

## Taking a lease? What trustees need to know

---



According to a recent survey, more charities than ever are renting premises. However, over one in three charities feel that taking a lease poses a high risk to their organisation.

That's why we have teamed up with [CAF Bank](#), to produce this guide to taking leases for charity trustees. Learn what to look for before taking a lease, when to appoint a solicitor and how they can assist you through the process.

### Why take a lease?

A lease is a contract by which the landlord conveys property to the tenant for a specified time and for a payment of rent. In return, the tenant benefits from exclusive possession of the property excluding all others, including the landlord.

There are many benefits to taking a lease of property, especially when the future outlook is uncertain. Leases can provide flexibility to charities in the event that their plans may change, and allow them to test a new geographical area.

### What should charities do?

For directors and trustees, the first priority is to ensure that they are acting within the terms of the charity's constitution. Review your charity's governing document to check there are appropriate powers.

The charity regulator's guidance makes clear that you, as a trustee of a charity, are ultimately responsible for



protecting the charity's resources and assets. This means you should make sure that:

- The property is suitable for the charity's needs;
- The rent is fair compared with similar properties; and
- You understand any legal obligations such as planning restrictions.

Directors and trustees have a duty of care to act in the best interests of the charity and to agree terms that are reasonable and proper. Keep this in mind throughout the transaction.

## First steps: Negotiating heads of terms

It's important that you think about what you will, or may need to do, with the property as early as possible and how this needs to be reflected in the lease.

The heads of terms set out the key terms of the transaction, agreed in principle between you and the landlord. Heads of terms assist solicitors when drafting and negotiating the lease. However, they are not legally binding.

You should appoint a reputable agent to deal with the negotiation of the heads of terms.



[Holly Goacher](#)

Partner



[Chehraz Fox](#)

Partner