



# Churches: Should You Renew that Cell Tower Lease? Not So Fast

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by John W. Pestle

As a practicing attorney who represents property owners on cell tower leases, and as the head of the Finance Team at my own church, I am particularly sensitive to churches being approached to extend the term of their existing leases for cell towers or antennas on church property. Churches should view such proposed extensions (or other changes) of their existing leases for existing cell towers with great skepticism. Many existing leases unduly expose a church to risks and prevent the church from getting major rent increases.

When a lease expires, it will cost the cell company approximately \$250,000 to move the tower to a different site. So usually both parties come out ahead by agreeing to a renewal but with a large rent increase. By agreeing to an early extension (or any amendment that extends the term of the lease), churches are usually foregoing the renewal and related large rent increase.

And churches are being approached for extensions five, ten and even fifteen years before a lease expires! This illustrates how important extensions are to the cell industry. Often the extension is “packaged” with amendments modifying other lease terms and a small (2-4%) rent increase.

The cell companies have well-developed programs to make these types of extensions sound innocuous. The unfortunate result is that they often get approved without the detailed scrutiny they deserve.

Many existing leases unduly expose a church to risks. For example, leases often make the cellular antenna the main or primary use of the property with the church’s use secondary. As a result, churches may have to pay a huge sum to relocate a cell tower if the tower or antenna is in the way of a church’s proposed building expansion, or if the church remodels or renovates and the resulting change blocks cell signals from a certain direction.

Leases often lack adequate insurance or indemnity provisions to protect the church from liability during the many decades a lease is in effect. More generally, typical leases are unduly “one sided” in favor of the provider and do not adequately protect the church. At minimum, a lease extension or amendment provides the opportunity to correct some of the preceding problems.

For additional information, churches may wish to go to [www.varnumlaw.com/lease](http://www.varnumlaw.com/lease) which offers model cell tower leases drafted from a property owners’ perspective. You may also contact me or my partner, Tim Lundgren, for additional information about any cell tower questions.