

MODEL LETTER AGREEMENT

Set Deadline for Prospect to Sign Lease or Reimburse Your Plans' Costs

The following Model Letter Agreement was drafted by Chicago attorney Neil T. Neumark. Use it to get reimbursed for the costs of preparing architectural and engineering plans if the prospective tenant's lease is not signed.

The agreement is addressed to the prospective tenant. Paragraph 1 lists your name and the address of the space, and notes that the tenant asked you to prepare the architectural and engineering plans. Paragraph 2 states that the prospective tenant agrees to pay costs that you incur for preparing architectural and engineering plans for the space if the tenant does not sign the

lease by a set date. It also requires the prospective tenant to pay you a security deposit.

Paragraph 3 states that the agreement is not a lease, you are not required to rent space to the prospective tenant until it signs your lease, and the prospective tenant must reimburse your costs for enforcing the agreement against it. Paragraph 4 requires the prospective tenant to show its acceptance of the agreement by signing and returning it to you by a set deadline.

Show this agreement to your attorney before using it.

[Insert date]

[Insert prospective tenant's name ("Prospect")]

[Insert prospective tenant's address]

Re: Indemnification of Costs of Architectural, Engineering Plans

Ladies and Gentlemen:

[Insert name of landlord] ("Landlord") is the owner of the building located at [insert address] (the "Building"). Landlord and [insert name of tenant] ("Prospect") are negotiating to enter into an office lease (the "Lease"), whereby Landlord would lease Suite [insert suite #] in the Building (the "Premises") to Prospect. If the Lease is entered into, Landlord will be required to perform certain tenant improvement work in the Premises (the "Work") pursuant to architectural and engineering plans and drawings (collectively, the "Plans") approved by Landlord and Prospect. Prospect acknowledges that there may be insufficient time to negotiate the Lease, prepare the Plans, and complete the Work prior to Prospect's desired occupancy date. Therefore, Prospect requests that Landlord prepare the Plans prior to the execution of the Lease.

To induce Landlord to prepare the Plans prior to the execution of this Lease, Prospect agrees that if the Lease is not fully executed on or before [insert date] for any reason whatsoever, then Prospect shall reimburse Landlord within [insert #] days after billing, for all documented, out-of-pocket costs paid or incurred by Landlord to third-party architects and engineers for the preparation of the Plans. To secure its obligations herein, concurrently with its signing of this letter agreement, Prospect shall pay to Landlord an amount equal to \$[insert amount].

Nothing contained herein is intended nor shall be construed to constitute a lease, an offer to lease, an option to lease, or a reservation of space by or between Landlord and Prospect, and neither Landlord nor Prospect shall be bound to lease any space in the Building to or from the other, unless and until the Lease is signed by both Landlord and Prospect. Prospect agrees to reimburse Landlord upon demand for all legal fees paid or incurred by Landlord to enforce its rights under this letter agreement.

If you are in agreement with the foregoing, please indicate your acceptance by signing and returning one (1) copy of this letter agreement to Landlord.

Yours truly,

[Insert landlord's name]

By _____

Print Name _____ Title _____

ACCEPTED AND AGREED TO

this [insert date].

[Insert name of prospective tenant]

By _____

Print Name _____ Title _____