<your name>

<date>

<name>
<address>
<phone>

Dear <name>,

**Re: tenancy in commercial space.**

This letter of agreement outlines a framework for producing a lease agreement between <tenant> (Lessee) and <your name> (Lessor). This letter does not bind either party to execute a Lease Agreement.

## summary

Lessor is making plans to construct commercial space in Fayetteville, Arkansas. Lessee is a potential tenant for this space and agrees to work with Lessor to coordinate the design of the space to be conducive to the operation of a <description> and to co-produce a Lease Agreement if Lessor commits to constructing a suitable space.

## Details

1. Non-disclosure
	1. Lessor and Lessee agree the contents of their conversations shall be confidential.
2. Rental Rate
	1. Lessee and Lessor agree that the target rental rate is between $8 and $15 per square foot per year.
3. Tenant Improvements
	1. Lessor and Lessee agree that the Rental Rate will reflect which party is responsible for Tenant Improvements.
	2. Lessee agrees that if Lessor is responsible for Tenant Improvements, a long-term lease may be required to amortize the cost of the improvements over a fixed period and/or if the Lease Agreement is cancelled Lessor may retain ownership of the Improvements.
4. Length of Lease
	1. Lessor agrees to consider a long-term lease (3, 5, or even 10 years) with options to renew so that Lessee may have predictability.
5. Percentage Rent
	1. Lessor and Lessee agree that nearby development has the potential to increase revenue beyond first year projections.
	2. Lessor agrees to consider setting a Base Rate lower than the Rental Rate, subject to Lessee agreeing to pay Lessor a percentage of their gross revenue. The percentage of gross revenue paid shall be informed by Lessee’s business plan and the underwriting guidelines for the type of business being considered.
6. Automatic Rate Increases
	1. Lessor agrees to limit Rental or Base Rate increases to automatic annual increases, negotiated with Lessee prior to execution of a Lease Agreement.
7. Transferability
	1. This Agreement shall be transferable to any entity in which Lessee or Lessor is a Principal.
8. Escape Conditions
	1. This Letter does not bind either party to execute a Lease Agreement.

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| --- | --- |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Date\_\_\_\_\_\_\_\_\_\_\_\_<your name> | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Date\_\_\_\_\_\_\_\_\_\_\_\_<Lessor> |