shell expenses.
Incremental Borrowing Rate (IBR)	This is a defined term within the various standards. Example per ASC 842: The rate of interest that a lessee would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

Term	Definition
Indemnity Clauses	The indemnity provisions in a lease: general indemnity, general tax indemnity and special tax indemnity. In leveraged leases, the tax indemnity clauses can be quite lengthy and sometimes are contained in a special supplement to the lease agreement or in a separate agreement.
Index Basis	The public index which a floating payment is based upon.
Industry	Standard categorization of the type of business / product that the company participates in. Key information for Sourcing RFP.
Initial Direct Costs (IDC)	Costs incurred by the Lessor that are directly associated with the negotiating and consummating a lease. These costs include, but are not necessarily limited to, commissions, legal fees, costs of credit investigations, the cost of preparing and processing documents for new leases acquired and so forth.
Intercompany Lease	A lease between separate legal entities that are related parties, where the Lessor is one company, and the Lessee is a subsidiary or other entity that is part of the same company. Not to be confused with Intracompany transactions which involves different groups within the same legal entity, represented by balancing segment values.
Interest Cost Minimization Preference	The management of some companies believes that the best way to increase shareholder wealth is by having low or no interest costs.
Interim Index Type	The public index to which the interim floating rate is tied.
Interim Rate	The interest rate benchmark if Interim Rent Basis equals Floating. Also required for Fixed.
Interim Rent Amount	Amount of Interim Rent payment prior to the regular recurring rent associated with the lease contract.
Interim Rent Basis	Denotes whether the interim rent is based on a floating amount or a fixed dollar amount.
Term	Definition
Interim Rent Type	Type of Interim Rent which denotes how and when to apply the rent to the payment schedule. Regardless of type selected, the accounting will capitalize and amortize over the remaining life of the lease on a straight-line basis the interim rent at lease start date (Available for use date if different).
Interim Spread	An increment/decrement to the Interim Rate to determine the final Interim Rent.
Internal Rate of Return (IRR)	The unique discount rate that equates the present value of a series of cash flows (i.e., lease payments, purchase option) to the present value of the cash outflows (equipment or investment cost). IRR is the most common method used to compute yields.
IP Address	Description field used for identifying the Internet Points of Presence (POPs).
Landlord	The landlord, also known as the Lessor, leases the property to the tenant. The landlord may be the legal owner of the property, but can also be an individual, group, or company that the legal owner has allowed to lease the property.
Lease Incentive	A lease incentive is a payment made from a Lessor directly to a Lessee, or on behalf of a Lessee to fund items that would otherwise be a Lessee's expense. Widely referred to Tenant Improvement Allowance (TIA).

Term	Definition
Lease Rate Factor (LRF)	Periodic rental payment expressed as a percentage of the cost of equipment financed.
Lease Start Date	The first day of the payment period start date. If the lease is in arrears the lease start date would typically be one month prior. The contractual payment period duration begins on the lease start date.
Lease Type	The structure of the contractual agreement, such as a Fair Market Value or dollar buyout.
Lease Versus Buy Analysis (LvB)	An economic evaluation to determine the costs and benefits of leasing compared to buying.
Ledger	The set of books to which a schedule should be recorded. This may be one configured ledger or multiple or consolidating ledgers within the environment.
Ledger Code	The set of account codes making up the general ledger string. Each segment is associated with a ledger code. Example, natural account code, cost center, entity, etc.
Ledger Date	The date that the transaction becomes known and is recognized in the ledger from an accounting perspective.
Lessee	The legal party to the agreement leasing the equipment or renting the real estate. Real estate leases may refer to this as the Tenant.
Lessor	Also referred to as Funder, they provide the cash to finance the equipment purchase through a lease agreement. Real Estate leases may refer to this as the Landlord.
Lessor Reference Number	A unique tracking number identifier within the Lessor systems that assists in Lessor Lessee reconciliations.
Letter of Credit	Where a bank promises to pay the landlord money based on certain conditions being met, like damage to the property or failure to pay rent by the tenant.
Letter of Intent	A letter that summarizes key issues discussed between the landlord and the tenant before entering into a lease. It may be binding or non-binding.
Leveraged Lease	A specific form of lease involving at least three parties: a Lessor, Lessee and funding source. The Lessor borrows a significant portion of the equipment cost on a nonrecourse basis by assigning the future lease payment stream to the lender in return for up-front funds (the borrowing). The Lessor puts up a minimal amount of its own equity funds (the difference between the equipment cost and the present value of the assigned lease payments) and is generally entitled to the full tax benefits of equipment ownership.
License Agreement	An alternative to a lease agreement where instead of granting exclusive use of a property to a tenant, the landlord grants a license to allow the licensee to use the property in a certain way. The license can be revoked at any time. A license provides certain legal rights that are different from a lease agreement. Best to seek advice of counsel to ensure use of correct form.
Likely Purchase Option Threshold	Point at which a client determines that the overall economics of the lease make it reasonably certain that the buyout option will be exercised.

Term	Definition
Limit Fee	For a Split TRAC lease, the percent of Total Return Fee that Lessee is required to pay based on a contractual agreement to split the amount due with the Lessor. In order to identify a return fee as representing a contractual GRV, the return fee must be specified by selecting a Limit fee.
Local Zoning Ordinances	Limits on various aspects of what and how a property can be used. Could include limits to traffic through that rented space, the number of people allowed in the space, type of business that can occupy a building, the amount of floors space that can be used for a particular purpose, and signage that can be seen from the outside.
Long-Term Lease	A type of lease agreement that lasts for more than 12 months.
Loss Factor and Load Factor	These terms are generally interchangeable and refer to the percentage of the usable area that common areas and shared space make up. This percentage is then added to the usable square feet to arrive at the rentable square feet.
MAC Address	Description field often used for IT-related equipment.
Maintenance Clause	The clause that explains the maintenance duties of the tenant and landlord. Generally, the tenant is responsible for keeping their own premises in good operating condition: cleaning and making minor repairs. The landlord is responsible for structural repairs and for maintaining and repairing the building systems.
Majority Economic Life Threshold	Cutoff value used in lease classification test. Typical configured as 75%.
Manufacturer	Company Name. This field may be used to identify the Real Estate Developer for a real estate lease.
Master Lease Agreement (MLA)	A lease agreement containing boiler plate provisions that allows a Lessee to obtain additional leased equipment under the same basic lease terms and conditions as originally agreed to, without having to renegotiate and execute a new lease contract with the Lessor. The actual lease rate for a specific piece of equipment generally will be set upon equipment delivery to the Lessee.
Materiality Threshold Amount	The cutoff point (or maximum value) of the Materiality Threshold. This would be debited to Operating Expense and not included in disclosure reports. Leases with a value below the threshold amount are de-scoped from the standard's accounting rules based on a company's defined capitalization policy.
Materiality Threshold Basis	This represents the criteria applied to determine whether a lease that would otherwise have been capitalized is accounted for as an operating expense.
Max Days Notice	Largest number of days required per lease agreement to provide notification to Lessor of the expected action to occur.

Term	Definition
Min Days Notice	Smallest number of days required per lease agreement to provide notification to Lessor of the expected action to occur. If an option can be exercised by the lessee with no advance notice, the Min Days Notice column should be populated with zero. However, if the option will be exercised by default without any initiation by the lessee (e.g. automatic buyout or automatic evergreen), then Min Days Notice should be left blank (as should Max Days Notice). This provides the system with identification of which options are automatically exercised vs. which ones require explicit action by the lessee, with some or no advance notice to the lessor required.
Modification	This is a defined term within the various standards. It represents a change in one or more of the contractual terms of a lease as a result of a renegotiation of the lease contract that does not result in a new, independent lease contract. For example, extending or shortening the contractual lease term, increasing or decreasing the scope, or adding or terminating the right to use one or more underlying assets.
Modified Gross Lease	Tenant takes over certain expenses related to their premises, such as maintenance and repair, utilities and/or janitorial costs. Owner/landlord pays for the other operating expenses and may pass them back to the tenants via operating expense pass-throughs.
Month-to-Month Lease	A type of short-term lease that is automatically renewed each month unless the tenant or landlord gives notice that they will end the agreement. The landlord can also alter the terms of the agreement on a month-to-month basis with proper notice.
Must Take Space Clause	This clause requires a tenant to expand into a specified space when that space becomes available.
Net Income	Total Net Income as Reported.
Net Lease	Tenant pays base rent, plus its pro-rata share of the operating expenses.
Net Lease with Caps or Ceilings	The tenant pays for the operating expenses but places a cap on how much they will pay or limits the amount of increases.
Net Worth	Total Assets minus Total Liabilities as Reported (Or Total Equity).
NOL Final Year	Year when your current Net Operating Loss for tax purposes ends. Key information for Sourcing LvB.
Non-Capital Improvements/Repairs & Maintenance	Improvements or expenditures that are generally short-lived, don't typically add materially to the value of the building, and may be specific to a tenant or are part of routine maintenance. The tenant usually pays for these directly, or thought CAMs or operating expense pass-throughs.
Nonrecourse	A type of borrowing in which the borrower (a Lessor in the process of funding a lease transaction) is not at-risk for the borrowed funds. The lender expects repayment from the Lessee and/or the value of the leased equipment; hence, the lender's credit decision will be based upon the creditworthiness of the Lessee, as well as the expected value of the leased equipment.

Term	Definition
Notice	Notice is the amount of time the landlord and tenant are required to give each other before a change to the lease agreement, or before taking certain actions, such as disputes, renovations, etc. Notice is often negotiated and stated in the rental agreement, as are the method of delivery and required recipients. If it is not negotiated, state laws determine the amount of notice required.
Notification Dates to Exercise Options	The day or dates by which a tenant must notify the landlord of their intent to exercise (or waive the right to exercise) an option.
Term	Definition
Observable Price (also known as Standalone Observable Price)	The price at which the Lessee would purchase the lease or non-lease component separately. The relative percent for each component is used to allocate the total consideration of lease payments to each component for accounting purposes. If the observable standalone prices are not readily available, the Lessee shall estimate the standalone prices, maximizing the use of observable information. If observable price is entered for one asset, it should be entered for all assets, even if the observable price is the same as the unit price. The accounting standards prescribe the use of the SOP. This field should be entered if the explicit SOP or an estimate is used. However, LeaseAccelerator does not REQUIRE the field since the system has default rules-based estimates.
Occupancy Date	The day a tenant can begin to occupy the space.
Off Balance Sheet Financing	Any form of financing, such as an operating lease, that, for financial reporting purposes, is not required to be reported on a firm's balance sheet.
One-Time or Recurring	Defines whether the adjustment is applied to a single period or whether all future periods are adjusted.
Operating Costs/Operating Expenses/Common Area Maintenance Costs (CAMs)	These terms are generally interchangeable and refer to costs that are charged to the tenant to help maintain the shared spaces of the building and operate the building, including building-wide HVAC, shared elevators, building security, management fees, hallway, and lobby lighting. Operating costs may be passed through to the tenant, or may be excluded from the tenant's costs, this also may be referred to as "Outgoings".
Operating Lease	This is a term that is defined in the various accounting standards, it typically refers to leases where the risk and reward of ownership have not been transferred fully to the lessee. An Operating lease can be "On balance sheet" or "Off balance sheet". In LeaseAccelerator, we refer to an "On balance sheet" operating lease as "Capitalized-Operating" and an "off balance sheet" operating lease as "Operating".
Options Clause	Could include options to renew, expand, sublet, purchase, or more.
Order Administrator	Typically the role of employee responsible for procurement or administration.

Term	Definition
Other Allowances	Sometimes, a lease can include mid-term allowances for upgrades to the premises, such as updates to painting or the carpet, a moving allowance to defray costs of moving into the premises at commencement, and an architectural allowance to pay for costs of an architect and blueprints, among others. These are all forms of lease incentives that can be negotiated between the parties.
Ownership Type	Legal Structure of the Lessee - Corporation, C-Corp, S-Corp, LLC, Sole Proprietorship, Partnership, etc. Key information for Sourcing RFP.
Parent Company	The highest organization within a company's legal structure.
Parking	Access to parking may be included in the rent or it could be an additional charge. The number and location of parking spaces available to a tenant may or may not be guaranteed by the lease agreement.
Partial Building Flag	Real Estate related. Determines if leased property is for an entire building. This impacts the lease classification testing procedures such that a partial building does not have an FMV (no cost basis available) for purposes of the Substantially All Test.
Parties Clause	A clause describing who the landlord and tenant are, typically found at the beginning of the lease. The landlord and tenant may also be referred to as the Lessor and Lessee.
Pass-Through Clause	A pass-through clause passes on operating costs from the landlord to the tenant.
Payee	A company providing services related to the leased asset. Often used for providers of IDCs, Lease Incentives, or other real estate expenses such as Insurance. Payees are configured as Vendors in LeaseAccelerator.
Payment	Periodic amount to be paid as negotiated in the lease contract.
Payment Adjustments	Changes to lease payments that were foreseeable at commencement of the lease, but their occurrence or amount of the adjustment was uncertain and was contingent on the occurrence of future event(s).
Payment-in-Lieu-of-Taxes (P.I.L.O.T.)	Programs offered by state and local governments to incentivize a business to relocate to a particular city or state. Calculated in many ways, such as a fixed percentage of development costs, these replace traditional real property taxes and typically provide for lower overall costs, and fixed annual increases that allow a business to project real property taxes into the future, avoiding the volatility that is typical of traditional real property tax assessments.
Percentage Rent	Percentage rent is a form of variable rent. It can be paid in addition to fixed rent or instead of fixed rent. It is based on a stated percentage of the tenant's sales. The breakpoint is the term used to describe the amount of sales a tenant must achieve before the percentage rent kicks in. This is typically only used for retail establishments.
Person Role Type	The function that a person plays within your leasing program.
Personal Property Taxes	These taxes can be assessed based on equipment, furniture, inventory, etc., by a state or local government. These are almost always the responsibility of the tenant, even if not specified in the lease.

Term	Definition
PO Number	Internal Reference number that matches the client's ERP Procurement Purchase Order Number to the Supplier's.
Pooled Funds	A funding technique used by Lessors in which several forms of borrowing are pooled, or grouped, for use in funding leases and are not specifically tied to the purchase of one piece of equipment.
Premises	What's being leased, can includes land, buildings, and improvements. For retailers, this would include the store and parking areas. For a manufacturer, this would include the factory and/or warehouse. For an office tenant, this would include the office space.
Premises Clause	A clause describing the space being leased, typically found at the beginning of the lease. It should include important information about the premises, like the square footage and the floor plan. The premises clause should also include a description of the common areas that the tenants will have access to, as well as any restricted areas and areas for future expansion when options for expansion become available.
Present Value (PV)	The discounted value of a payment or stream of payments to be received in the future, taking into consideration a specific interest or discount rate. Present value represents a series of future cash flows expressed in today's dollars.
Price Per Utilized Unit	The rate used to determine the rental amount during the renewal period if utility-based pricing applies.
Pro-Rata Share	Also called proportionate share, it is the ratio of the tenant's rentable square footage compared to the entire rentable square footage (GLOA or GLA, for retail) of the building.
Product Category	A predefined list of asset types.
Product Number	A unique identifier for equipment typically used to delineate the type of equipment in the manufacturer's product catalogue.
Project	Project code asset is assigned for responsibility/management reporting.
Term	Definition
Property Damage Insurance	An insurance policy carried by the landlord that covers losses from disasters, like fires, that destroy part or all of the building. The tenant may be required to contribute or pay for the entirety of the policy.
Property Tax Authority	The municipality that assesses and collects property or real estate taxes.
Purchase Amount	The amount that the leased asset may be purchased for at mid-term or end-of-term. If you leave this field blank on a buyout option, LA will assume FMV and an exact purchase amount may be entered when exercising the option.
Purchase Option	An option in the lease agreement that allows the Lessee to purchase the leased asset at the end of the lease term for either a fixed amount or at the future fair market value of the leased asset.
PV Substantially All Threshold	Cutoff value used in lease classification test. Typically determined to be 90.
Quantity	Number of units.

Term	Definition
Radius Clause	Typical of retail tenants who pay percentage rent. This clause forbids the tenant from opening another similar business within a specified radius of the subject premises, since doing so, would potentially divert sales to the other location, reducing the amount of percentage rent payable under the subject lease.
Real Property Taxes	Taxes assessed based on the land and building. These can be shared between the landlord and tenant(s), which will be specified in the lease.
Reasonably Certain EOT Option	Flag used to define whether the option is the expected option to be exercised. You may enter multiple renewal options that are Reasonably Certain, but they must be contiguous terms without any overlap. Reasonable certainty is defined in the standard.
Reasonably Certain Holding Period	Number of months that the assets contained in the lease are expected to be used. This may be shorter than Duration if assets are typically bought out early or may be longer than duration if renewal periods are typically exercised or evergreen is typically incurred. Reasonable certainty is defined in the standard.
Reference Number	Asset level free form field which may be used for any purpose.
Remeasurement Date	The effective date when the lease accounting is recalculated. For renewals and payment adjustments, this is either the first of the fiscal month when the event was scheduled to occur, or the first day of the fiscal month in which the event is recorded, whichever is earlier. For modifications, it is the modification effective date which must be the start of a payment period.
Renewal Option	An option in the lease agreement that allows the Lessee to extend the lease term for an additional period beyond the expiration of the initial lease term, in exchange for lease renewal payments.
Renewal Payment	Amount of periodic rental payment over the renewal term. If left blank, LA will assume FMV and an exact amount will be entered when exercising the option.
Renewal Payment LRF	Factor applied to OEC (Original Equipment Cost) to determine Renewal Payment. It is the renewal rent divided by the original asset cost.
Renewal Term	Number of months from End of Original Term (or latest Renewal) to end of this Renewal Period. Represents number of months even if the original deal frequency is not monthly. Example: 1-year renewal with quarterly payments is entered as 12. If left blank, LA will assume month to month and an exact term may be entered when exercising the option.
Rent	When calculating rent, the lessor is looking to cover depreciation, operating expenses, and debt service, while also making profit. The market will often dictate the amount of rent a landlord can charge, which will increase or decrease the potential profit.
Rent Bump/ Adjustment Dates	For leases with variable rent or defined rent steps, this is the day that the rent is adjusted.
Rent Commencement Date	The day the tenant's responsibility to pay rent begins.
Rent Escalation	Rent can increase by a flat amount per year, or it can be tied to an index.

Term	Definition
Rent Escalation and Dispute/Audit Dates	The rent escalation date is day the tenant receives the escalation reconciliation. The audit/dispute date is date by which the tenant must notify the landlord of the dispute or their desire to audit the expenses behind the escalation statement. This applies to rent escalation calculations based on a change to an index, or the periodic reconciliation of CAMs, operating expense, or others items of rent and additional rent.
Rent Escalation Cap	Maximum increase that a rental payment may increase for a single measurement if floating rate lease.
Rentable Space	Refers to the usable space, plus a proportional share of common areas of the building, such as the main lobby, elevator lobbies and hallways, and bathrooms that are outside a tenant's leased space and available for use by other tenants, etc.
Rentable Square Feet (RSF)	RSF is typically the amount of square footage on which you pay rent, and includes the usable square footage, plus a proportionate share of the common areas. Typically, RSF can be 10-15% greater (or more) than USF. RSF and USF are typically measured in accordance with the BOMA Standard, which is a standard of measurement defined by Building Owners and Managers Association International, and generally considered to be accepted and approved by the American National Standards Institute (ANSI).
Repayment Mode	Determines if the rent payments are due in "advance" or in "arrears".
Reporting Area	Used to drive internal management reporting to group areas together. Typically used to group geographical areas together but may be used to establish product groups, lines of business or other divisional segments.
Residual Value	The estimated value of a fixed asset at the end of its lease term or useful life. In lease situations, the lessor uses the residual value as one of its primary methods for determining how much the lessee pays in periodic lease payments. As a general rule, the longer the useful life or lease period of an asset, the lower its residual value.
Return Fee	The total fee required to be paid by Lessee to return equipment or real estate to the Lessor/Landlord. This does not include refurbishment costs or other costs that Lessee may incur to return asset to required condition. In the case where a Guaranteed Residual Value (GRV) is present in the lease, this includes the Contractual GRV which is used in Lease Classification testing after applying any Limit Fee.
Return on Assets (ROA)	A common measure of profitability based upon the amount of assets invested; ROA is equal to the ratio of either: (1) net income to assets or (2) net income before interest to assets.
Return on Equity (ROE)	A measure of profitability related to the amount of invested equity; ROE is equal to the ration of net income to owners' equity.
Term	Definition
Right of First Offer (ROFO)	This requires the landlord to advise the tenant that a lease-specified space will be available and permits the tenant a specified amount of time to make a commercially reasonable offer for said space, before the landlord may market the space to the general public.

Term	Definition
Right of First Refusal (ROFR)	An option that requires the landlord to approach the tenant with an offer, even an offer negotiated with a third party, and allow the tenant the chance to take that offer or to turn it down before signing with a third party.
Riser Capacity	Refers to the capacity of a building for computer cables which run throughout the building in conduits called risers. The amount of riser capacity assigned to a certain tenant can be negotiated in the lease agreement.
Rolling back of a lease	This is an accounting tool to fully reverse the accounting effects of a recorded lease. All journal entries in closed periods related to the rolled back lease are reversed on the first day of the first open period. Roll back is usually performed to correct an error made when the lease was originally recorded that is not material enough to warrant a restatement of the financial statements of the impacted prior fiscal periods.
Running Rate	The rate of return to the Lessor, or cost to the Lessee, in a lease based solely based upon the initial equipment cost and the periodic lease payments, without any reliance on residual value, tax benefits, deposits or fees. This rate also is referred to as the street or stream rate.
Sale-leaseback	A transaction that involves the sale of equipment to a third party and a subsequent lease of the same equipment back to the original owner, who continues to use the equipment.
Salvage Value	The estimated resale value of an asset at the end of its useful life. Salvage Value is subtracted from the cost of a fixed asset to determine the amount of the asset cost that will be depreciated. Thus, salvage value is used as a component of the depreciation calculation in Lease versus Buy calculations only.
Schedule Number	Unique identifier for a lease within LeaseAccelerator.
Scope of Access	Entities, Business Units, and Geos which user will have access to.
Secured Transaction	A lease transaction which has more characteristics of a sale or financing arrangement than a usage arrangement, thus making the Lessee the legal owner.
Security Deposit	Usually required by the landlord to ensure against a tenant default and to cover any repairs from damages caused by the tenant. It can also be used as an earnest payment. For commercial properties, landlords can require whatever amount they think is appropriate. How the landlord manages the deposit, and what the landlord is allowed to use the deposit for, can be negotiated in the contract. If the deposit is used to cover a default, the tenant will need to replenish the deposit. The landlord may require an inspection of the property after the tenant leaves before returning the deposit. In a "burn down" method, the security deposit is reduced and eventually returned to the tenant after a period of time where the tenant consistently meets all obligations.
Serial Number	Value used to uniquely identify the asset.
Service State	A description field often used by clients to define the work state of an asset. Examples may include: Out for Repair, Under Construction, In Service.
ShipTo	The physical location of the assets on a lease schedule.

Term	Definition
Short-Term Lease	This is defined within the various accounting standards. A lease for a limited period of time, typically 12 months or less. These leases provide flexibility for the tenant to leave with short notice and for the landlord to change the terms of the agreement or refuse to renew the lease for that tenant. These leases are typically not "On Balance Sheet".
Short, Fixed Lease	A type of short-term lease that is for a short, fixed period of time and is not automatically renewed. The terms of the agreement cannot be changed during the lease term. The options the tenant can take after the lease expires - for example renewing the lease or continuing to stay in the space on a month-to-month basis - can be negotiated into the fixed lease.
Single Net	The tenant is responsible for property tax, and the landlord is responsible for insurance and maintenance*.
Soft Costs	A soft cost is something that does not keep its value and is an item that can't be returned to the Lessor at end of term, i.e. freight, installation, maintenance. The soft cost will be priced at a full payout item without a residual value built in.
Source	The source of the currency translation factor.
Spot Rate	A spot exchange rate is the current price level in the market to directly exchange one currency for another, for delivery on the earliest possible value date.
Spread Over Index	The increment which is added/subtracted to the index to determine the lease's specific rate. For example, the lease is based on CPI + 1%, where 1% is the spread over index.
Standalone Observable Price	Defined in the various standards. The price at which the Lessee would purchase the lease or non-lease component separately. The relative percent for each component is used to allocate the total consideration of lease payments to each component for accounting purposes. If the standalone observable prices are not readily available, the Lessee shall estimate the standalone prices, maximizing the use of observable information. If observable price is listed for one asset, it should be listed for all assets, even if the observable price is the same as the unit price.
State Tax Rate	The State Income Tax rate to be used in the LvB analysis. The rate is typically the highest marginal rate used in a client's tax return. Key information for Sourcing LvB.
Step Payments	Variable payments known at lease inception and specified in lease contract.
Stipulated Loss Value Table	A schedule included in the lease agreement, generally used for purposes of minimum insurance coverage, that sets forth the agreed-upon value of the leased equipment at various points throughout the lease term. This value establishes the liability of the Lessee to the Lessor in the event the leased equipment is lost or becomes unusable because of casualty loss during the lease term.
Stock Symbol	Assuming a public company, the ticker used on the stock market where the Lessee's (or parent company's) stock is traded. Key information for Sourcing RFP.

Term	Definition
Sublease	When part of a space that is already leased by a tenant is then leased by that tenant to another party.
Subordination & Non-Disturbance Agreement (SNDA)	An agreement between the tenant and the lender for the property. It states that the tenant's rights under the lease are subordinate to the lender's rights under the mortgage, but that the lender agrees to not disturb the tenant in the event of a foreclosure.
Substance Versus Form	A concept that implies that the form of a document is subordinate to the intent of the parties involved in the document.
Substantial Completion Date	When the lease-mandated improvements to the property or leased premises are substantially completed (as defined by the lease).
Term	Definition
Subtenant	A tenant that leases space from another tenant. The subtenant works directly with the tenant, though must abide by the terms the tenant made with the landlord.
Sundry Charges	These are costs for items of service specifically requested by a tenant that are for the exclusive benefit of that tenant, such as overtime HVAC and electricity, weekend freight elevator, extra security for a company event, extra cleaning services for cafeteria space in the premises, or extra rubbish removal during periods of renovations.
Takedown Date	Refers to the earlier of the Lease Start Date or Available For Use Date where the initial ROU Asset and Liability is calculated.
Tax Depreciation Method	The accounting methodology used to calculate depreciation expense for tax accounting purposes. This is required for Lease versus Buy Analysis.
Tenant	The tenant, also known as the Lessee, holds the lease of the property. An individual, a group, or a business can be a tenant. If the tenant is a business entity, the legal nature of the business determines who is responsible for meeting the obligations of the lease.
Tenant Improvement Allowance	A set amount given by the landlord to the tenant for improvements, and any improvement costs above that amount are covered by the tenant. What the allowance can be used for can be specified in the contract, and might include aesthetic modifications in addition to structural improvements. The contract will also specify what happens to any unused balance, such as whether and how the tenant can request payout of the unused balance.
Tenant Improvements	Also known as Leasehold Improvements. The structural changes a tenant makes to a leased space in order to make it usable for that tenant's business. These are generally improvements that will remain "attached" to the building, and will be considered property of the landlord - including anything screwed to the wall. The allocation of the costs between the landlord and tenant for the improvements is negotiated in the lease agreement. Examples include paint, partitions, lighting, carpet, and kitchen areas.

Term	Definition
Term Clause	The clause that defines the start date and end date for the lease. For certain leases, there may be multiple start dates referring to different events, including when the tenant starts paying rent, when the space can start to be improved, when the tenant can move in, when the space can be opened for business, and when insurance coverage must begin.
Total Assets	Total Assets as Reported.
Total Revenues	Total Revenue as Reported.
Total Space	The amount of total space leased.
TRAC or Split-TRAC Lease	A Terminal Rental Adjustment Clause (TRAC) lease is a type of open-end lease that's used to lease motor vehicles and trailers for commercial use. TRAC leases are often used for automobiles and light-duty trucks, and they usually allow the lessee to make changes to the lease while it's still active. The TRAC amount is the estimated residual value that a Lessee pays to a Lessor at the end of a lease to purchase equipment.
Trade Fixtures	An exception to the improvements rule that allows the tenant to retain ownership of certain items attached to the property that the tenant paid for, are not an integral part of the structure, and can be removed without causing expensive-to-fix damage, including any signs and portable equipment.
Transaction Costs	Costs incurred from completing the lease transaction. These costs can include lawyers, agent commissions, closing costs, and transportation costs.
Term	Definition
Transactional Currency	Currency that lease is transacted in.
Treasury Approver (Financial Approver)	Employees typically responsible for approving the lease transaction and may be the responsible party signing the lease documents. These employees are typically management or executive level and are an escalation step for notifications regarding End-of-Term.
Triple Net	The tenant is responsible for paying for tax, insurance, and maintenance in addition to the rent, and so bears all the risk of increases in operating expenses. Typical of industrial leases where things like electricity costs can vary widely.
True Lease	A lease transaction in which, for legal purposes, the Lessor is deemed to be the legal owner of the equipment.
Turnkey Improvements	A situation where the landlord agrees to pay for all improvements the tenant wants so that the space is completely ready for use.
UCC-1	A Uniform Commercial Code document filed by a Lessor informing the public that the filing party has a financial interest in the equipment on lease.
Uniform Commercial Code (UCC)	A set of standard rules, adopted by 49 states within the US, that governs commercial transactions.
Unit Price	Original equipment cost per unit in local currency.

Term	Definition
Unit Rent	A specific rental or payment amount defined in the lease agreement for the specific asset or lease component. If the standalone observable price (SOP) is not provided, this amount will be used as the estimate for allocating the total payments to each individual component and/or asset (if provided). If unit rent is specified for one asset, it must be specified for all assets on schedule. The accounting standards prescribe the use of the SOP.
Units	The unit of measure for area (currently used for real estate leases).
URL	Website Address
Usable Space	The amount of space that can be used in the leased premises, generally measured from wall to wall.
Usable Square Feet (USF)	The space the tenant actually occupies, typically measured from the inside surfaces of walls and windows. It does not include any common areas, such as lobbies, bathrooms, storage rooms, and shared hallways that are outside the premises. It also excludes areas of vertical penetrations, such as risers, columns, etc.
Use Clause	A restrictive use clause places restrictions on how the leased space may be used. A permissive use clause states what the space can be used for and implicitly forbids any use not stated in the clause.
Utilities Clause	Explains the utilities that the tenant and landlord are responsible for. Utilities could include gas, electricity, and water & sewer.
Utility Pricing Basis	The type of space factor used to identify the quantity of space rented.
Utility Units	The unit of measure used to determine the pricing during the renewal period if utility-based pricing applies.
Vacancy Rate	The percentage of rentable square footage of the property that is unoccupied.
Vacate Date	The day by which the tenant must move out of the premises.
Variable Rent	Can be linked to the Lessee's sales, occupancy, rent steps/bumps, usage, or an index, like CPI, LIBOR, or porter wage. How often rent is adjusted normally depends on the metric it is based on and what is negotiated in the contract. In certain leases, variable rent will be added to base rent, but the rent can also be entirely variable.
Vendor	Various other parties such as the equipment supplier, an assignee, or an organization to whom you pay an initial direct cost to or receive a lease incentive from.
Weighted Average Cost of Capital (WACC)	Represents a firm's average cost of capital from all sources, including common stock, preferred stock, bonds, and other forms of debt.
Weighted Average Rate	The weighted average exchange rate, for an accumulated foreign exchange exposure is an average of the exchange rates used in the valuation of each portion of the exposure, weighted by its size.
Yield	The rate of return to the Lessor in a lease investment.

Version Summary

Version	Changes/ Updates	Date
21R3	Reference Guide created from separate other reference materials and combined into one.	08/06/2021
22R1	Updated with new terms.	02/01/2022
22R1	Updated with LASS review input	02/04/2022
23R4	Updated to replace customer with client.	10/03/2023
24R2.1	Added TRAC and Split-TRAC definitions.	06/06/2024