

LEASING PROCEDURES



1. LETTER OF INTENT (LOI)

A letter of Intent (LOI) is a letter to the Landlord outlining your desired terms in the lease.

The LOI signals the start of the negotiation process. It is usually accompanied with your business profile from ACRA and a good faith deposit.

The LOI is usually subject to the content of the TA. In the event you and the Landlord cannot agree on the terms of the TA, you should get back your good faith deposit unless you explicitly back out of the deal. Then, the good faith deposit may be forfeited.

It is important to state clearly under what circumstances the good faith deposit shall be forfeited or returned to avoid any unnecessary disputes.

A copy of the TA will be handed over to the Tenant after the Landlord signs the LOI. The Landlord will usually allow 7 days to 21 days for the Tenant to review the Tenancy Agreement.

4. TENANCY AGREEMENT (TA)

The Tenancy Agreement in Singapore is a simple and standard document and is usually prepared by the Landlord. However, you may engage professional legal service at your own cost to go through the TA with you.

2. LETTER OF OFFER (LOO)

Depending on the practice of the Landlord, A LOO is issued after basic terms in the LOI are agreed upon. A copy of the TA is usually handed over with the LOO.

The Good Faith Deposit is non-refundable after the LOO is sign. Once the LOO is signed with the non-refundable good faith deposit, the premises is secured, subject to the signing of the TA. In some cases, the LOO is legally binding, like the TA.

3. GOOD FAITH DEPOSIT

The good faith deposit generally amounts to one month's rent and will usually form the advance rental or security deposit after the Tenancy Agreement is signed.

Before you write a cheque or transfer the fund for the good faith deposit, it is important to make sure that you are dealing with the actual owner. You may request for proof of ownership from the Landlord's representing agent, or performing a check yourself here. Cash payment is strongly discouraged.

TAKING POSSESSION

After the TA is signed and the security deposit and advance rental paid, you will be able to take possession of the premises on the agreed date. A rent-free period for fitting out is usually allowed in commercial rentals. An inventory list will be completed on the day of taking possession to make a record the items on the premises and existing defects.

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