When are Unilateral Termination Rights in a Commercial Lease Enforceable?



Image by Nick Youngson

Lowndes, Drosdick, Doster, Kantor & Reed **takes a look** at commercial leases that provide a right of termination to only one of the parties to the lease. such agreements raise the question: “Is this really a contract if one party can walk away at any time?”

The author, **James E. Walson**, provides a short answer: Unilateral termination rights without any limitation or condition render a contract illusory and make that contract terminable by either party. If, however, the contract places minimal limitations on the unilateral termination, even if not rigorous or burdensome, the contract is not illusory and will be upheld.

“When drafting unilateral termination provisions that require minimal conditions to their being triggered, one should be cognizant that some condition or burden must be placed on the terminating party so as not to void the entire agreement,” Walson writes.

Read the article.