

C4 – Subleases

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C4 -- SUBLEASES

A. Sublease Initiation

Note: Subleases can be approved for more than one (1) year but no longer than current lease term.

1. Sublease Request

Area Staff receiving a request for a sublease of an existing lease shall:

- Review the lease file, the Instrument Management System (IMS) and request account balance from Fiscal to ensure that the lessee is in good standing.
- Evaluate management plan and resolve any issues identified.
- Evaluate the capability of the Applicant to successfully operate on our land.
- Resolve issues with Lessee, if necessary.
- Provide Lessee with Consent to Sublease Form.
- Request that the Lessee and potential Sublessee complete Consent to Sublease Form, with signatures and return the form with a copy of the sublease agreement to the Area office for processing.
- Notify Lessee that a copy of the sublease agreement between Lessee & Sublessee, management plan from Sublessee, fee, and rent must also be submitted.

2. Sublease Processing

Area Staff will

- Review Consent to Sublease Form for completeness.
- Check the lease file and IMS to make sure dates requested for sublease are within current lease term. A sublease shall not be approved beyond the expiration date of the current lease.
- Check to make sure the **Sublessor** (current Lessee) has signed the upper portion of the Consent to Sublease Form. The Sublessor signature must match the recorded Lessee's name. The Sublessor will remain the Lessee of Record.
- Check to make sure the **Sublessee** (party to whom the lease is being subleased) has signed the lower portion of the consent form.
- Make sure Sublessee has submitted a management plan or has signed a self-drafted sublease agreement acknowledging their acceptance of the terms of the current management plan on file from Lessee.

- In the event the land is subleased for an amount greater than the base rental, determine additional rental payment due from current Lessee. In such instances, the Lessee shall in addition to Lessee's annual base rental pay to the Department an additional amount equal to one-half (1/2) the difference between Lessee's base rental rate herein established, and the rental rate paid by Sublessee.
- Collect a \$50.00 sublease filing fee.
- If applicable, collect sublease rent for current year's use prior to approval of the sublease. If sublease is approved for subsequent years, L&W Processing Center will enter the IMS data to bill the Lessee for any additional rent, per the sublease agreement, with annual rental billing statements.
- Deposit receipts according to the Area Cash Receipts Procedures.

B. Sublease Approval Process

1. Area Manager Approval of Sublease

Upon receipt of the signed Consent to Sublease Form, the Area Staff shall secure the signature of the Area Manager.

C. Response to Lessee

1. Certified Copy of Consent to Sublease Form to Sublessor

After Area Manager's approval of a Consent to Sublease, Area Staff will:

- Develop and sign sublease cover letter.
- Scan the signed cover letter and the approved Consent to Sublease Form and send to L&W Processing Center via the "LMR Document Exchange."
- Retain the signed original Consent to Sublease Form in the area's lease file.
- mail the cover letter and a **certified (stamped) copy** of the Consent to Sublease Form to the Lessee and mail a copy of the approval letter to the sublessee.

D. Database and Directory Updates

L&W Processing Center will:

- Update IMS with the administrative sublease fee and any additional rent collected for the current sublease year.
- Update IMS and the Bureau's paper and electronic records.
- Create reminder in IMS to generate and bill the Lessee for any subsequent year's additional rent.

E. Sublease Assignment

When a lease is assigned, the new lessee may opt to continue or discontinue a sublease to the current sublessee. (See Uniform Procedures for processing Instrument Assignments).

F. Sublease Cancellation

If the Lessee cancels the sublease

The Lessee will notify the Area Office immediately, in writing, if the sublease is cancelled prior to the approved sublease expiration date.

Area Staff will:

- Scan Lessee's notice and send it to L&W Processing Center via the "Document Exchange."
- Retain the signed original notice in the area's lease file.
- Mail the Lessee's notice to the sublessee.

L&W Processing Center will:

- Update IMS and the Bureau's paper and electronic records.
- Remove subsequent year's billing reminders in IMS.