

LEGAL CHECK-UP #2

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REAL ESTATE

- Are you thinking of buying a building?
- Are you thinking of leasing new space or renewing an existing lease?
- Are you “sharing space” with other practitioners?

Purchasing real estate for a health care practice presents peculiar issues that need to be adequately addressed and reduced to writing. Particular care needs to be applied to issues associated with the use of premises for the particular practice it is intended to house, as well as other issues concerning the need to protect real estate assets from potential liabilities arising from the practice.

Many health care providers currently lease office space. Practices need to be careful of leases that are not compliant with medical regulations, or which contain clauses that pass-through building and administrative expenses in addition to base rent and other provisions, which, if not carefully drafted or administered, can establish profit centers for landlords. Also, particular care needs to be paid to those lease provisions which define the allowable use of the space to make certain it accommodates the scope of the practice, as well as other provisions which if not properly addressed, could have a materially adverse impact on your practice.

Space sharing arrangements among practitioners is not uncommon, but present potential issues that should be addressed in writing to ensure compliance with health care laws. Space sharing agreements help diffuse potential disputes concerning the right to use and occupy space, responsibility for office expenses, responsibility and exposure to landlords, and other issues that often arise from informal, unwritten agreements. Space sharing agreements must be in writing, and common contracts include both leases and license agreements.