

LEASING TIMES

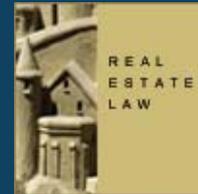
Key leasing phrases and topics to think about.

AVOID SELF-INSURE TRAPS

Where a tenant or landlord has the right to self-insure under a lease, what are some of the main concerns? First and foremost, ensure that the covenant of the self-insuring party is sufficient. Normally, self-insure rights are only appropriate for large banks, financial institutions and multinational companies with publicly available and audited financial statements that have been reviewed and approved by your financial advisors. A covenant to self-insure from a shell company is not worth much! For a self-insure clause to work, the lease must set out all the insurance clauses and related requirements normally included in a lease. Without these clauses, you have no idea what is being insured by the self-insuring party. Make sure the self-insure right is specific to and not assignable by the self-insuring party. Also, subtenants should not have the same self-insure right. The most important point to remember is to check with your legal, financial and insurance advisors. Think about it.

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