



# Real Estate Legal Clauses

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**Editor's Note:** *What's the difference between Legal Clauses and Lease Logs in JD Edwards®? Depending on what information you're trying capture from rental agreements and other real estate legal documents, the answer is "a lot." Fortunately, Richard Berry is able to help by providing a detailed explanation of the features offered with Legal Clauses, introduced in version Xe as well as side-by-side comparisons of how Clauses and Logs match up. This is a must-read for anyone looking to get the most from their Real Estate applications!*

## Introduction

A feature called Legal Clauses was introduced in version Xe. Many users were uncertain why it was needed when it did not seem to offer anything more than what was already available in Lease Logs, which had been there since the beginning. This article gives a summary of the features in Legal Clauses and compares "Clauses" to "Logs".

The idea behind Legal Clauses is that you can use them to capture the fine print from your leases. Clauses can be stored in the system so that it's unnecessary to refer to the physical printed Lease document. The system would serve as a central repository of Lease details, which would be useful in a decentralized situation. Each Lease paragraph can be numbered and the paragraph wording can be attached. This can then be monitored and complemented with Space Detail Information, Clause Amounts and Audit Information.

In fact, it is not only legal clause information that may be entered; you could enter anything really. The general idea is that it should be reserved strictly for clauses; if you did have anything else you wanted to capture, that information should be put into the traditional Lease Logs.

The Space Detail Information screen can be used to store details of Units that the Tenant has taken up. As a matter of fact, this information is already captured in the Lease Master, so it may be unnecessary to repeat it here. However, if you had a dynamic situation where you had offered several Units to the Tenant and you wished to monitor the history of which Units had been offered and which had been accepted or rejected, then the Space Detail information would be useful.

Clause Amounts can be used to capture the detail of agreed amounts used in rent calculations. This could include rent per square foot/meter, service charge rates, management fee percentages, sales overage breakpoints and percentages and any other amount you can think of.

Option Audit Information can be captured to show how Clauses have changed as the leasehold or tenancy has progressed. For example, if we include a clause that the Tenant must provide various insurances, and we request the Tenant to provide details of the cover, we could add Audit Information showing policy number, insurance company, contact details, insured amount and premium paid. Since this would be different year-on-year, we can include it in the Audit Information screen.

Legal Clauses can be automatically added whenever a new Lease is created. They can be added based on the Lease Type or based on the Tenant. To put this another way:

- If I add a new Retail Lease, all the conditions that normally apply to a Retail Lease will be automatically added; or
- If I add a new Lease of any type (Retail, Commercial, Residential...) for a specific Tenant, all the conditions that normally apply to that Tenant will be automatically added. If the Tenant is a special Tenant (anchor Tenant, inter-company Tenant...) then there could be special provisions that apply to them alone.



# Real Estate Legal Clauses

These standard clauses are set up as Lease Option Types.

Once standard clauses have been added we can make amendments where the current Lease differs from the standard or where additional non-standard clauses are included.

Clauses are organized using a 4-character Option Type and a 10-character Detail Type.

## Note

The words 'Clause' and 'Option' are used interchangeably in the system and in this article. This may be confusing to some because Clauses are used to track all legal clauses, not just those that may be called 'options'.

## Tables

Legal Clause Information is held in the following tables:

### Setup:

|                |  |
|----------------|--|
| <b>F157011</b> | <b>Lease Option Type Header</b>                  |
| F157011D       | Lease Option Type Header - Alternate Description |
| <b>F157012</b> | <b>Lease Option Type Detail</b>                  |
| F157012D       | Lease Option Type Detail - Alternate Description |

### Data:

|                |   |
|----------------|---|
| <b>F1570</b>   | <b>Legal Clauses</b>                              |
| <b>F15701</b>  | <b>Legal Clause Options Audit</b>                 |
| <b>F15702</b>  | <b>Legal Clause Space Detail</b>                  |
| F15702D        | Legal Clause Space Detail - Alternate Description |
| <b>F157021</b> | <b>Legal Clause Space Detail Audit</b>            |
| <b>F15703</b>  | <b>Legal Clause Amounts</b>                       |

## Implementation Issue: Should we use Log Lines or Legal Clauses?

How do you decide whether Clauses or Logs should be used? The question arises because Logs can also be used to capture clauses; thus making Legal Clauses an alternative to Lease Logs. It would be unnecessary to use both Logs and Clauses because they are quite similar. So the question to ask is whether you would use Logs or Clauses to hold the detail of legal clauses. The table below gives a comparison between Logs and Clauses:

|     |   | <b>Logs</b>  | <b>Clauses</b>   |
|-----|---|--|--|
| 1.  | Standards   | <b>Yes</b>   | <b>Yes</b>   |
| 2.  | Automatically added during new lease creation based on Lease Type | <b>Yes</b><br>All Logs are copied automatically not just Required Logs | <b>Yes</b><br>But only Required Clauses are copied automatically |
| 3.  | Automatically added during new lease creation based on Tenant     | <b>No</b>  | <b>Yes</b><br>But only Required Clauses are copied automatically |
| 4.  | Standard Setup Report   | R154021 Log Standards List   | <b>No</b>  |
| 5.  | Can manually copy from standards                                  | <b>Yes</b>   | <b>No</b>  |
| 6.  | Can copy attachments from standards                               | <b>Yes</b>   | <b>No</b>  |
| 7.  | Can manually enter special lines                                  | <b>Yes</b>   | <b>Yes</b>   |
| 8.  | Key 1   | Log Class (2 characters)   | Option Type (4 characters)                                       |
| 9.  | Key 2   | Amenity ID (4 characters)  | Detail Type (10 characters)                                      |
| 10. | Unique Internal Serial Number                                     | <b>Yes</b> Log Number (HIDDEN)   | <b>Yes</b> Legal Clause Number                                   |

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