

SCOTT B. UMSTEAD, P.A.

ATTORNEY AT LAW



Episode 6: Tenant Estoppel

Call from the Agent: My client is buying a rented property (long-term lease) and is asking me about a “tenant estoppel” – can you explain what that means?

The Response: Sure, your client is asking a good question and I’m happy to answer it. A “tenant estoppel” is a document signed by an existing tenant in which the tenant acknowledges certain things about the status of the lease and the landlord-tenant relationship. It is significant because your client will step into the seller’s shoes and will inherit the seller’s landlord position. A thorough tenant estoppel would include the following covenants:

- a) The lease (which should be attached to the estoppel document) is the complete lease, remains in effect and has not been modified or amended;
- b) the landlord is not in breach of the lease; and
- c) the tenant’s obligations are not subject to set-offs, defenses, etc.

In a commercial setting, “tenant estoppels” are the norm, but they are seen less frequently in residential settings.

If you’re at the pre-contract stage and your client wants a “tenant estoppel,” be sure to include the requirement as a contract contingency.