

Consider

- Ability to Reduce or Eliminate your Rent
- Ability to Refinance or Forego Commercial Mortgage temporarily
- Other Financial Tools available on the Federal and State level

Reduce or Eliminate Commercial Rent

- Determine whether you want to terminate your lease or keep your agreement and reduce rent
- Check your Lease Agreement
- Each lease is governed by your contract and state laws
- In your lease, you will want to check for the following provisions
 - **Force Majeure:** If your lease has this clause, it likely applies in this scenario under language that states “national emergency” or “government taking.”
 - If you need to argue that a government taking has occurred to make this clause fit, tell your Landlord that the government restrictions on gatherings and shut downs of non-essential businesses have stopped your business and that is the equivalent of a government taking.
 - If your lease does not have this clause then you can tell your landlord that it is impossible/impractical and that the purpose of your business has been frustrated (these are 2 legal doctrines that automatically apply in the absence of a force majeure clause).
 - You can tell the Landlord that the pandemic has caused safety restrictions imposed by the Federal and State government that make it impossible for your business to operate. See the letter templates provided – you will want to show the decline in business operations/sales/staffing month over month and year over year to prove this point in writing.
 - In either case, you need to provide notice to your landlord that the COVID 19 national emergency has caused a hardship and that you are requesting a reduction or elimination of rent. Please see letter to landlord templates provided.
 - **Late Payment Clause:** Even if this is in your lease, and your Landlord tries to enforce it, you should tell your Landlord that does not apply in the event of a Force Majeure/national emergency.
 - **Default provision:** Even if this is in your lease, and your Landlord tries to enforce it, you should tell your Landlord that does not apply in the event of a Force Majeure/national emergency.
- Regardless of what your lease says, your Landlord may also be experiencing difficulties and be open to discussing a payment plan or deferment until after the emergency is over. You may want to engage settlement discussions. If so, create a negotiation scenario in advance – understand what you ideally want out of the situation (money, time, etc.) and what you are willing to accept. See if there are any other tradeoffs or things that you can do to help create value for your Landlord to make the settlement a better situation (ex: a grocery/convenience store could offer food at cost to the Landlord in return for discounted rent).

Ability to Refinance or Forego Commercial Mortgage temporarily

- Many lenders offer different tools for small businesses when there is a national emergency declaration. We are currently seeing offers to defer payments for 90-120 days for certain lenders. You should consider all options:
- Mortgage deferment
- Line of credit
- No interest small business loan (your current lender is more likely to grant this versus a new lender in a time of market uncertainty)
- Ask the bank for your business and personal loans (auto, home, etc.) to waive fees, waive late costs, defer payments