

**CHAPTER 9  
LEASE EXPANSION**

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## **CHAPTER 9 LEASE EXPANSION**

### **9.A. GENERAL**

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- 9.A.1. Definition** An expansion is an agreement to increase the amount of square footage in a facility in which FDIC has an existing Lease.
- 9.A.2. Applicability** An expansion is recommended when an increase in rental space is required and that requirement can be met by additional space in the same facility.
- The change in space requirement may result from changes in mission need or changes in the space allocations pursuant to FDIC policy.
- 9.A.3. Term of Expansion** The term of the expansion shall be coterminus with the existing lease or shorter.

## 9.B. ROLES AND RESPONSIBILITIES

- 9.B.1. Program Office(s)** The Program Office(s) shall provide a justification for the expansion to be used in the Documentation of Need and concur on the Lease Case.
- 9.B.2. Associate Director, ACSB** For headquarters and regional office leases, the Associate Director, ACSB, shall approve the Lease Case for expansion in accordance with Delegations of Authority.
- The Associate Director, ACSB, shall authorize Fitness and Integrity waivers and use of the abbreviated Fitness and Integrity certification.
- 9.B.3. Regional Manager, DOA** For field office and warehouse leases, the Regional Manager, DOA, shall approve the Lease Case for expansion in accordance with Delegations of Authority and review the Amendment.
- 9.B.4. Assistant Director, Leasing Section** For headquarters and regional office leases, the Assistant Director, Leasing Section, shall review the Amendment before signature by the Landlord.
- 9.B.5. Leasing Specialist** The Leasing Specialist shall:
- Prepare the Documentation of Need and obtain the necessary approvals;
  - Negotiate with the Landlord;
  - Ensure the rental rates and other terms are reasonable;
  - Prepare the Lease Case;
  - Ensure the Lease Case is approved and the Amendment is prepared and signed; and
  - Enter data into SLIMS, generate a new Lease Fact Sheet, and update the official post-award lease file.
- 9.B.6. Legal Division** The Legal Division shall prepare an opinion on the expansion and review the Amendment.
- 9.B.7. Labor and Employee Relations Specialist, PSB** The Labor and Employee Relations Specialist, PSB, shall forward copy of the approved Documentation of Need to the NTEU and shall coordinate all subsequent comments and the Amendment with the Leasing Specialist.

**9.C. PROCEDURES**

- 9.C.1. Documentation of Need** The Leasing Specialist shall prepare the Documentation of Need for expansion as described in LPM Section 3.E., for headquarters and regional office leases and LPM Section 5.E. for field office and warehouse leases. The Documentation of Need may be in the form of a memorandum.
- 9.C.2. Review by NTEU** The Leasing Specialist shall forward a copy of the approved Documentation of Need to the Labor and Employee Relations Specialist, PSB, who shall forward a copy to the NTEU for review.
- All comments received from NTEU shall be coordinated by the Labor and Employee Relations Specialist, PSB, and then forwarded to the Leasing Specialist.
- 9.C.3. Review of Lease** The Leasing Specialist and the Legal Division shall review the Lease to identify any specific expansion rights negotiated into the original Lease. The Leasing Specialist may obtain assistance from the Legal Division in completing this review.
- 9.C.4. Justification of Rental Rate** The Leasing Specialist shall obtain a market survey if the rental rate exceeds the current rental rate by 25% or more.
- The purpose of the market survey is to determine the reasonableness of the rental rate by comparing the rental rate for the expansion to:
- Existing rental rate; and
  - Neighboring properties.
- The market survey may be prepared in-house or by engaging a Broker.
- 9.C.5. Negotiations With Landlord** The Leasing Specialist shall negotiate the expansion with the Landlord. The purpose is not to make material changes to the terms and conditions of the Lease. However, the Leasing Specialist may address any nonperformance or other issues, at his discretion. The expansion should be considered an opportunity to renegotiate problematic terms and conditions of the Lease.
- 9.C.6. Fitness and Integrity** If required by FDIC's Fitness and Integrity Policy, as it has been modified by the LPM, the Landlord shall submit the

Representation and Certification Form(s) or the abbreviated Fitness and Integrity certification. If included with the original Lease, the Landlord shall resubmit these form(s) to confirm current compliance.

**9.C.7. Lease Case**

The Leasing Specialist shall prepare a Lease Case for concurrence by the Program Office(s) and approval in accordance with the Delegations of Authority.

The Lease Case shall consist of:

- Documentation of Need;
- Background information;
- Reasonableness of rental rate;
- Financial information;
- Negotiation summary;
- Financial analysis;
- Confirmation that the Landlord meets the Fitness and Integrity Policy, as it has been amended by the LPM;
- Legal opinion; and
- Documentation of any deviations from policy.

**9.C.8. Amendment**

The expansion shall be documented by an Amendment prepared by either, the:

- Legal Division;
- Leasing Specialist; or
- Landlord.

In all cases, the Legal Division shall review the Amendment to ensure all changes to the Lease are reflected.

**9.C.9. Review**

The Assistant Director, Leasing Section, or Regional Manager, DOA, or designee, as applicable shall review the Amendment.

**9.C.10. Execution Package**

Before the Associate Director, ACSB, or Regional Manager, DOA, signs and dates the Amendment, the Leasing Specialist shall prepare the execution package which consists of:

- 4 copies of the Amendment signed and dated by the Landlord;
- Legal opinion;

- Landlord Representations and Certifications Form(s) or abbreviated Fitness and Integrity certification; and
- Approved Lease Case.

**9.C.11. FDIC Signature**

The Assistant Director, Leasing Section shall present the execution package to the Associate Director, ACSB, for headquarters and regional office leases and the Leasing Specialist shall present the execution package to the Regional Manager, DOA, for field office and warehouse leases.

The Associate Director, ACSB, or Regional Manager, DOA, or designee, shall sign and date the Amendment.

**9.C.12. Distribution**

The Leasing Specialist shall distribute the signed Amendment to:

- Official lease file (1);
- Legal Division (1); and
- The Landlord (2).

Copies shall be provided to:

- Chief, Corporate Services Staff; and
- Labor Relations.

**9.C.13. Review by NTEU**

The Leasing Specialist shall forward a copy of the approved Amendment to the Labor and Employee Relations Specialist, PSB, who shall forward the copy to the NTEU for review.

All comments received from NTEU shall be coordinated by the Labor and Employee Relations Specialist, PSB, and then forwarded to the Leasing Specialist.

**9.C.14. SLIMS**

After signature by the Landlord and FDIC, the Leasing Specialist shall enter information from the Amendment into SLIMS. The Leasing Specialist shall generate a new Lease Fact Sheet and obtain the necessary signatures as defined in LPM Section 7.C.3.

**9.C.15. Filing**

The Leasing Specialist shall ensure that the original Amendment and a copy of the signed Lease Fact Sheet are placed in the official lease file.

All comments received from the NTEU through the Labor and Employee Relations Specialist, PSB, shall be placed in the official lease file.

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