10 YEARS ARGON LEGAL

TENANT'S BANKRUPTCY
WHAT NEXT?

LEASE AGREEMENT

The declaration of the tenant's bankruptcy **does not** automatically **have any legal effects** on the lease agreement - its terms and conditions remain unchanged.

TERMINATION / WITHDRAWAL

If the premises have not yet been handed over to the tenant on the date of declaration of bankruptcy, **both parties** may withdraw from the lease agreement (time limit: 2 months).

If the premises were already handed over then, the **receiver** may terminate the lease agreement (with 3-month notice).

If the tenant breaches the agreement, the lease may be terminated in accordance with the provisions of the agreement.

CLAIMS AGAINST THE TENANT

Claims against the tenant existing at the time of declaring its bankruptcy should be **submitted to the receiver** within the time limit specified in the decision declaring bankruptcy.

USING COLLATERALS

§777 FOR PAYMENT

§777 FOR HANDOVER OF THE PREMISES

BANK GUARANTEE

DEPOSIT

§777 for payment - the declaration of bankruptcy "blocks" the enforcement of debts: from the moment the decision declaring the tenant's bankruptcy is issued, the landlord will not be able to effectively use 777 to cover the monetary debt;

§777 for handover of the premises - the declaration of the tenant's bankruptcy does not affect the possibility of using 777 as regards the obligation to hand over the premises;

Bank guarantee - the declaration of the tenant's bankruptcy does not affect the possibility of using by the landlord the bank guarantee;

Deposit - the declaration of the tenant's bankruptcy does not affect the possibility of using by the landlord the deposit (remark: the receiver may attempt to withdraw from the deposit agreement to request return of its unused part);

BEWARE OF CONTRACTUAL PENALTIES

The judge-commissioner may "invalidate" the contractual penalties imposed on the tenant (if the tenant's obligation was largely performed or if the penalty is grossly excessive).

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