



### **Jumpstart Your Cashflow: Proactive Steps to Get Leases Done Quickly**

By *Steven P. Heller*



Landlords in this anemic leasing market want to act quickly to get leases signed and rent payments started. Economic instability brings fresh urgency to the need for increased occupancy. But delays and roadblocks can slow the process and frustrate a landlord's preferred schedule.

Negotiating the lease isn't enough — the landlord must move all transaction elements forward at once. This article is a checklist of common-sense considerations to get the tenant signed up, into its space, and writing rent checks.

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### **Tread Carefully When Using Form Leases**



Most of the widely used preprinted lease forms for commercial real estate transactions are written in a way that is "fair" to both landlords and tenants; however, it is almost always necessary to create an addendum or otherwise modify the forms in order to adequately address the specific concerns of both parties and avoid unnecessary pitfalls. For example, form language addressing delivery and surrender condition, allocation of environmental risks, and restrictions on assignment and subletting may appear evenhanded, but are rarely sufficiently detailed for sophisticated landlords and tenants in a preprinted form.

The attorneys in Gilchrist & Rutter's leasing practice are very familiar with the various pre-printed forms and know how to tailor necessary modifications. *Diane Hvolka* of Gilchrist & Rutter has successfully negotiated important changes to preprinted forms to quickly overcome the inherent pitfalls of relying on "standard" preprinted language.

### **Market Outlook from G&R Attorneys ...**



"*Patience* is the word, and not just because our commercial real estate world is working through the expected summer doldrums. Lenders are proceeding with deep caution, and buyers, sellers and lenders still can't agree on valuation of assets.

Although the asset refinance, purchase and sale dam has yet to burst, we are handling several transactions that refinance maturing debt or provide new equity for class A projects. Activity is picking up.

"Our institutional clients are seeing good velocity in leasing space, driven naturally by pending lease expirations, and opportunistically by mobile tenants seeking lower rents. There are plenty of lease deals, but they take longer, especially if a lender non-disturbance is required. Lenders are reluctant to recognize owner commitments to fund tenant improvements and broker commissions. We're helping the parties find creative ways to break the logjam -- the deals are getting done, but with *patience*.

"Tenants are exercising their lease audit rights to find savings in the still sluggish economy. We have never seen such a high volume of audits."

*Jonathan Gross* is the Managing Partner of Gilchrist & Rutter.

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### **Gilchrist & Rutter Recognized by Chambers & Partners**



Chambers & Partners USA has ranked Gilchrist & Rutter among the top California real estate law firms for the third consecutive year. Recognized for its leasing work, the firm is also praised for its high-quality expertise in purchase and sale agreements.

Chambers also recognized managing shareholder *Jonathan Gross* for his leasing work. Chambers ranks the leading firms and lawyers through extensive research that is in-depth and client focused.

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## Deals & Judgments

Gilchrist & Rutter regularly handles real estate transactions, litigation, and related matters for clients dealing with a range of issues. Below are recent representative deals and judgments. To talk with us about a similar deal or matter, contact the listed attorney.

- Largest recent office lease in downtown Los Angeles. 350,000 sf headquarters lease to **Southern California Gas Company** renewed at The Gas Company Tower in downtown Los Angeles. Handled negotiation and drafting for entire transaction, from letter of intent through final execution. (*Diane Hvolka* and *Jonathan Gross*)
- **Broad Collections Museum** - negotiated and documented inclusion of museum in The Grand Avenue Project in downtown Los Angeles. (*Paul Rutter* and *Diane Hvolka*)
- 96,000 sf lease, involving delivery of space in 4 separate tranches and relocation of another tenant to make space available for incoming tenant. (*David Lambert*)
- 184-unit subdivision map approval for Palm Springs condominium project, against strong public opposition. (*Thomas Casparian*)
- \$49M mezzanine loan buy-out for office project, including analysis of original loan documents and management of final Discounted Payoff Agreement. (*Jonathan Gross*)
- 10 year retail lease to rapidly expanding, national Mexican restaurant chain, in Orange County shopping center. (*Steven Heller*)
- Approval for 75-unit assisted living project for seniors in Echo Park, CA. (*Martin Burton*)
- Environmental due diligence (including Phase II site assessment) for acquisition of a 75-acre industrial redevelopment in Northern California (former bomb making plant). (*Don Nanney*)
- 10 year Midtown Manhattan office lease of 16,000 sf. (*Henry Herrman*)
- "White Report" for residential subdivision of 68-unit Rancho Colina Community in Morro Bay, obtained from California Department of Real Estate to enable the owner to sell subdivided lots. (*Richard Close*)

## Gilchrist & Rutter Rising Stars



Six attorneys have been included in the 2010 edition of *Super Lawyers - Rising Stars*®. The selected attorneys are *Henry Herrman, Yen Hope, Diane Hvolka, Scott Reynolds, Peter Swain, and Kevin Yopp*. *Rising Stars* selects the top 2.5 percent of lawyers in Southern California who are 40 and under, or who have been practicing for 10 years or less.



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