"Each insurance policy...shall include provisions denying to the insurer acquisition by subrogation of any rights of recovery against the other party."

A North Carolina appeals court ruled that the insurer couldn't sue the tenant. The court noted that, in the lease, the owner and tenant waived—gave up—their right to sue each other for any insured damages. The insurer couldn't then sue the tenant because it couldn't have rights that were greater than the owner's rights. Plus, under the insurance policy, the insurer waived its subrogation rights [Lexington Ins. Co. v. Tires Into Recycled Energy and Supplies, Inc.].

▶ Parking Lot Work Was Part Repair, Part Improvement

A warehouse tenant complained of a large pothole in its parking lot. So, at the recommendation of its engineer, the owner repaved the entire parking lot, and did other work—such as extending concrete trailer pads, and installing concrete pads for dumpsters and bollards (steel piping filled with concrete to prevent trucks from driving on the grass). Then the owner billed the tenant for the work, claiming that the tenant was responsible for its proportionate share of "any maintenance or repairs." The tenant refused to pay its share, arguing that the owner's work was an improvement, not a repair. So, the owner sued the tenant.

A Tennessee appeals court ruled that the owner's work was partly a repair and partly an improvement and that the tenant had to pay only for the repair. The court noted that the lease requires the lot to be kept in *as good* a condition as it was when the lease was signed. But some of the owner's work, such as installing bollards, concrete pads, and extensions to the pads, put the lot in *better* condition. This work was an improvement, not a repair, and the tenant didn't have to pay for it. The court sent the case back to the lower court to determine which of the owner's work was repairs [Chattanooga Assocs., L.P. v. Cherokee Warehouses, Inc.].

▶ Tenant Pays Price for Bad Deal

A tenant rented a dilapidated car wash with a billboard and underground storage tank. The tenant never opened the car wash, but demolished it and decided not to rebuild. Then it notified the owner that it was abating its rent because the lease said, "If at any time the Premises become totally untenantable by reason of damage or loss by fire or other casualty...the rent shall abate until the Premises have been restored to tenantable condition." The tenant claimed that the space was unusable as a car wash because it was run-down and the storage tank might be leaky. The owner sued to recover unpaid rent and taxes.

A Tennessee appeals court ruled that the tenant wasn't entitled to a rent abatement and that it owed the owner the unpaid rent and taxes. The court said that the abatement clause didn't apply because there hadn't been a fire or other casualty. And the court noted that the condition of the building, billboard, and underground storage tanks was "obvious to the naked eye at the time the lease was signed." Since the tenant saw those "obvious defects," but signed the lease anyway, it had to pay the price for its bad business decision [Dairy Gold, Inc. v. Thomas].

▶ Owner Had to Sign Renewal Notice

Before a florist tenant's lease expired, the owner sent the tenant a lease renewal notice for the tenant to sign. The cover letter that accompanied the renewal notice was signed by the owner's legal department and it directed the tenant to sign and return the renewal notice. The tenant signed the renewal notice, but the owner never signed it. The tenant stayed in the space after the lease ended. The owner notified the tenant that the lease had terminated because both parties hadn't signed the renewal notice. The owner sued to evict the tenant and to collect unpaid rent. The tenant argued that the owner's signature on the cover letter, combined with the tenant's renewal notice, renewed the lease.

A Texas appeals court ruled that the signatures on the cover letter and renewal notice were insufficient to renew the lease. The court said that if both parties had signed the renewal notice, the lease would have been renewed. But the owner never signed it, so the renewal notice was ineffective [National Floral Service, Inc. v. Weingarten Realty Investors]. ▲