

LAKATOS, KÖVES ÉS TÁRSAI
ÜGYVÉDI IRODA

LKT NEWS

REAL ESTATE
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FAQ: HUNGARIAN GOVERNMENT ORDERS MORATORIUM ON TERMINATION OF LEASE AGREEMENTS IN CERTAIN SECTORS

IN WHAT WAY ARE THE LEASE AGREEMENTS AFFECTED DURING THE MORATORIUM?

During the moratorium, the lease agreements concluded with respect to non-residential premises in certain sectors may not be terminated and the landlord is not entitled to increase the rent, even if the given lease agreement would otherwise allow so.

DOES THE MORATORIUM TO TERMINATE THE LEASE AGREEMENT APPLY TO BOTH LANDLORDS AND TENANTS?

The Government Decree does not distinguish between the landlord and tenant, therefore, the moratorium to terminate lease agreements applies both to termination by the landlord and the tenant.

WHICH SECTORS ARE AFFECTED?

The effected sectors are tourism, catering, entertainment, film, performance artists, event organisers and sports events.

WHEN DOES THE MORATORIUM EXPIRE?

The moratorium expires on 30 June 2020, but may be extended by the Government until the emergency exists.

DOES THE MORATORIUM AFFECT TENANTS' OBLIGATION TO PAY RENT?

No. Tenants must continue to pay rent in accordance with the provisions of the lease agreement, provided that the rent may not be increased even if the given lease agreement would otherwise allow so.

HOW ARE EXTRAORDINARY TERMINATION RIGHTS AFFECTED? WHAT HAPPENS IF THE OTHER PARTY BREACHES THE LEASE AGREEMENT DURING THE MORATORIUM?

The Government Decree does not distinguish between ordinary and extraordinary termination rights, therefore, neither of these may be exercised during the moratorium. In case the tenant or the landlord breaches the lease agreement, then the other party will not be obliged to provide its services under the lease agreement until the other party has remedied its breach. In addition, the party suffering damages may satisfy its claims from the securities available to it (e.g. the bank guarantee available to the landlord) or initiate civil action against the other party.

WHAT HAPPENS IF THE LEASE AGREEMENT EXPIRES DURING THE MORATORIUM?

The moratorium does not affect the expiry of the lease, as it only refers to the prohibition of termination by the parties.

ARE THE PARTIES ALLOWED TO TERMINATE THE LEASE AGREEMENT WITH MUTUAL CONSENT?

Yes, the Government Decree only prohibits unilateral termination by the parties.

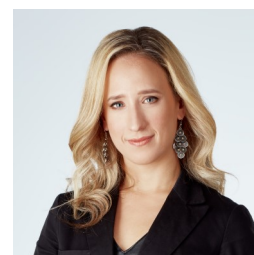
WHO TO CONTACT?

If your business is listed or otherwise affected by the state of emergency, please do not hesitate to contact any member of our team:

Attila Ungár	attila.ungar@lakatoskoves.hu	+36 20 972 5878
Júlia Várkonyi	julia.varkonyi@lakatoskoves.hu	+36 70 478 3072
Tamás Oláh	tamas.olah@lakatoskoves.hu	+36 70 416 4384



Attila Ungár
Founding Partner
attila.ungar@lakatoskoves.hu



Júlia Várkonyi
Lawyer
julia.varkonyi@lakatoskoves.hu



Tamás Oláh
Lawyer
tamas.olah@lakatoskoves.hu

Lakatos, Köves and Partners
1075 Budapest
Madách Imre út 14.
Tel: +36 (1) 429 1300
Fax: +36 (1) 429 1390
www.lakatoskoves.hu

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