

Making Lease Work Letters Work!

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PRACTICES Commercial Real Estate Leasing, Real Estate

The function of the commercial lease is to set out the respective rights and responsibilities of the Landlord and Tenant relating to the leased property. As a part of a lease relationship, a tenant of commercial property will often need to have the lease address the manner in which the tenant will be allowed to make alterations to the real property.

The typical commercial lease will provide the tenant with rights to make alterations to the premises while reserving to the landlord certain rights to control the tenant's ability to carry out such alterations or modifications. The description of the contemplated modifications, the method for approval and carrying out the construction, and provisions for payment are usually contained in a document attached to the lease called a "**Work Letter**."

The work letter frequently contains critical terms, such as provisions that address the process for the description and approval of alterations and modifications to the Premises or the Building, important dates that may trigger the beginning of other duties of the parties under the terms of the lease (such as the commencement of the payment of rent), and terms and conditions for the landlord to provide a finish out allowance to be applied to the cost of the alterations to the premises required by the tenant.

In light of these important terms, the parties to a lease should carefully consider the take the time to review the work letter and negotiate the provisions, taking into consideration the responsibilities and relative sharing of risk by each of the parties in connection with carrying out the modifications to the premises.

The purpose of this paper is to outline the most significant provisions of a work letter and to discuss the issues that may arise in the process of reviewing and negotiating the terms of a work letter.

To read the full publication, click on the PDF linked below.

[Making-Lease-Work-Letters-Work.pdf](#)