

## The Star-Ledger

### Ask the Biz Brain

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I rent office space in a commercial building. The landlord could be in financial trouble. If he goes out of business or sells, could my contract with him be in jeopardy or modified by the new owner to my disadvantage?

-- Poor Tenant Your worry is shared by lots of people these days, both those who rent office space and those who rent apartments or homes.

It's time to pull out your lease agreement so you can review the provisions of the agreement.

"The tenant must determine how the lease agreement addresses the landlord's sale of the property and the landlord's bankruptcy," says Colin Quinn, an attorney with Applegate, Quinn, & Magee in Madison. "The lease agreement should outline how those events impact the tenant's leasehold rights."

Just as you're required to make timely rent payments to the landlord, the landlord is required to honor whatever's in the lease, which is a binding contract between two parties -- you, as tenant, and the landlord.

**Jennifer Murray**, a certified financial planner with **Stonebridge Financial Advisors** in Morristown, says neither side can simply walk away from the contract.

"If the landlord sells the building, it is sold 'subject to the lease,' Murray says. "In other words, the new owner must honor the terms and conditions of your lease for the remainder of the lease term."

Murray says if the building falls under foreclosure for any reason, it is foreclosed subject to the lease.

If your lease agreement is silent on these issues, it's time to consult with a knowledgeable, commercial real estate attorney.

Karin Price Mueller



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Ask The Brain