

RE-ALIGN FRAMEWORK



LET'S RENEGOTIATE

Renegotiating Business Contracts with the Re-Align Framework

Terms of Contract Termination

When parties have tried to renegotiate but are unable to come to a mutual agreement, the contract will be terminated on a set of default just and fair terms. Parties will need to note the following terms:

A Lease or licence agreements for non-residential immovable property

- Tenant must pay rent up to date of termination, pro-rated if necessary
- Tenant must reinstate premises in accordance with the contract and deliver vacant possession **on or before date of termination**. Otherwise, the tenant will need to pay any sum set out in the lease agreement or compensate the landlord for any losses suffered
- Landlord can offset accrued liabilities against security deposit and any advance payments but must return any remainder **within 4 weeks** after termination

B Rental agreements for commercial equipment or commercial vehicles

- Renter must pay rent up to date of termination
- Renter must reinstate the equipment / vehicle in accordance with the contract and return the equipment / vehicle **on or before date of termination**. Otherwise, the renter will need to pay any sum set out in the rental agreement or compensate the supplier for any losses suffered
- Supplier can offset accrued liabilities against security deposit and any advance payments but must return any remainder **within 4 weeks** after termination

C Hire-purchase or conditional sale agreements for commercial equipment or commercial vehicles*

- Hirer must pay all instalments due and payable up to date of termination
- Hirer must repay the sum of all instalments (less interest) for the remaining period of the contract after the date of termination, less the value of equipment assessed at the time of termination
- Hirer need not pay any early settlement fees and charges
- Hirer must return equipment / vehicle to owner **on or before date of termination**

* As an alternative to termination, hirers may opt for a repayment plan to pay arrears through instalments

D Supply of goods and services

- Purchaser must pay seller for goods already supplied, as well as any expenses the seller may have incurred in performing the contract, up to the date of termination (e.g. cost of manufacturing the goods to be delivered after contract termination)
- Seller can offset accrued liabilities against security deposit and any advance payments but must return any remainder **within 4 weeks** after termination
- Seller remains liable for any warranty issued in respect of goods supplied or services performed up to date of termination



If parties are of the view that the default terms of termination should not apply or should be adjusted to better fit their particular circumstances, either party may request that an Assessor make a determination. Assessors have broad discretion to adjust the rights and obligations of the parties upon termination to achieve a fair and just outcome in each case, including whether compensation might be payable by the terminating party.

The framework will be available for a period of 6 weeks between 15 January and 26 February 2021.