

Commercial Lease Agreement



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FORM SERIAL NUMBER: 063146-200169-2137725

This Commercial Lease is made this (month) September (day) 1, (year) 2023, between

Amit Chawla

who, whether one or more, will hereinafter be designated as Lessor, and Snuffed Out Enterprises, LLC

who, whether one or more, will hereinafter be designated as Lessee.

Lessor leases to Lessee the following described Property:

212 Pecan, 215 Pecan, 405 N Rodgers, and 1416 Nelms Jonesboro, AR 72401

The term of this Commercial Lease is 10 years (120) months, commencing on

(month) September (day) 1, (year) 2023, at 9:00 a.m./ p.m. and ending on

(month) August (day) 31, (year) 2033, at 9:00 a.m./ p.m.

The Lessee agrees to pay the Lessor the following rental, to-wit:

Base Rent: \$955,644.46 Percentage Rent: _____

Common Area Maintenance Contribution: _____

Real Estate Tax Contribution: Paid monthly (estimated from the previous years taxes)

Property Insurance Contribution: Paid monthly

Merchant Association Dues: _____

Deposit in the amount of \$ 0.00 which will be tendered directly to Lessor, no later than the Execution of this Lease by Lessee and Lessor, it being agreed by Lessee and Lessor that agent shall not hold such funds. Said Deposit will be returned to Lessee upon expiration of this Commercial Lease if Lessee follows all terms of this Commercial Lease and if the Property is returned to Lessor in the same condition as it was received, less reasonable wear and tear.

Other: Monthly rent to be \$7500 increasing by 3% bi-annually.

Lessee agrees to pay the rental in monthly installments, in advance, on the 1 day of each month. The payments are to be made to Amit Chawla via Bank of America deposit account number to be provided. or to such other place as the Lessor may designate. Any installment of rent that is not paid when due shall be subject to a late charge of 10% of the monthly rent if the rent has not been paid before the 5 day of the month. Any such late charge shall be considered additional rent.

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The parties hereto covenant as follows:

1. RENT: Lessee will promptly pay the stipulated rental in advance at the place designated.

2. USE:

A. The Property will be used by the Lessee only for the following lawful purpose, to-wit:

A prototypical mobile home park operation. Lessee will pay all expenses and receive all profits from renting and operating the property. Paragraphs 6,7, and 8 do not apply. Mobile homes will be occupied by residential renters. Lessee and Lessor will abide by all fair housing laws and standards. For purposes of this agreement residential renters are not considered subletters. Quarterly reports shall be provided from Lessee to Lessor.

and for no other purpose;

B. Lessee will not do, or permit anything to be done, in, upon or about the Property that increases the fire hazard beyond that which exists by reason of the ordinary use or occupancy of the Property for the purpose specified in Paragraph 2 hereof. Lessee agrees to pay to Lessor, on demand, any increase in fire insurance premiums on the building and improvements that Lessor may have to pay because of Lessee's use or occupancy of the Property. Lessee will not do, or permit to be done, anything that will make uninsurable the Property or any part thereof; and

C. Lessee will not do, or permit to be done, anything in, about or upon the Property that: interferes with the rights of or tends to annoy other tenants of Lessor; conflicts with the state or municipal laws or regulations of the Fire Department or Arkansas Department of Health; creates a nuisance; or is dangerous to persons or property.

3. NUISANCE: Lessee acknowledges that should any nuisance abatement or similar proceeding be commenced or threatened against Lessor, Lessee, or the Property by any municipal, county, state or federal nuisance abatement board or enforcement entity, wholly or partially resulting from the action or inaction of Lessee or guests of Lessee in, on or about the Property, such action or inaction shall constitute a material breach of this Commercial Lease by Lessee entitling Lessor to all available remedies set forth in this Commercial Lease or by applicable laws.

4. ASSIGNMENT OR SUBLETTING: Lessee shall not have the right to assign this Commercial Lease or sublet any part of the Property without the written consent of the Lessor first endorsed hereon. If Lessor consents to an assignment or subletting, the Lessee shall remain liable for payment of the specified rental and the due performance of all the agreements and conditions herein. Consent to one or more assignment or sublease shall not waive the provisions of this paragraph as to future attempts to assign or sublease.

5. SUCCESSORS: Lessor's interest in this Commercial Lease shall pass to and vest in Lessor's heirs, devisees, successors and assigns.

6. ALTERATIONS AND IMPROVEMENTS: Lessee will not make any alterations, changes or improvements without Lessor's prior written consent. If consent is given, then the cost of such alterations, changes or improvements shall be paid by Lessee. Lessor shall have the right to require Lessee to provide a bond for any liens placed on the Property. Upon termination of this Commercial Lease, Lessor shall have the right to retain the Property as altered, changed or improved by Lessee, or Lessor may require the Lessee to restore the Property to the condition existing as of the date Lessee went into possession of the Property under the terms of this Commercial Lease. In the event any changes, alterations or additions to the Property are required by law, ordinance, regulation, Fire Department, Arkansas Department of Health, Americans With Disabilities Act, or the Environmental Protection Agency, then the cost of such changes, alterations or additions shall be paid by Lessee.

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7. OPERATING EXPENSES: Operating expenses of the Property shall be paid by Lessor unless otherwise noted below. Lessor will pay the taxes assessed against the Property and the improvements thereon, and will keep the outside walls and roof in repair. Lessee cannot place any objects on the roof, such as satellite dishes, without the approval of Lessor in writing. Lessee shall not be held liable for damages to the roof or outside walls unless Lessee has caused those damages or if gross negligence has occurred by Lessee. Lessor is to have exclusive use of the roof. In the event the walls should so deteriorate as to require rebuilding, or if the cost of repairing the outside walls or the roof should exceed _____ percent (____ %) of the value of improvements, the _____ shall have the right to terminate this Commercial Lease on giving thirty (30) days notice to the _____. The _____ will pay the premium for property insurance on the Property. Such premium shall be the cost of property insurance covering not less than ____ percent (____ %) of the replacement value of the Property. Such property insurance policy shall name Lessor as an insured party. Any proceeds from any insurance claim shall be paid to Lessor. Additionally, Lessee will pay the premium for a commercial general liability insurance policy with limits no less than \$-- per occurrence and \$-- aggregate and shall name Lessor as an additional insured. _____ will keep Property, including plumbing, water tower, parking area, sidewalks, sewer lines, water pipes, gas pipes, and electric wiring in repair throughout the term of this Commercial Lease. _____ will pay for the repair and maintenance of the heating, ventilating, and air conditioning equipment and ducts. _____ will pay for replacement of the heating, ventilating and air conditioning equipment as needed. The floors, fixtures and plate glass, including storefront doors, will be repaired or replaced as needed by _____. Lessee will pay as additional rent, any tax on rents that may from time to time be assessed by a governmental body _____. _____ will pay for janitorial and extermination services. _____ will pay all utility bills, including the sanitary sewer tax that accompanies the monthly water bill except for _____. Upon the expiration of this Commercial Lease, in course or by breach of any of its provisions, Lessee will restore Property to Lessor in as good condition as when possession was taken by Lessee, ordinary wear and tear excepted.

8. SIGNS: No sign, picture or advertisement shall be displayed on any part of the outside of any building on or about the Property without the previous consent in writing of Lessor, and Lessor may remove the same without notice to Lessee and at Lessee's expense. Upon termination of this Commercial Lease, Lessee will remove any sign, advertisement or notice painted on or affixed to Property and restore the place it occupied to the condition that existed as of the date this Commercial Lease takes effect.

9. HOLD HARMLESS: Lessee assumes all risk of and liability for damages to persons or property arising during the term of this Commercial Lease from the present or future condition of the Property, including walls and roof, both latent and manifest, and agrees to save the Lessor harmless. Lessee has inspected and accepts the space in "as is" condition. Lessee understands that Lessee is solely responsible for obtaining and maintaining insurance on the furniture, fixtures, inventory, equipment and all other property of Lessee located within the Property and agrees to save and hold Lessor harmless for any damage to any such personal property or fixtures. In addition, Lessee shall cause all such policies insuring its leasehold improvements, personal property or fixtures to contain express waiver of subrogation provisions limiting any subrogation rights of Lessee's insurers against Lessor or any tenant of Lessor.

10. PROPERTY, FIRE AND CASUALTY: In the event of a substantial destruction of the Property by fire, cyclone, or act of God, this Commercial Lease may be terminated on notice from the Lessee to the Lessor (substantial destruction as herein used means destruction that will cost fifty percent (50%) or more of the value of the improvements prior to destruction to restore such improvements). Alternatively, Lessor may elect to rebuild for the use of the Lessee, and in that event Lessor shall notify Lessee within sixty (60) days after said destruction, and shall then proceed with all reasonable diligence to restore the Property, delay due to adjustment of insurance loss and other unavoidable delays excepted. This Commercial Lease shall continue in full force and effect, except that, as the sole and exclusive remedy of the Lessee, there shall be a proportionate abatement of the rent payable by the Lessee during the time the Property is untenable or in part untenable. In the event of a partial destruction of the Property by fire, cyclone, or act of God, Lessor will repair said Property for use of the Lessee (partial destruction as herein used means destruction that will cost less than fifty percent (50%) of the value of the improvements on the Property prior to destruction to restore such improvement). This Commercial Lease shall continue in full force and effect, except that, as the sole and exclusive remedy of the Lessee, there shall be proportionate abatement in the rent payable by the Lessee during the time the Property is untenable or in part untenable.

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11. HOLDING OVER: This Commercial Lease shall not be renewable except by written agreement between Lessor and Lessee. Should Lessee be allowed to remain in possession of the Property after termination of this Commercial Lease, either in course or by reason of the breach of any of its provisions by Lessee, or should Lessor accept any rent after such termination, neither the remaining in possession nor the acceptance of the rent shall be deemed a renewal of this Commercial Lease or a tenancy from year to year, but on the contrary, the status of the Lessee shall be deemed that of a tenant at will, and the Lessee will immediately vacate the Property upon being notified to do so by the Lessor. On termination of this Commercial Lease in course Lessee agrees to surrender possession of the Property without demand. Failing to do so, Lessee will, in addition to the damages generally recoverable, be liable to Lessor for all damages Lessor may sustain, including claims made by any succeeding tenant against Lessor which are founded upon delay or failure in delivering possession of the Property to the succeeding tenant.

12. CONTINUOUS OCCUPANCY: Lessee will not permit the Property to remain vacant or unused for the purposes for which leased for more than thirty (30) consecutive days without written consent of the Lessor.

13. RIGHTS OF MORTGAGEE: The Lessor hereby subordinates this Commercial Lease to any mortgage, deed of trust or encumbrance that Lessor may have placed, or may hereafter place, on Property. Lessee agrees to execute estoppel documents on demand and any instrument that may be deemed necessary or desirable to render such mortgage, deed of trust or encumbrance, whenever made, superior and prior to this Commercial Lease.

14. BREACH OF AGREEMENT: In the event of a breach of any of the terms or conditions hereof by Lessee, Lessor may (a) take possession of the Property and lease the same for the account of Lessee upon such terms as may be acceptable to Lessor, and apply the proceeds received from such leasing, after paying the expenses thereof, toward the payment of the rent that the Lessee herein is obligated to pay and collect the balance thereof from the Lessee; or (b) take possession of the Property and collect from Lessee all damages sustained by reasons of such breach; or (c) pursue any remedy or remedies that may be available at law or in equity. At the option of Lessor, it shall be considered a breach of the terms and conditions of this Commercial Lease should bankruptcy, insolvency, or receivership proceedings of any kind be instituted by or against Lessee, or any one of the Lessees if more than one are included in the designation "Lessee" herein, or should Lessee's interest in this Commercial Lease, or the interest of any one of the Lessees, if more than one are included under the designation "Lessee" herein, devolve or pass by operation of law to any other person or corporation, and Lessor may pursue the remedies provided for in this Paragraph 14. This provision applies to any one of the Lessees if more than one is included under the designation "Lessee" herein.

15. LANDLORD'S LIEN: As security for the rent herein provided for, and as security for the payment of all damages that may be sustained by Lessor in the event there is a breach of any of the terms hereof by Lessee, the Lessor shall have a lien on all the furniture, fixtures and other personal property, excepting merchandise carried in stock for sale, which may be brought into or upon the Property. The Lessor shall have the power to sell such furniture, fixtures, and other personal property at a public sale, and to apply all amounts realized therefrom to the payment of accrued rentals or to the claim or claims of Lessor for damages. Before making such sale, Lessor shall publish a five (5)-day notice thereof by one insertion in a daily newspaper published in the City/County of Craighead, Arkansas; such sale is to be for cash; Lessor may bid thereat as any third person might do and Lessee hereby waives any and all rights of redemption granted by the laws of Arkansas.

16. TIME IS OF THE ESSENCE: Time is of the essence of each of the agreements and conditions herein to be performed by Lessee. Unless otherwise specified, days as it appears in this Commercial Lease shall mean calendar days. Further, all times and dates set forth in this Commercial Lease refer to Arkansas Central time and date. The failure of Lessor to insist upon performance of any of the agreements and conditions herein in any one or more instances shall not be waiver of the right thereafter to insist upon full and complete performance of such agreements and conditions. Receipt of rent by Lessor with knowledge of the breach of any of the agreements and conditions hereof shall not be deemed a waiver of such breach.

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17. NOTICE: All notices required and given between the parties of this Commercial Lease shall be given in writing to the Lessor at the Lessor's office located at 3562 Claybourne Ct Newbury Park CA 91320 via mail and to the Lessee at the described Property.

18. RELETTING: Lessor may place a "for lease" sign or signs on the Property during the last thirty (30) days this Commercial Lease is in force.

19. CONDEMNATION: If the Property be subjected to any eminent domain proceedings, this Commercial Lease shall terminate if all of the Property is taken or if the portion taken is so extensive that the residue is wholly inadequate for Lessee's purposes, as set out in Paragraph 2 hereof. If the taking be partial, then Lessee's rentals shall be reduced in the proportion that the space taken bears to the space originally leased. In such condemnation proceedings Lessee may claim compensation for the taking of any removable installations that by the terms of this Commercial Lease Lessee would be permitted to remove at the expiration of this Commercial Lease, but Lessee shall be entitled to no additional award, it being agreed that any damages allocable to full fee simple ownership of the entire Property shall in any event be payable to Lessor.

20. LESSOR'S RIGHT OF ENTRY: Lessor may at any time enter the Property for inspection purposes.

21. AGENCY DISCLOSURE: The subparagraph(s) selected below shall represent the agency relationships reflected in this Commercial Lease Agreement: **(check all that apply)**

- A. Lessor Agency:** When the Lessee is not represented by a separate agent, the only agency in effect is that between Lessor and the agent.
- B. Lessee Agency:** Lessor authorizes Lessor's agent to pay from Lessor Agent's leasing fee a share deemed competitive by the agent, to _____ as agent of Lessee.
- C. Dual Agency:** Lessor and Lessee agree that Coldwell Banker Commercial VC may represent both parties in this transaction to lease the Property to the Lessee subject to an agency agreement or similar representation agreement with the named agent. Should this situation arise the Lessor and the Lessee agree to the following:
- (a)** The agent shall not disclose to Lessee or Lessor any personal, financial or other confidential information about the other party without that party's express written consent. This restriction excludes information related to material property information that is known to the agent and other information that must at the agent's discretion be disclosed.
- (b)** The Lessee acknowledges notification that a possible conflict of interest can arise when the agent represents both parties. Under this Commercial Lease Agreement the Lessee and Lessor agree to forfeit their right to receive the undivided loyalty of the agent, provided that the Lessee has also agreed, under its agreement with the agent, to forfeit their right to receive the undivided loyalty of the agent. It is understood, however, that the agent is obligated to treat each party fairly and equitably.
- (c)** The Lessee and Lessor agree to waive any claim now or hereafter arising out of the agent's representing both parties.
- D. Non-Agency:** See Non-Representation Disclosure Addendum

22. FAIR HOUSING: Lessee agrees that Lessor will provide equal service to all persons regardless of race, color, religion, sex, national origin, handicap, sexual orientation or familial status. Additionally, Lessee agrees that Lessor and Lessee must comply with all state and federal laws while performing this Commercial Lease.

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23. GOVERNING LAW: This Commercial Lease shall be governed by the laws of the State of Arkansas.

24. SEVERABILITY: The invalidity or unenforceability of any provisions of this Commercial Lease shall not affect the validity or enforceability of any other provision of this Commercial Lease, which shall remain in full force and effect.

25. MERGER CLAUSE: This Commercial Lease, when executed by both Lessee and Lessor, shall contain the entire understanding and agreement between Lessee and Lessor with respect to all matters referred to herein and shall supersede all prior or contemporaneous agreements, representations, discussions and understandings, oral or written, with respect to such matters. This Commercial Lease shall not supersede any agency agreements entered into by Lessee and Lessor and Lessor Firm or Lessee Firm.

26. ATTORNEY'S FEES: Should Lessee and Lessor initiate any type of administrative proceeding, arbitration, mediation or litigation against the other (or against an agent for the initiating party or agent for the non-initiating party), it is agreed by Buyer and Seller (aforementioned agents being third-party beneficiaries of this Paragraph 26) that all prevailing party (or parties if more than one) shall be entitled to an award of all costs and attorney's fees incurred in prosecution or defense of such initiated action against the non-prevailing party (or parties if more than one).

27. ENTIRE AGREEMENT AND LIMITATION OF WARRANTIES: Lessee has examined the Property herein leased and accepts it in the condition in which it is at present. Lessee agrees that no representation or warranty or agreement has been made by Lessor or any agent of Lessor that is not herein expressed.

28. SPECIAL CONDITIONS:

Mobile homes on land shall be considered personal property in Paragraph 15. Lessee shall have the exclusive option to purchase the property from Lessor at the end of the lease term for \$1,620,000.00. Lessor to pay a commission of 1% of the lease amount on or before December 15th of years 1-5 to Coldwell Banker Village Communities. If Lessee chooses to exercise his option to purchase he shall present the offer prior to lease end date and Seller to pay a commission of 2% to Coldwell Banker Village Communities. See attachment.

29. COUNTERPARTS: This Commercial Lease Agreement may be executed in multiple counterparts each of which shall be regarded as an original hereof but all of which together shall constitute one in the same. Electronic signatures shall be deemed original signatures and shall be binding upon the parties.

30. LICENSEE DISCLOSURE: Check all that apply:

- A.** Not Applicable.
- B.** One or more parties to this Lease Agreement acting as a Lessee Lessor hold a valid Arkansas Real Estate License.
- C.** One or more owners of any entity acting as Lessee Lessor hold a valid Arkansas Real Estate License.

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EXPIRATION: This Commercial Lease Agreement shall not be effective unless signed by Lessee and Lessor on or before (month) August (day) 31, (year) 2023, at 5:00 (a.m.) (p.m.)

THIS IS A LEGALLY BINDING ADDENDUM WHEN SIGNED BY THE PARTIES BELOW. READ IT CAREFULLY. YOU MAY EMPLOY AN ATTORNEY TO DRAFT THIS FORM FOR YOU. IF YOU DO NOT UNDERSTAND THE EFFECT OF ANY PART, CONSULT YOUR ATTORNEY BEFORE SIGNING. REAL ESTATE AGENTS CAN NOT GIVE YOU LEGAL ADVICE. THE PARTIES SIGNED BELOW WAIVE THEIR RIGHT TO HAVE AN ATTORNEY DRAFT THIS FORM AND HAVE AUTHORIZED THE REAL ESTATE AGENT(S) TO FILL IN THE BLANKS ON THIS FORM.

THIS FORM IS PRODUCED AND COPYRIGHTED BY THE ARKANSAS REALTORS® ASSOCIATION. THE SERIAL NUMBER BELOW IS A UNIQUE NUMBER NOT USED ON ANY OTHER FORM. THE SERIAL NUMBER BELOW SHOULD BE AN ORIGINAL PRINTING, NOT MACHINE COPIED, OTHERWISE THE FORM MAY HAVE BEEN ALTERED. DO NOT SIGN THIS FORM IF IT WAS PREPARED AFTER DECEMBER 31, 2023.

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REAL ESTATE LICENSEES ARE REGULATED BY THE ARKANSAS REAL ESTATE COMMISSION. IF A LICENSEE HAS NOT PROPERLY REPRESENTED YOU, YOU MAY FILE A COMPLAINT AT AREC.ARKANSAS.GOV.

The above Commercial Lease is executed on:

(month) _____ (day) _____, (year) _____, at _____ (a.m.) (p.m.)

Lessor Company: _____

Signature: _____

Signature: _____

Printed Name: _____
Lessor

Printed Name: _____
Lessor

Signature: _____

Signature: _____

Printed Name: _____
Lessor's Agent

Printed Name: _____
Lessor's Principal or Executive Broker

Lessor's address other than leased premises

Lessor's email address

Lessor's phone

The above Commercial Lease is executed on:

(month) _____ (day) _____, (year) _____, at _____ (a.m.) (p.m.)

Lessee Company: _____ **Cold**

Signature: _____

Signature: _____

Printed Name: _____
Lessee

Printed Name: _____
Lessee

Signature: _____

Signature: _____

Printed Name: _____
Lessee's Agent

Printed Name: _____
Lessee's Principal or Executive Broker

Lessee's address other than leased premises

Lessee's email address

Lessee's phone