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**GENERAL CLAUSES**  
(Acquisition of Leasehold Interests in Real Property)

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The information collection requirements contained in this solicitation/contract that are not required by regulation have been approved by the Office of Management and Budget (OMB) pursuant to the Paperwork Reduction Act and assigned the OMB Control No. 3090-0163.

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(Acquisition of Leasehold Interests in Real Property)

**1. SUBLETTING AND ASSIGNMENT (JAN 2011)**

The Government may sublet any part of the premises but shall not be relieved from any obligations under this lease by reason of any such subletting. The Government may at any time assign this lease, and be relieved from all obligations to Lessor under this lease excepting only unpaid rent and other liabilities, if any, that have accrued to the date of said assignment. Any subletting or assignment shall be subject to prior written consent of Lessor, which shall not be unreasonably withheld.

**2. 552.270-11 SUCCESSORS BOUND (SEP 1999)**

This lease shall bind, and inure to the benefit of, the parties and their respective heirs, executors, administrators, successors, and assigns.

**3. 552.270-23 SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT (SEP 1999)**

(a) Lessor warrants that it holds such title to or other interest in the premises and other property as is necessary to the Government's access to the premises and full use and enjoyment thereof in accordance with the provisions of this lease. Government agrees, in consideration of the warranties and conditions set forth in this clause, that this lease is subject and subordinate to any and all recorded mortgages, deeds of trust and other liens now or hereafter existing or imposed upon the premises, and to any renewal, modification or extension thereof. It is the intention of the parties that this provision shall be self-operative and that no further instrument shall be required to effect the present or subsequent subordination of this lease. Government agrees, however, within twenty (20) business days next following the Contracting Officer's receipt of a written demand, to execute such instruments as Lessor may reasonably request to evidence further the subordination of this lease to any existing or future mortgage, deed of trust or other security interest pertaining to the premises, and to any water, sewer or access easement necessary or desirable to serve the premises or adjoining property owned in whole or in part by Lessor if such easement does not interfere with the full enjoyment of any right granted the Government under this lease.

(b) No such subordination, to either existing or future mortgages, deeds of trust or other lien or security instrument shall operate to affect adversely any right of the Government under this lease so long as the Government is not in default under this lease. Lessor will include in any future mortgage, deed of trust or other security instrument to which this lease becomes subordinate, or in a separate non-disturbance agreement, a provision to the foregoing effect. Lessor warrants that the holders of all notes or other obligations secured by existing mortgages, deeds of trust or other security instruments have consented to the provisions of this clause, and agrees to provide true copies of all such consents to the Contracting Officer promptly upon demand.

(c) In the event of any sale of the premises or any portion thereof by foreclosure of the lien of any such mortgage, deed of trust or other security instrument, or the giving of a deed in lieu of foreclosure, the Government will be deemed to have attorned to any purchaser, purchasers, transferee or transferees of the premises or any portion thereof and its or their successors and assigns, and any such purchasers and transferees will be deemed to have assumed all obligations of the Lessor under this lease, so as to establish direct privity of estate and contract between Government and such purchasers or transferees, with the same force, effect and relative priority in time and right as if the lease had initially been entered into between such purchasers or transferees and the Government; provided, further, that the Contracting Officer and such purchasers or transferees shall, with reasonable promptness following any such sale or deed delivery in lieu of foreclosure, execute all such revisions to this lease, or other writings, as shall be necessary to document the foregoing relationship.

(d) None of the foregoing provisions may be deemed or construed to imply a waiver of the Government's rights as a sovereign.

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**4. 552.270-24 STATEMENT OF LEASE (SEP 1999)**

(a) The Contracting Officer will, within thirty (30) days next following the Contracting Officer's receipt of a joint written request from Lessor and a prospective lender or purchaser of the building, execute and deliver to Lessor a letter stating that the same is issued subject to the conditions stated in this clause and, if such is the case, that (1) the lease is in full force and effect; (2) the date to which the rent and other charges have been paid in advance, if any; and (3) whether any notice of default has been issued.

(b) Letters issued pursuant to this clause are subject to the following conditions:

(1) That they are based solely upon a reasonably diligent review of the Contracting Officer's lease file as of the date of issuance;

(2) That the Government shall not be held liable because of any defect in or condition of the premises or building;

(3) That the Contracting Officer does not warrant or represent that the premises or building comply with applicable Federal, State and local law; and

(4) That the Lessor, and each prospective lender and purchaser are deemed to have constructive notice of such facts as would be ascertainable by reasonable pre-purchase and pre-commitment inspection of the Premises and Building and by inquiry to appropriate Federal, State and local Government officials.

**5. 552.270-25 SUBSTITUTION OF TENANT AGENCY (SEP 1999)**

The Government may, at any time and from time to time, substitute any Government agency or agencies for the Government agency or agencies, if any, named in the lease.

**6. 552.270-26 NO WAIVER (SEP 1999)**

No failure by either party to insist upon the strict performance of any provision of this lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial rent or other performance by either party during the continuance of any such breach shall constitute a waiver of any such breach of such provision.

**7. INTEGRATED AGREEMENT (JUN 2012)**

This Lease, upon execution, contains the entire agreement of the parties and no prior written or oral agreement, express or implied, shall be admissible to contradict the provisions of the Lease. Except as expressly attached to and made a part of the Lease, neither the Request for Lease Proposals nor any pre-award communications by either party shall be incorporated in the Lease.

**8. 552.270-28 MUTUALITY OF OBLIGATION (SEP 1999)**

The obligations and covenants of the Lessor, and the Government's obligation to pay rent and other Government obligations and covenants, arising under or related to this Lease, are interdependent. The Government may, upon issuance of and delivery to Lessor of a final decision asserting a claim against Lessor, set off such claim, in whole or in part, as against any payment or payments then or thereafter due the Lessor under this lease. No setoff pursuant to this clause shall constitute a breach by the Government of this lease.

**9. DELIVERY AND CONDITION (JAN 2011)**

(a) Unless the Government elects to have the space occupied in increments, the space must be delivered ready for occupancy as a complete unit.

(b) The Government may elect to accept the Space notwithstanding the Lessor's failure to deliver the Space substantially complete; if the Government so elects, it may reduce the rent payments.

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## 10. DEFAULT BY LESSOR (APR 2012)

(a) The following conditions shall constitute default by the Lessor, and shall give rise to the following rights and remedies for the Government:

(1) Prior to Acceptance of the Premises. Failure by the Lessor to diligently perform all obligations required for Acceptance of the Space within the times specified, without excuse, shall constitute a default by the Lessor. Subject to provision of notice of default to the Lessor, and provision of a reasonable opportunity for the Lessor to cure its default, the Government may terminate the Lease on account of the Lessor's default.

(2) After Acceptance of the Premises. Failure by the Lessor to perform any service, to provide any item, or satisfy any requirement of this Lease, without excuse, shall constitute a default by the Lessor. Subject to provision of notice of default to the Lessor, and provision of a reasonable opportunity for the Lessor to cure its default, the Government may perform the service, provide the item, or obtain satisfaction of the requirement by its own employees or contractors. If the Government elects to take such action, the Government may deduct from rental payments its costs incurred in connection with taking the action. Alternatively, the Government may reduce the rent by an amount reasonably calculated to approximate the cost or value of the service not performed, item not provided, or requirement not satisfied, such reduction effective as of the date of the commencement of the default condition.

(3) Grounds for Termination. The Government may terminate the Lease if:

(i) The Lessor's default persists notwithstanding provision of notice and reasonable opportunity to cure by the Government, or

(ii) The Lessor fails to take such actions as are necessary to prevent the recurrence of default conditions,

and such conditions (i) or (ii) substantially impair the safe and healthful occupancy of the Premises, or render the Space unusable for its intended purposes.

(4) Excuse. Failure by the Lessor to timely deliver the Space or perform any service, provide any item, or satisfy any requirement of this Lease shall not be excused if its failure in performance arises from:

(i) Circumstances within the Lessor's control;

(ii) Circumstances about which the Lessor had actual or constructive knowledge prior to the Lease Award Date that could reasonably be expected to affect the Lessor's capability to perform, regardless of the Government's knowledge of such matters;

(iii) The condition of the Property;

(iv) The acts or omissions of the Lessor, its employees, agents or contractors; or

(v) The Lessor's inability to obtain sufficient financial resources to perform its obligations.

(5) The rights and remedies specified in this clause are in addition to any and all remedies to which the Government may be entitled as a matter of law.

## 11. 552.270-19 PROGRESSIVE OCCUPANCY (SEP 1999)

The Government shall have the right to elect to occupy the space in partial increments prior to the substantial completion of the entire leased premises, and the Lessor agrees to schedule its work so as to deliver the space incrementally as elected by the Government. The Government shall pay rent commencing with the first business day following substantial completion of the entire leased premise unless the Government has elected to occupy the

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leased premises incrementally. In case of incremental occupancy, the Government shall pay rent pro rata upon the first business day following substantial completion of each incremental unit. Rental payments shall become due on the first workday of the month following the month in which an increment of space is substantially complete, except that should an increment of space be substantially completed after the fifteenth day of the month, the payment due date will be the first workday of the second month following the month in which it was substantially complete. The commencement date of the firm lease term will be a composite determined from all rent commencement dates.

## **12. MAINTENANCE OF THE PROPERTY, RIGHT TO INSPECT (APR 2015)**

The Lessor shall maintain the Property, including the building, building systems, and all equipment, fixtures, and appurtenances furnished by the Lessor under this Lease, in good repair and tenantable condition so that they are suitable in appearance and capable of supplying such heat, air conditioning, light, ventilation, safety systems, access and other things to the premises, without reasonably preventable or recurring disruption, as is required for the Government's access to, occupancy, possession, use and enjoyment of the premises as provided in this lease. For the purpose of so maintaining the premises, the Lessor may at reasonable times enter the premises with the approval of the authorized Government representative in charge. Upon request of the Lease Contracting Officer (LCO), the Lessor shall provide written documentation that building systems have been properly maintained, tested, and are operational within manufacturer's warranted operating standards. The Lessor shall maintain the Premises in a safe and healthful condition according to applicable OSHA standards and all other requirements of this Lease, including standards governing indoor air quality, existence of mold and other biological hazards, presence of hazardous materials, etc. The Government shall have the right, at any time after the Lease Award Date and during the term of the Lease, to inspect all areas of the Property to which access is necessary for the purpose of determining the Lessor's compliance with this clause.

## **13. FIRE AND CASUALTY DAMAGE (JUN 20126)**

If the building in which the Premises are located is totally destroyed or damaged by fire or other casualty, this Lease shall immediately terminate. If the building in which the Premises are located are only partially destroyed or damaged, so as to render the Premises untenable, or not usable for their intended purpose, the Lessor shall have the option to elect to repair and restore the Premises or terminate the Lease. The Lessor shall be permitted a reasonable amount of time, not to exceed **270 days** from the event of destruction or damage, to repair or restore the Premises, provided that the Lessor submits to the Government a reasonable schedule for repair of the Premises within **60 days** of the event of destruction or damage. If the Lessor fails to timely submit a reasonable schedule for completing the work, the Government may elect to terminate the Lease effective as of the date of the event of destruction or damage. If the Lessor elects to repair or restore the Premises, but fails to repair or restore the Premises within **270 days** from the event of destruction or damage, or fails to diligently pursue such repairs or restoration so as to render timely completion commercially impracticable, the Government may terminate the Lease effective as of the date of the destruction or damage. During the time that the Premises are unoccupied, rent shall be abated. Termination of the Lease by either party under this clause shall not give rise to liability for either party.

Nothing in this lease shall be construed as relieving Lessor from liability for damage to, or destruction of, property of the United States of America caused by the willful or negligent act or omission of Lessor.

## **14. COMPLIANCE WITH APPLICABLE LAW (JAN 2011)**

Lessor shall comply with all Federal, state and local laws applicable to its ownership and leasing of the Property, including, without limitation, laws applicable to the construction, ownership, alteration or operation of all buildings, structures, and facilities located thereon, and obtain all necessary permits, licenses and similar items at its own expense. The Government will comply with all Federal, State and local laws applicable to and enforceable against it as a tenant under this lease, provided that nothing in this Lease shall be construed as a waiver of the sovereign immunity of the Government. This Lease shall be governed by Federal law.

## **15. 552.270-12 ALTERATIONS (SEP 1999)**

The Government shall have the right during the existence of this lease to make alterations, attach fixtures, and erect structures or signs in or upon the premises hereby leased, which fixtures, additions or structures so placed in, on, upon, or attached to the said premises shall be and remain the property of the Government and may be removed

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or otherwise disposed of by the Government. If the lease contemplates that the Government is the sole occupant of the building, for purposes of this clause, the leased premises include the land on which the building is sited and the building itself. Otherwise, the Government shall have the right to tie into or make any physical connection with any structure located on the property as is reasonably necessary for appropriate utilization of the leased space.

#### **16. ACCEPTANCE OF SPACE AND CERTIFICATE OF OCCUPANCY (APR 2015)**

(a) Ten (10) working days prior to the completion of the Space, the Lessor shall issue written notice to the Government to schedule the inspection of the Space for acceptance. The Government shall accept the Space only if the construction of building shell and TIs conforming to this Lease and the approved DIDs is substantially complete, and a Certificate of Occupancy has been issued as set forth below.

(b) The Space shall be considered substantially complete only if the Space may be used for its intended purpose and completion of remaining work will not unreasonably interfere with the Government's enjoyment of the Space. Acceptance shall be final and binding upon the Government with respect to conformance of the completed TIs to the approved DIDs, with the exception of items identified on a punchlist generated as a result of the inspection, concealed conditions, latent defects, or fraud, but shall not relieve the Lessor of any other Lease requirements.

(c) The Lessor shall provide a valid Certificate of Occupancy, issued by the local jurisdiction, for the intended use of the Government. If the local jurisdiction does not issue Certificates of Occupancy or if the Certificate of Occupancy is not available, the Lessor may satisfy this condition by providing a report prepared by a licensed fire protection engineer that indicates that the Space and Building are compliant with all applicable local codes and ordinances and all fire protection and life safety-related requirements of this Lease to ensure an acceptable level of safety is provided. Under such circumstances, the Government shall only accept the Space without a Certificate of Occupancy if a licensed fire protection engineer determines that the offered space is compliant with all applicable local codes and ordinances and fire protection and life safety-related requirements of this Lease.

#### **17. 52.204-7 SYSTEM FOR AWARD MANAGEMENT (JUL 2013)**

*This clause is incorporated by reference.*

#### **18. 52.204-13 SYSTEM FOR AWARD MANAGEMENT MAINTENANCE (JUL 2013)**

*This clause is incorporated by reference.*

#### **19. 552.270-31 PROMPT PAYMENT (JUN 2011)**

The Government will make payments under the terms and conditions specified in this clause. Payment shall be considered as being made on the day a check is dated or an electronic funds transfer is made. All days referred to in this clause are calendar days, unless otherwise specified.

(a) *Payment due date—*

(1) *Rental payments.* Rent shall be paid monthly in arrears and will be due on the first workday of each month, and only as provided for by the lease.

(i) When the date for commencement of rent falls on the 15th day of the month or earlier, the initial monthly rental payment under this contract shall become due on the first workday of the month following the month in which the commencement of the rent is effective.

(ii) When the date for commencement of rent falls after the 15th day of the month, the initial monthly rental payment under this contract shall become due on the first workday of the second month following the month in which the commencement of the rent is effective.

(2) *Other payments.* The due date for making payments other than rent shall be the later of the following two events:

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(i) The 30th day after the designated billing office has received a proper invoice from the Contractor.

(ii) The 30th day after Government acceptance of the work or service. However, if the designated billing office fails to annotate the invoice with the actual date of receipt, the invoice payment due date shall be deemed to be the 30th day after the Contractor's invoice is dated, provided a proper invoice is received and there is no disagreement over quantity, quality, or Contractor compliance with contract requirements.

(b) *Invoice and inspection requirements for payments other than rent.*

(1) The Contractor shall prepare and submit an invoice to the designated billing office after completion of the work. A proper invoice shall include the following items:

(i) Name and address of the Contractor.

(ii) Invoice date.

(iii) Lease number.

(iv) Government's order number or other authorization.

(v) Description, price, and quantity of work or services delivered.

(vi) Name and address of Contractor official to whom payment is to be sent (must be the same as that in the remittance address in the lease or the order).

(vii) Name (where practicable), title, phone number, and mailing address of person to be notified in the event of a defective invoice.

(2) The Government will inspect and determine the acceptability of the work performed or services delivered within seven days after the receipt of a proper invoice or notification of completion of the work or services unless a different period is specified at the time the order is placed. If actual acceptance occurs later, for the purpose of determining the payment due date and calculation of interest, acceptance will be deemed to occur on the last day of the seven day inspection period. If the work or service is rejected for failure to conform to the technical requirements of the contract, the seven days will be counted beginning with receipt of a new invoice or notification. In either case, the Contractor is not entitled to any payment or interest unless actual acceptance by the Government occurs.

(c) *Interest Penalty.*

(1) An interest penalty shall be paid automatically by the Government, without request from the Contractor, if payment is not made by the due date.

(2) The interest penalty shall be at the rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) that is in effect on the day after the due date. This rate is referred to as the "Renegotiation Board Interest Rate," and it is published in the **Federal Register** semiannually on or about January 1 and July 1. The interest penalty shall accrue daily on the payment amount approved by the Government and be compounded in 30-day increments inclusive from the first day after the due date through the payment date.

(3) Interest penalties will not continue to accrue after the filing of a claim for such penalties under the clause at 52.233-1, Disputes, or for more than one year. Interest penalties of less than \$1.00 need not be paid.

(4) Interest penalties are not required on payment delays due to disagreement between the Government and Contractor over the payment amount or other issues involving contract compliance or on



amounts temporarily withheld or retained in accordance with the terms of the contract. Claims involving disputes, and any interest that may be payable, will be resolved in accordance with the clause at 52.233-1, Disputes.

(d) *Overpayments.* If the Lessor becomes aware of a duplicate payment or that the Government has otherwise overpaid on a payment, the Contractor shall—

(1) Return the overpayment amount to the payment office cited in the contract along with a description of the overpayment including the—

(i) Circumstances of the overpayment (e.g., duplicate payment, erroneous payment, liquidation errors, date(s) of overpayment);

(ii) Affected lease number; (iii) Affected lease line item or sub-line item, if applicable; and

(iii) Lessor point of contact.

(2) Provide a copy of the remittance and supporting documentation to the Contracting Officer.

## **20. 52.232-23 ASSIGNMENT OF CLAIMS (MAY 2014)**

(Applicable to leases over the micro-purchase threshold.)

(a) The Contractor, under the Assignment of Claims Act, as amended, [31 U.S.C. 3727](#), [41 U.S.C. 6305](#) (hereafter referred to as “the Act”), may assign its rights to be paid amounts due or to become due as a result of the performance of this contract to a bank, trust company, or other financing institution, including any Federal lending agency. The assignee under such an assignment may thereafter further assign or reassign its right under the original assignment to any type of financing institution described in the preceding sentence.

(b) Any assignment or reassignment authorized under the Act and this clause shall cover all unpaid amounts payable under this contract, and shall not be made to more than one party, except that an assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in the financing of this contract.

(c) The Contractor shall not furnish or disclose to any assignee under this contract any classified document (including this contract) or information related to work under this contract until the Contracting Officer authorizes such action in writing.

## **21. PAYMENT (MAY 2011)**

(a) When space is offered and accepted, the amount of American National Standards Institute/Building Owners and Managers Association Office Area (ABOA) square footage delivered will be confirmed by:

(1) The Government’s measurement of plans submitted by the successful Offeror as approved by the Government, and an inspection of the space to verify that the delivered space is in conformance with such plans or

(2) A mutual on-site measurement of the space, if the Contracting Officer determines that it is necessary.

(b) Payment will not be made for space which is in excess of the amount of ABOA square footage stated in the lease.

(c) If it is determined that the amount of ABOA square footage actually delivered is less than the amount agreed to in the lease, the lease will be modified to reflect the amount of ABOA space delivered and the annual rental will be adjusted as follows:

ABOA square feet not delivered multiplied by one plus the common area factor (CAF), multiplied by the rate per rentable square foot (RSF). That is:  $(1+CAF) \times \text{Rate per RSF} = \text{Reduction in Annual Rent}$

**22. 52.232-33 PAYMENT BY ELECTRONIC FUNDS TRANSFER—SYSTEM FOR AWARD MANAGEMENT (JUL 2013)**

*This clause is incorporated by reference.*

**23. 52.203-13 CONTRACTOR CODE OF BUSINESS ETHICS AND CONDUCT (OCT 2015)**

(Applicable to leases over \$5.5 million total contract value and performance period is 120 days or more.)

*This clause is incorporated by reference.*

**24. 552.270-32 COVENANT AGAINST CONTINGENT FEES (JUN 2011)**

(Applicable to leases over the Simplified Lease Acquisition Threshold.)

(a) The Contractor warrants that no person or agency has been employed or retained to solicit or obtain this contract upon an agreement or understanding for a contingent fee, except a bona fide employee or agency. For breach or violation of this warranty, the Government shall have the right to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration, or otherwise recover the full amount of the contingent fee.

(b) *Bona fide agency*, as used in this clause, means an established commercial or selling agency (including licensed real estate agents or brokers), maintained by a Contractor for the purpose of securing business, that neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds itself out as being able to obtain any Government contract or contracts through improper influence.

(1) *Bona fide employee*, as used in this clause, means a person, employed by a Contractor and subject to the Contractor's supervision and control as to time, place, and manner of performance, who neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds out as being able to obtain any Government contract or contracts through improper influence.

(2) *Contingent fee*, as used in this clause, means any commission, percentage, brokerage, or other fee that is contingent upon the success that a person or concern has in securing a Government contract.

(3) *Improper influence*, as used in this clause, means any influence that induces or tends to induce a Government employee or officer to give consideration or to act regarding a Government contract on any basis other than the merits of the matter.

**25. 52.203-7 ANTI-KICKBACK PROCEDURES (MAY 2014)**

(Applicable to leases over the Simplified Lease Acquisition Threshold.)

*This clause is incorporated by reference.*

**26. 52.223-6 DRUG-FREE WORKPLACE (MAY 2001)**

(Applicable to leases over the Simplified Lease Acquisition Threshold, as well as to leases of any value awarded to an individual.)

*This clause is incorporated by reference.*

**27. 52.203-14 DISPLAY OF HOTLINE POSTER(S) (OCT 2015)**

(Applicable to leases over \$5.5 Million total contract value and performance period is 120 days or more.)

(a) Definition.

"United States," as used in this clause, means the 50 States, the District of Columbia, and outlying areas.

(b) Display of fraud hotline poster(s). Except as provided in paragraph (c)—

- (1) During contract performance in the United States, the Contractor shall prominently display in common work areas within business segments performing work under this contract and at contract work sites—
  - (i) Any agency fraud hotline poster or Department of Homeland Security (DHS) fraud hotline poster identified in paragraph (b)(3) of this clause; and
  - (ii) Any DHS fraud hotline poster subsequently identified by the Contracting Officer.
- (2) Additionally, if the Contractor maintains a company website as a method of providing information to employees, the Contractor shall display an electronic version of the poster(s) at the website.
- (3) Any required posters may be obtained as follows:

<b>Poster(s)</b>	<b>Obtain from</b>
GSA Office of Inspector General "FRAUDNET HOTLINE	Contracting Officer

(Contracting Officer shall insert—

- (i) Appropriate agency name(s) and/or title of applicable Department of Homeland Security fraud hotline poster); and
- (ii) The website(s) or other contact information for obtaining the poster(s).)

(c) If the Contractor has implemented a business ethics and conduct awareness program, including a reporting mechanism, such as a hotline poster, then the Contractor need not display any agency fraud hotline posters as required in paragraph (b) of this clause, other than any required DHS posters.

(d) Subcontracts. The Contractor shall include the substance of this clause, including this paragraph (d), in all subcontracts that exceed \$5.5 million, except when the subcontract—

- (1) Is for the acquisition of a commercial item; or
- (2) Is performed entirely outside the United States.

**28. 552.270-30 PRICE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY (JUN 2011)**  
 (Applicable to leases over the Simplified Lease Acquisition Threshold.)

(a) If the head of the contracting activity (HCA) or his or her designee determines that there was a violation of subsection 27(a) of the Office of Federal Procurement Policy Act, as amended (41 U.S.C. 423), as implemented in the Federal Acquisition Regulation, the Government, at its election, may—

- (1) Reduce the monthly rental under this lease by five percent of the amount of the rental for each month of the remaining term of the lease, including any option periods, and recover five percent of the rental already paid;
- (2) Reduce payments for alterations not included in monthly rental payments by five percent of the amount of the alterations agreement; or
- (3) Reduce the payments for violations by a Lessor's subcontractor by an amount not to exceed the amount of profit or fee reflected in the subcontract at the time the subcontract was placed.

(b) Prior to making a determination as set forth above, the HCA or designee shall provide to the Lessor a written notice of the action being considered and the basis thereof. The Lessor shall have a period determined by the agency head or designee, but not less than 30 calendar days after receipt of such notice, to submit in person, in writing, or through a representative, information and argument in opposition to the proposed reduction. The agency head or designee may, upon good cause shown, determine to deduct less than the above amounts from payments.

(c) The rights and remedies of the Government specified herein are not exclusive, and are in addition to any other rights and remedies provided by law or under this lease.

**29. 52.215-10 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (AUG 2011)**

(Applicable when cost or pricing data are required for work or services over \$750,000.)  
*This clause is incorporated by reference.*

**30. 552.270-13 PROPOSALS FOR ADJUSTMENT (SEP 1999)**

(a) The Contracting Officer may, from time to time during the term of this lease, require changes to be made in the work or services to be performed and in the terms or conditions of this lease. Such changes will be required under the Changes clause.

(b) If the Contracting Officer makes a change within the general scope of the lease, the Lessor shall submit, in a timely manner, an itemized cost proposal for the work to be accomplished or services to be performed when the cost exceeds \$100,000. The proposal, including all subcontractor work, will contain at least the following detail—

- (1) Material quantities and unit costs;
- (2) Labor costs (identified with specific item or material to be placed or operation to be performed;
- (3) Equipment costs;
- (4) Worker's compensation and public liability insurance;
- (5) Overhead;
- (6) Profit; and
- (7) Employment taxes under FICA and FUTA.

(c) The following Federal Acquisition Regulation (FAR) provisions also apply to all proposals exceeding \$500,000 in cost—

(1) The Lessor shall provide cost or pricing data including subcontractor cost or pricing data (48 CFR 15.403-4) and

(2) The Lessor's representative, all Contractors, and subcontractors whose portion of the work exceeds \$500,000 must sign and return the "Certificate of Current Cost or Pricing Data" (48 CFR 15.406-2).

(d) Lessors shall also refer to 48 CFR Part 31, Contract Cost Principles, for information on which costs are allowable, reasonable, and allocable in Government work.

**31. CHANGES (MAR 2013)**

(a) The LCO may at any time, by written order, direct changes to the Tenant Improvements within the Space, Building Security Requirements, or the services required under the Lease.

(b) If any such change causes an increase or decrease in Lessor's costs or time required for performance of its obligations under this Lease, whether or not changed by the order, the Lessor shall be entitled to an amendment to the Lease providing for one or more of the following:

- (1) An adjustment of the delivery date;
- (2) An equitable adjustment in the rental rate;
- (3) A lump sum equitable adjustment; or
- (4) A change to the operating cost base, if applicable.

(c) The Lessor shall assert its right to an amendment under this clause within 30 days from the date of receipt of the change order and shall submit a proposal for adjustment. Failure to agree to any adjustment shall be a dispute under the Disputes clause. However, the pendency of an adjustment or existence of a dispute shall not excuse the Lessor from proceeding with the change as directed.

(d) Absent a written change order from the LCO, or from a Government official to whom the LCO has explicitly and in writing delegated the authority to direct changes, the Government shall not be liable to Lessor under this clause.

**32. 552.215-70 EXAMINATION OF RECORDS BY GSA (FEB 1996)**

The Contractor agrees that the Administrator of General Services or any duly authorized representative shall, until the expiration of 3 years after final payment under this contract, or of the time periods for the particular records specified in Subpart 4.7 of the Federal Acquisition Regulation (48 CFR 4.7), whichever expires earlier, have access to and the right to examine any books, documents, papers, and records of the Contractor involving transactions related to this contract or compliance with any clauses thereunder. The Contractor further agrees to include in all its subcontracts hereunder a provision to the effect that the subcontractor agrees that the Administrator of General Services or any duly authorized representatives shall, until the expiration of 3 years after final payment under the subcontract, or of the time periods for the particular records specified in Subpart 4.7 of the Federal Acquisition Regulation (48 CFR 4.7), whichever expires earlier, have access to and the right to examine any books, documents, papers, and records of such subcontractor involving transactions related to the subcontract or compliance with any clauses thereunder. The term "subcontract" as used in this clause excludes (a) purchase orders not exceeding \$100,000 and (b) subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public.

**33. 52.215-2 AUDIT AND RECORDS—NEGOTIATION (OCT 2010)**

(Applicable to leases over the Simplified Lease Acquisition Threshold.)  
*This clause is incorporated by reference.*

**34. 52.233-1 DISPUTES (MAY 2014)**

*This clause is incorporated by reference.*

**35. 52.222-26 EQUAL OPPORTUNITY (APR 2015)**

*This clause is incorporated by reference.*

**36. 52.222-21 PROHIBITION OF SEGREGATED FACILITIES (APR 2015)**

*This clause is incorporated by reference.*

**37. 52.219-28 POST-AWARD SMALL BUSINESS PROGRAM REREPRESENTATION (JUL 2013)**

(Applicable to leases exceeding the micro-purchase threshold.)  
*This clause is incorporated by reference.*

**38. 52.222-35 EQUAL OPPORTUNITY FOR VETERANS (OCT 2015)**

(Applicable to leases \$150,000 or more, total contract value.)

INITIALS: \_\_\_\_\_ & \_\_\_\_\_  
LESSOR GOVERNMENT

(a) Definitions. As used in this clause—

“Active duty wartime or campaign badge veteran,” “Armed Forces service medal veteran,” “disabled veteran,” “protected veteran,” “qualified disabled veteran,” and “recently separated veteran” have the meanings given at FAR [22.1301](#).

(b) Equal opportunity clause. The Contractor shall abide by the requirements of the equal opportunity clause at 41 CFR 60-300.5(a), as of March 24, 2014. This clause prohibits discrimination against qualified protected veterans, and requires affirmative action by the Contractor to employ and advance in employment qualified protected veterans.

(c) Subcontracts. The Contractor shall insert the terms of this clause in subcontracts of \$150,000 or more unless exempted by rules, regulations, or orders of the Secretary of Labor. The Contractor shall act as specified by the Director, Office of Federal Contract Compliance Programs, to enforce the terms, including action for noncompliance. Such necessary changes in language may be made as shall be appropriate to identify properly the parties and their undertakings.

**39. 52.222-36 EQUAL OPPORTUNITY FOR WORKERS WITH DISABILITIES (JUL 2014)**

(Applicable to leases over \$15,000 total contract value.)

(a) *Equal opportunity clause.* The Contractor shall abide by the requirements of the equal opportunity clause at 41 CFR 60-741.5(a), as of March 24, 2014. This clause prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by the Contractor to employ and advance in employment qualified individuals with disabilities.

(b) *Subcontracts.* The Contractor shall include the terms of this clause in every subcontract or purchase order in excess of \$15,000 unless exempted by rules, regulations, or orders of the Secretary, so that such provisions will be binding upon each subcontractor or vendor. The Contractor shall act as specified by the Director, Office of Federal Contract Compliance Programs of the U.S. Department of Labor, to enforce the terms, including action for noncompliance. Such necessary changes in language may be made as shall be appropriate to identify properly the parties and their undertakings.

**40. 52.222-37 EMPLOYMENT REPORTS ON VETERANS (FEB 2016)**

(Applicable to leases \$150,000 or more, total contract value.)

*This clause is incorporated by reference.*

**41. 52.209-6 PROTECTING THE GOVERNMENT’S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT (OCT 2015)**

(Applicable to leases over \$35,000 total contract value.)

*This clause is incorporated by reference.*

**42. 52.215-12 SUBCONTRACTOR CERTIFIED COST OR PRICING DATA (OCT 2010)**

(Applicable if over \$750,000 total contract value.)

*This clause is incorporated by reference.*

**43. 52.219-8 UTILIZATION OF SMALL BUSINESS CONCERNS (OCT 2014)**

(Applicable to leases over the Simplified Lease Acquisition Threshold.)

*This clause is incorporated by reference.*

**44. 52.219-9 SMALL BUSINESS SUBCONTRACTING PLAN (OCT 2015) ALTERNATE III (OCT 2015)**

(Applicable to leases over \$700,000 total contract value.)

*This clause is incorporated by reference.*

**45. 52.219-16 LIQUIDATED DAMAGES—SUBCONTRACTING PLAN (JAN 1999)**

(Applicable to leases over \$700,000 total contract value.)

*This clause is incorporated by reference.*

**46. 52.204-10 REPORTING EXECUTIVE COMPENSATION AND FIRST-TIER SUBCONTRACT AWARDS (OCT 2015)**

(Applicable if over \$30,000 total contract value.)

*This clause is incorporated by reference.*

**47. 552.219-73 GOALS FOR SUBCONTRACTING PLAN (JUN 2005), ALTERNATE I (SEP 1999)**

(Applicable if over \$700,000 total contract value.)

*This clause is incorporated by reference.*

1. CASUALTY; REPAIR AND RESTORATION.

General Clause 13 of the Lease, 552.270-7 FIRE AND CASUALTY DAMAGE (SEP 1999), is hereby deleted in its entirety and replaced with the following:

13. FIRE AND CASUALTY DAMAGE.

(a) In case of full destruction or damage or partial destruction or damage which will render the premises completely untenable for a period in excess of 90 consecutive days, as reasonably determined by the Government, this Lease will immediately terminate, provided, however, that this Lease shall not terminate if:

(i) within fifteen (15) days after the incident of such fire or other casualty, the Lessor certifies in writing that the space can be repaired and the premises restored to tenantable condition within twelve (12) months of the date of such certification by the Lessor, subject to Excusable Delays; and

(ii) within thirty (30) days after the incident of such fire or other casualty Lessor locates, leases and obtains, or otherwise makes available to Government alternative temporary replacement space ("Replacement Space") to substitute for the untenable portion of the premises, until such time as the premises have been repaired or restored. Replacement Space may be in multiple locations within a radius of 10 miles from the premises, within the City limits of Ponce, PR; or such other area as the Government may then consider for relocation (the "Service Area"). The lessor is responsible for providing a shuttle service between the Replacement Space as a part of the rental rate. The Government will cooperate with Lessor to arrange the relocation of the services provided at the premises. Such Replacement Space must be medical clinic space that is substantially equivalent to the premises. Approval of Replacement Space by the Government will not be unreasonably withheld. During the period when the Government is utilizing Replacement Space, all other terms and conditions of the Lease shall remain the same except:

(1) The Replacement Space shall be substituted for the untenable portion of the premises, and

(2) If Lessor's rental rate for the Replacement Space is greater than Government's then-current rental rate for the premises, then Lessor may increase Government's rental rate for the Replacement Space to equal Lessor's rental rate for the Replacement Space, to a maximum of 10% per net usable square foot; provided, however, that the Government shall not be obligated to pay rent for any Replacement Space located in another Government facility.

(3) If the Lessor's rental rate for the Replacement Space is less than Government's then-current rental rate for the premises, then Government's rental rate shall decrease per the difference between the lease rate for the premises and the replacement space.

The Lessor and the Government agree that if this Lease shall not be terminated as provided in this clause (a), the Lessor shall (A) provide to the Government, within fifteen



(15) days of such damage or destruction, the Lessor's time schedule and plan for the repair and restoration of the premises, (B) within thirty (30) days promptly commence such repair and restoration of the premises to tenantable condition and (C) diligently and continuously, except for Excusable Delays, pursue such repair and restoration of the premises to completion within such twelve (12) month period. Within thirty (30) days prior to the completion of interior construction, the lessor shall issue written notice to the Government to inspect the space. The Government will have fifteen (15) days to inspect and to either accept or identify items to be remedied prior to acceptance of the subject space. Upon acceptance by the Government of such repair and restoration, the rent will commence and the Government shall reoccupy the premises. The rent shall be abated for the premises until the premises is restored to a tenantable condition effective from the date of damage or destruction and is accepted as substantially complete by the Government; provided, however that the Government shall pay rent for the Replacement Space (as set forth in clause (a)(ii) above. If, despite such diligent and continuous pursuit of such repair or restoration, the Lessor has not substantially completed such repair and restoration within such twelve (12) month period, the Government may terminate this Lease for Default, and, upon such termination the Government's obligation shall cease as well as the Lessor's obligations with respect to the Replacement Space.

If Lessor certifies that the space can be repaired and the premises restored to tenantable condition within a period of time greater than six (6) months, and Lessor otherwise fulfills the requirements set forth in this Clause 13, then Government may at its option choose not to terminate this Lease and to proceed as set forth in this Clause 13.

(b) In the event of a partial destruction or damage that renders a part of the premises untenable, as reasonably determined by the Government, then (x) the Lessor shall, within 30 days, diligently commence the repair or restoration of those damaged portions of the Premises to their former condition. If the Lessor is unable to restore the premises to tenantable condition within six (6) months of the date of receiving certification from the Lessor, then Government may at its option choose whether or not to terminate this lease. If the Government chooses to not terminate the lease, repairs and restoration will proceed as set forth in this Clause 13, (y) the rent during the period of partial destruction or damage shall be proportionately abated during the period that such part of the premises is untenable effective from the date of such partial destruction or damage, and (z) Within thirty (30) days prior to the completion of interior repair and restoration, the lessor shall issue written notice to the Government to inspect the space. The Government will have fifteen (15) days to inspect and to either accept or identify items to be remedied prior to acceptance of the subject space. Upon acceptance by the Government of such repair and restoration, the rent will commence and the Government shall reoccupy the premises. During such time as the Lessor shall be repairing or restoring such part of the premises, rent shall not abate on any space not affected by such partial destruction or damage. If Lessor certifies that the space can be repaired and the premises restored to the former tenantable condition within a period of time greater than six (6) months, and Lessor otherwise fulfills the requirements set forth in this Clause 13, then Government may at its option choose not to terminate this Lease and to proceed as set forth in this Clause 13.

(i) within thirty (30) days after the incident of partial destruction or damage that renders a part of the premises untenable Lessor locates, leases and obtains, or otherwise makes available to Government alternative temporary replacement space ("Replacement Space") to substitute for the untenable

portion of the premises, until such time as the premises have been repaired or restored. Replacement Space may be in multiple locations within a radius of 10 miles from the premises, within the City limits of Ponce, PR; or such other area as the Government may then consider for relocation (the "Service Area"). The lessor is responsible for providing a shuttle service between the Replacement Space as a part of the rental rate. The Government will cooperate with Lessor to arrange the relocation of the services provided at the premises. Such Replacement Space must be medical clinic space that is substantially equivalent to the premises. Approval of Replacement Space by the Government will not be unreasonably withheld. During the period when the Government is utilizing Replacement Space, all other terms and conditions of the Lease shall remain the same except:

(1) The Replacement Space shall be substituted for the untenable portion of the premises, and

(2) If Lessor's rental rate for the Replacement Space is greater than Government's then-current rental rate for the premises, then Lessor may increase Government's rental rate for the Replacement Space to equal Lessor's rental rate for the Replacement Space, to a maximum of 10% per net usable square foot; provided, however, that the Government shall not be obligated to pay rent for any Replacement Space located in another Government facility.

(3) If the Lessor's rental rate for the Replacement Space is less than Government's then-current rental rate for the premises, then Government's rental rate shall decrease per the difference between the lease rate for the premises and the replacement space.

(c) If the Lease is not terminated, as soon as practicable after a full or partial destruction or damage to the premises, but in no event more than fifteen (15) days thereafter, the Lessor shall provide to the Government a schedule and plans for accomplishing the repair or restoration. The Government shall have the right to review and approve such schedule and plans for repair or restoration of the premises, with the Government's approval not to be unreasonably withheld, conditioned or delayed.

(d) Nothing in this lease shall be construed as relieving Lessor from liability for damage to or the destruction of property of the United States of America caused by the willful or negligent act or omission of the Lessor.

## 2. SUBLETTING AND ASSIGNMENT.

General Clause 1 of this Lease is deleted in its entirety and replaced with the following:

## 2. SUBLETTING AND ASSIGNMENT.

The Government may sublet any part of the premises but shall not be relieved from any obligations under this lease by reason of any such subletting. The Government may at any time assign this lease, but shall not be relieved from any obligations under this lease by reason of any such assignment.

3. REMEDIES; NOTICE OF EXERCISE OF REMEDIES; OFFSET; OPPORTUNITY TO CURE. (This section is an addition to the General Clauses and is not intended as a deletion/replacement of an existing clause).

(a) Remedies. Subject to the provisions of this Clause; of this upon the failure of the Lessor to perform any of its covenants, agreements or obligations set forth in this Lease, the Government may exercise any of the rights and remedies provided for in this Lease.

(b) Notice of Exercise of Remedies. In the event of any circumstance which would permit the Government to terminate this Lease, or in the event the Government would have the right to offset or reduce rent pursuant to these General Clauses or any other provision of this Lease, no termination, reduction or offset will be taken by the Government unless both the Lessor and the current first mortgagee of which the Government has notice are provided with written notice of such event or proposed rental reduction, deduction or offset, together with thirty (30) days in which Lessor has the opportunity to cure or eliminate same as set forth below, and except as set forth in the subsections to this Section 3(b). The Government's obligation to provide such notice to the current first mortgagee shall extend only to the first mortgagee or the party representing the first mortgagee. It shall be the Lessor's obligation to provide the Government with the proper name and address of the first mortgagee or the party representing the first mortgagee.

1. The Contracting Officer may, at his or her option, provide written permission allowing Lessor more than thirty (30) days to cure.
2. Government is not required to comply with the process set forth in this Section 3 in the event that doing so is incompatible with applicable requirements of federal law and/or federal regulations. In such case, Government shall provide written notice of such offset or proposed rental deduction and shall provide notice of the specific applicable requirements of federal law and/or federal regulations that prohibit Government from complying with the process set forth in this Section 3.

(c) Offset; Opportunity to Cure. Before exercising any of the rights provided in this Lease to reduce or offset rent or to terminate this Lease, the Government shall provide the Lessor and the first mortgagee thirty (30) days to cure pursuant to this Clause or such additional time that Government determines to be reasonably necessary. However, in the event of a bona fide emergency, the Government has the right to take immediate corrective action without providing such opportunity to cure, with notice to the Lessor and the first mortgagee provided as soon as is practicable. The remedies provided herein are not exclusive and are in addition to any other remedies which may be available under this Lease or in the law, and the limitation set forth herein shall not be deemed to preclude the Government from pursuing such remedies, nor from proceeding under the Contract Disputes Act of 1978 (41 U.S.C. 601 et seq.) to recover

any amounts which may have been expended by the Government in accordance with the provisions of this paragraph, provided that in pursuing any such remedy that permits the Government to terminate this Lease or deduct or offset rent, the Government shall provide the notice and other rights described in this Clause.