

Sales, Development, Management



Sky West Real Estate Services, LLC  
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Attached are some of the most important deal points that a tenant and landlord need to agree upon to find a balanced lease. Sky West understands the needs of both parties and has created this simple format so both parties can agree to this non binding document to be able to move to a more detailed lease.

Lease negotiations takes skill as there are many demands on both sides of the table and skills have to be learned how to manage each party to have a successful transaction.

Both parties have to feel they won in order for a deal to close. We work hard at Sky West to understand each parties needs and desires and assist in communicating to help find balance and a successful lease.

Below are some of the main points to consider. Please let us know how we can assist you in negotiating on your behalf.

Cordially

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**“EXAMPLE”**

**RE: LOI FOR SUITE 104, BULDING B, APPROXIMATELY 1,120 SQ. FT. IN THE DUNES...**

Dear Team:

I am pleased to submit to you the following Letter of Intent (LOI) regarding certain premises located in The Dunes..., a retail development.

1. TENANT: John Smith
2. TRADE NAME: ABC CO.

3. LANDLORD: The Dunes Business Park, L L C  
 C/O Sky West Real Estate Services  
 3550 West 6<sup>th</sup> Street  
 Suite 400  
 Los Angeles, CA 90020  
 800.276.8787 Ext 201

4. PREMISES: 1,120 square feet of rentable space, Retail building “B”, Suite 104 as indicated on the site plan attached hereto as Exhibit “A”, with an address of 79-660 Highway 111, La Quinta, California 92253.

5. PRIMARY LEASE  
 TERM: FIVE (5) years

6. OPTION TO EXTEND: One (1) period of Five (5) year’s duration

7. POSSESSION & COMMENCEMENT OF RENT:

Possession Date –

Lease Commencement/Commencement of Rent -

8. MINIMUM ANNUAL RENT:

<u>Year</u>	<u>Rent/SF/MO</u>	<u>Monthly Rent</u>	<u>Annual Rent</u>
1	\$2.35	\$2,632.00	\$31,584.00
2	\$2.45	\$2,744.00	\$32,928.00
3.	\$2.55	\$2,856.00	\$34,272.00
4	\$2.65	\$2,968.00	\$35,616.00
5.	\$2.75	\$3,080.00	\$36,960.00

Option Period, if exercised:

6	\$2.85 *	\$3,192.00	\$38,304.00
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\* Note: After Yr. 6 (72n month) – 3% annual rent increases will begin



9. PERCENTAGE RENT: None.
10. DEPOSIT: First Months Rent (\$2,632) plus Security Deposit (\$2,632) for a total of \$5,264.00, payable at the time that the Lease Agreement is executed.
11. USE: For the operation of hair cutting salon and accessories, and other products related to salon accessories (Shampoo, lotions, etc.) and for no other purpose without the express written consent of Landlord, which consent shall not be unreasonably delayed, withheld, or denied.
12. EXCLUSIVE USE: As long as Tenant is operating in the Premises, no other Tenant within the 36,100 Sq. Ft. center shall be utilized as a hair cutting salon (the "Exclusive Use").
13. LANDLORD'S WORK: HVAC – One 6-ton unit installed and in place on roof. If tenant needs a bigger unit then Tenant can trade in unit for size needed. Any costs to remove or re-install or increase unit will be at Tenants cost.  
 West Wall – Dry Walled, taped and textured (Not painted)  
 East Wall - Framed. No Drywall  
 North Wall (Front) – Double Store Front doors and aluminum framing.  
 South Wall (Back) – open wood Framing insulated, one exterior (3' X5') metal door.  
 4" Concrete Slab  
 4" Sewer Line under slab available to tap  
 1" Water Line – Stubbed in to Ceiling overhead of N wall.  
 Electrical Service – Available in electrical room – In Bldg C – N.E. of Deli – Tenant to tap into run conduit over head to suite.  
 Gas Line – Stubbed into suite overhead space – N Wall.  
 Roof – Insulation and water barriers to R30 Value & per code  
 Exterior Wall – Insulation to R19 Value and per code.  
 Trash – One Receptacle for each Building to be shared with other tenant.
14. TENANT'S WORK: Tenant shall finish the construction of the interior of the Premises ("T.I." WORK) in accordance with plans and specifications that Tenant shall have prepared by a licensed architect and which shall

be approved by Landlord and the City of La Quinta. Such interior construction by Tenant shall be called "Tenant's Work". Tenant shall, within Ten days (10) days from signed LOI receive shell drawings for the building in which the Premises are to be located. Tenant shall deliver plans and specifications for Tenant's Work to Landlord for its review and comment or approval. Tenant's work consists (but is not limited to) of Air Duct work and distribution, Drop Ceiling, Drywall; taped, textured sanded and painted, flooring (tile or other), bathroom(s) per code and any other interior improvements.

15. TENANT IMPROVEMENT ALLOWANCE (TIA):

Tenant is taking the space "As Is".

16. SIGNAGE:

Tenant shall have the right to place its business sign upon the front exterior wall of the Premises, provided said sign is in compliance with applicable law and the city of La Quinta's sign ordinance.

17. NNN EXPENSE:

Landlord shall be responsible for performing or causing to be performed the Common Area Maintenance (CAM) for the shopping center, which shall include but shall not be limited to building maintenance, repair and replacement of roof membrane system and painting of the exterior walls, and common area operating, maintenance and replacement expenses.

Tenant shall pay its pro rata share of the operating and replacement expenses for the common areas of the shopping center of which the premises are a part (the "Center") including, but not limited to, real property taxes, assessments, insurance, common area maintenance (CAM) and CAM administration fee equal to twenty 3.1% four percent of CAM cost. It is estimated that the monthly NNN expenses during the first lease year will be \$0.38 per square foot of the Premises. Said CAM expenses will be paid monthly to Landlord estimated to be \$425.60 which is in addition to rent.

The Landlord shall be responsible, at its expense, for the structural integrity of the building, its roof system and its floor slab.

18. UTILITIES:

Tenant shall be solely responsible for and promptly pay all charges for heat,

water, gas, electricity or any other utility used, consumed or provided in, or furnished, or attributable to the Premises together with any taxes thereon, impact fees or other hook-up or connection charges in connection therewith, including without limitation, sewer connection fees.

19. ASSIGNMENT AND SUBLETTING:

(a) Tenant will not assign the Lease in whole or in part, nor sublet all or any part of the Premises, without the prior written consent of Landlord in each instance. Landlord's written consent to the assignment of the Lease shall not be unreasonably withheld.

(b) Each Transfer to which Landlord has consented shall be evidenced by a written instrument, the form and content of which is satisfactory to Landlord, executed by Tenant and Transferee under which the Transferee shall agree in writing for the benefit of Landlord to perform and to abide by all of the terms, covenants and conditions of this Lease to be done, kept and performed by Tenant, including the payment of all amounts due or to become due under this Lease directly to Landlord and the obligation to use the Premises only for the purpose specified in the Lease.

21. BROKERAGE:

Landlord and Tenant acknowledge that Sky West Brokerage & Wilson Johnson Commercial represents landlord. No other brokers are involved and no more commissions shall be paid or owed.

22. EXPIRATION OF PROPOSAL:

This proposal shall remain in full force and effect until 5:00 p.m., January 15, 2008.

LANDLORD AND TENANT ACKNOWLEDGE THAT THIS PROPOSAL IS NOT A LEASE AND THAT IT IS INTENDED AS THE BASIS FOR PREPARATION OF A LEASE BY LANDLORD. THE LEASE SHALL BE SUBJECT TO LANDLORD'S AND TENANT'S APPROVAL, AND ONLY A FULLY EXECUTED LEASE SHALL CONSTITUTE A LEASE FOR THE PREMISES. BROKER MAKES NEITHER WARRANTY NOR REPRESENTATION TO LANDLORD AND/OR TENANT THAT ACCEPTANCE OF THIS PROPOSAL WILL

GUARANTEE THE EXECUTION OF A LEASE FOR THE PREMISES. THE FINAL LEASE DOCUMENT, PREPARED BY LANDLORD, SHALL INCORPORATE THE PROVISIONS CONTAINED IN THIS PROPOSAL AND ANY OTHER PROVISIONS UPON WHICH THE LANDLORD AND TENANT MAY MUTUALLY AGREE.

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*The foregoing is hereby agreed to and accepted:*

TENANT:

LANDLORD:

The Dunes Business Park, LLC

\_\_\_\_\_  
Tenant

By: \_\_\_\_\_  
Jeffrey Lowden

\_\_\_\_\_  
Tenant

Title: \_\_\_\_\_

\_\_\_\_\_  
Tenant

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

