

# Landlords and Tenant Relationships During COVID-19

A Back to Business Article

By Jennifer Stoddard

The “Shelter in Place” orders from the State, County, and City governments have impacted many businesses deemed “nonessential.” When your business is considered “nonessential,” your income dries up, employees are laid off or furloughed, and the continuity of your enterprise is placed in jeopardy.

The problem immediately becomes one of cashflow. Even though there’s no inflow of cash, the outflow of expenses doesn’t stop. One of the significant costs in every company’s budget is rent.

Commercial landlords and tenants are business partners. Tenants need landlords, and landlords need tenants. During the current crisis, it serves each party to remember that they need each other.

## **Practical Ways Landlords and Tenants Can Work Together**

Some practical ways for commercial landlords and tenants to work together include:

- Abatement or forbearance of rent added to the end of the lease;
- Rent relief based on the tenant seeking assistance under the CARES Act; or
- Rent reductions or other relief in the short term.

Any agreements reached between the landlord and tenant should always be in writing and signed by both parties. The written agreement or addendum to the lease should also describe each parties’ expectations of how the current situation will be handled, so there are no surprises.

During any crisis, some people or companies may try to take advantage of the situation. One example is when a landlord insisted on extending the lease for two years in exchange for two months of rent abatement now.

### **The CARES Act Can Help Both Landlords and Tenants**

The CARES (Coronavirus Aid, Relief and Economic Security) Act passed by Congress and signed into law by President Trump on March 27, 2020, contains provisions that can help both landlords and tenants.

Banks are encouraged to help their commercial customers, but this assistance can only happen when the landlord applies for the relief. Tenants may be able to take advantage of the Payroll Protection Program established under the CARES Act. Please visit the [Shields Legal Group's Back to Business Page](#) for more information.

Of course, every landlord-tenant relationship is unique and should be negotiated one-on-one. The current economic climate is also unique and unprecedented. We always encourage the parties to seek a mutually beneficial resolution that creates certainty and predictability.

### **Let's Get Back to Business**

The world of business has drastically changed in the last several weeks. That's why we created [Back To Business](#), to share our knowledge and expertise so you and your business can survive.

Thank you for being part of Back to Business.

As we continue to navigate through these uncharted waters, please come back often. We will continue to create videos that share valuable information and practical tips on what to do during this time.

Shields Legal Group is here to help you and your business recover from the impact of COVID-19.

Be safe. Be well. Be healthy.