

## MODEL LETTER AGREEMENT

### Get Reimbursed for Preliminary Work When No Lease Signed

This agreement was drafted by Sacramento attorney Gordon J. Duff. Use an agreement like this if you agree to do minor, pre-construction paperwork while you and a prospective tenant negotiate final lease terms. This agreement requires the prospective tenant (called the “Proposed Tenant”) to reimburse you for certain preliminary work costs you incur if the lease doesn’t get signed.

The first three paragraphs confirm that the prospective tenant wants you to start the preliminary work. Use optional language in paragraph 3 to list the work in detail if the tenant demands such a list. Paragraph 4a requires the prospective tenant to reimburse your preliminary

work costs if the lease isn’t signed. Optional paragraph 4b caps those costs. Paragraph 4c says you’re not required to perform the preliminary work. Paragraph 4d allows you and the prospective tenant to stop the preliminary work. Paragraph 4e requires the prospective tenant to reimburse you when it gets your invoices. Paragraph 4f confirms that neither you nor the prospective tenant must sign the lease just because you’ve signed the agreement.

Show this letter agreement to your attorney before using it.

**CLLI0072**

## PRELIMINARY WORK AGREEMENT

[Insert date]

Dear [insert proposed tenant’s name]:

1. As you know, [insert landlord’s name], as the proposed landlord (the “Proposed Landlord”), and [insert proposed tenant’s name], as the proposed tenant (the “Proposed Tenant”), are currently negotiating the terms of a proposed lease (the “Proposed Lease”) with respect to the proposed premises (the “Proposed Premises”) described as [insert space identification, e.g., Suite 205], which will be located on the [insert #] floor of that certain [office building/shopping center] known as [insert name of building/center], located at [insert address].
2. The purpose of this letter agreement is to set forth the understanding of the parties with respect to the Proposed Tenant’s reimbursement to the Proposed Landlord of certain expenses that may be incurred by the Proposed Landlord prior to the execution and delivery of the Proposed Lease.
3. Prior to the execution and delivery of the Proposed Lease, the Proposed Tenant desires the Proposed Landlord to proceed with certain preconstruction work  
[optional] including, but not limited to, [insert detailed list of pre-construction work]  
(the “Preliminary Work”) for the leasehold improvements contemplated for the Proposed Premises.
4. With respect to the Preliminary Work, the Proposed Tenant agrees to the following:
  - a. **Reimbursement for Preliminary Work.** If the Proposed Lease is not executed by [insert date] for any reason, or if the Proposed Landlord or the Proposed Tenant notifies the other party that it is terminating all further Proposed Lease negotiations, the Proposed Tenant agrees to reimburse the Proposed Landlord for any sums paid by the Proposed Landlord to any entities that the Proposed Landlord may retain or utilize to perform the Preliminary Work, including, without limitation, space planners, architects, engineers, suppliers, and contractors (collectively referred to as “Planners”).
  - b. [Optional] **Cap on Costs.** In no event shall the total costs that are reimbursable by the Proposed Tenant to the Proposed Landlord pursuant to this agreement exceed \$[insert amount], unless otherwise agreed to in writing by the Proposed Landlord and the Proposed Tenant.

### PRELIMINARY WORK AGREEMENT (CONTINUED)

- c. No Obligation to Perform Preliminary Work.** In no event shall this agreement and/or the Proposed Tenant's obligation to reimburse the Proposed Landlord for the above-referenced sums in the manner set forth in this letter agreement obligate the Proposed Landlord to undertake any or all of the Preliminary Work.
  - d. Right to Stop Preliminary Work.** In addition, the Preliminary Work, if commenced, shall cease immediately upon receipt by each of the Planners of a written request from either the Proposed Tenant or the Proposed Landlord to stop such work; the Proposed Landlord shall deliver to the Proposed Tenant reasonably detailed invoices for costs incurred to the date the Preliminary Work is stopped; and the Proposed Tenant shall pay immediately upon the receipt of such notices to the Proposed Landlord any and all costs for any Preliminary Work that was performed prior to such cessation of work.
  - e. Reimbursement Upon Receipt of Invoices.** Any amount owed by the Proposed Tenant to the Proposed Landlord pursuant to this letter agreement shall be paid immediately following the Proposed Tenant's receipt of any invoices for any portion of the Preliminary Work.
  - f. No Obligation to Sign Proposed Lease.** The parties agree that this letter agreement and the Proposed Tenant's obligation to reimburse the Proposed Landlord in the manner set forth in this agreement shall not obligate the Proposed Landlord or the Proposed Tenant to sign the Proposed Lease, nor shall it constitute an offer to lease, or a reservation of or option for the Proposed Premises; and that until the Proposed Landlord and the Proposed Tenant have signed the Proposed Lease, the Proposed Landlord or the Proposed Tenant may discontinue negotiations at any time and for any reason.
5. If you agree with all of the terms herein, please sign the original and enclosed copy of this letter agreement and return the copy to the Proposed Landlord as soon as possible.

Yours truly,

*[Insert proposed landlord's signature block]*

The foregoing is agreed to and accepted by the Proposed Tenant on *[insert date]*.

*[Insert proposed tenant's signature block]*