

Message

Knowing the basics pays dividends. At some point, it will make a big difference in the outcome of one of your deals. Accordingly, we're going to review some of the basic differences between leases, licenses and easements. **Why?** Each vehicle has its own different strengths/weaknesses and I've seen each used within the wrong context. Read more below....

Leases v. Licenses v. Easements

	Revocable?	Perpetual?	Assignable?
Lease	No	No	Yes
Easement	No	Yes	n/a
License	Yes	No	No

Absent certain language within the document and/or certain special circumstances, the foregoing table quickly summarizes the basic, legal discrepancies between each type of vehicle. **What practical effect do these differences have on you?**

Parking Situations: I've seen property owners grant *easements* to other adjoining property owners for parking space. While this may sometimes be in the best interests of the granting property owner, it's usually not. **Why?** Easements are not usually revocable and are usually perpetual (which makes the issue of whether they're assignable moot). This all makes granting a parking *easement* a little risky since you might not like the future owners of the adjoining property. Instead, you'd probably want to use either a *lease* or a *license* – depending upon the situation.

Vacating Right of Ways: I've seen back-to-back property owners discuss the possibility of jointly vacating an alley (which would result in each property owner getting back their half of the alley) just to overlook the possibility that, unless they enter into a "reciprocal *easement* agreement" at the time of vacation, the other property owner could ostensibly fence off their half of the alley thereby constructively blocking off the other's access to the back of their building (depending on the width of the alley). In other words, granting each other mutual leases or licenses upon the other's land won't long-term protect either them or their respective successors (since neither a lease nor a license is perpetual in duration).

Snowcone Stands, Parking Lot Nurseries, Christmas Tree and Pumpkin Lots: The big things here are: **1)** seasonal/temporary use, and **2)** your familiarity with the operators. It's okay for a property owner to grant a *lease* to an operator they've done business with for years for a 6 month term (i.e., Spring through Summer) to sell plants or to serve snow cones. However, it's likely unwise to grant a *lease* to a new and unknown operator who wants to sell pumpkins for just a few weeks. **Why?** As a property owner, you won't mind granting the lease with a hard, irrevocable, 6 month term to the repeat operator, but, with the new operator who only needs the space for a month or so, you'd probably want to use a *license* in order to retain the right to quickly revoke an unworkable/undesirable situation - especially since the term is so short....

"I take special care when selecting business partners to represent my company and look for those who exhibit the same levels of professionalism and integrity that I try to achieve. Chris Griswold definitely meets these requirements and is considered a very valuable member of the JOBO Properties team. I have no hesitation in recommending Mr. Griswold to handle your business and commercial real estate transactions."

Darren Ford / Owner & Developer of JOBO Properties, L.L.C. / Oklahoma City, Oklahoma