



Greenspoon Marder^{LLP}

CLIENT ALERT

These are trying times. The economic impact of the COVID-19 pandemic is an urgent concern for many Americans. An estimated 1 in 5 people have been affected by layoffs, temporary closures, and reduced hours. Local and state governments are ordering bars, restaurants, and other businesses to close or drastically reduce operations. Many governments are taking measures to suspend evictions and foreclosures for residential renters and owners.

Nonresidential landlords and tenants also have many unanswered questions. For example, what are a tenant's remedies if its business is closed due to a government mandate or a landlord's private decision? How should the parties proceed if a tenant cannot make rent payments as a result of closures? Who should pay for deep cleanings or other remedial measures when a neighboring tenant reports that an employee or visitor tested positive for the virus?

Unfortunately, there is no "one size fits all" answer to these questions. Any written lease or other written agreement of the parties needs to be considered. Force majeure, quiet enjoyment, casualty and other contract provisions might address the parties' contractual obligations upon the occurrence of an extraordinary event or circumstance such as the COVID-19 pandemic. Common law doctrines such as impossibility, impracticability, or the implied covenant of quiet enjoyment might also apply.

Who determines when remedial measures are required to prevent contagion? How is fault determined in these situations? Should the landlord be taking immediate remedial measures? The answers to these questions can also depend on the terms of the agreement, as well as the terms of any insurance policies that might cover these claims.

Business owners may want to know if they can recover damages from the government for their losses caused by governmental orders and regulations that require their businesses to close or reduce their ability to operate. Factors such as the purpose of those restrictions and the length of time they are in place should be considered.

Business owners need to understand the terms of their lease and insurance contracts so that they can be best prepared to address any damages to their operations relating to the Coronavirus.

The Greenspoon Marder law firm is assisting its clients in understanding their rights, obligations and options in these difficult times.

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