

Tenant's Fraud Suit Against Landlord Based on Letter of Intent to Proceed

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In this article, authors Brian D. Huben, head of the Retail and Commercial Landlord Litigation and Counseling practice at Katten Muchin Rosenman LLP, and Janella T. Gholian, an associate in the Litigation and Dispute Resolution practice, discuss the California Court of Appeal's decision in *Thrifty Payless Inc. v. The Americana at Brand LLC*, 218 Cal. App. 4th 1230 (July 19, 2013). The *Thrifty* court held that letters of intent and estimates of certain charges provided by a property owner prior to lease execution may serve as the basis for allegations of fraud by the tenant. Brian and Janella advise that in the wake of *Thrifty*, “[l]andlords must be wary of assertions made in the course of prelease negotiations.” They note further that “As more owners of shopping centres in California migrate to fixed common area maintenance fee leases, leasing personnel should exercise great care in all pre-lease communications relating to triple-net charges, and owners should consider revising the language of their leases to address significant variances in triple-net charges and limit tenants' rights appropriately.”

CONTACTS

For more information, contact your Katten attorney or any of the following attorneys.



Janella T. Gholian

+1.310.788.4445

janella.gholian@katten.com

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