



Topic 21: Risk of Loss with Leases, International Sales, and Real Estate

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Risk of Loss with Leases

- Risk of loss is retained by the lessor and does not pass to the lessee. § 2A-219.
- Except:
 - In the case of finance leases, where the risk of loss does pass to the lessee.
- Can be (and often is, of course) modified by agreement.

Risk of Loss with International Sales

- CISG has detailed default rules.
- They can be varied by agreement.
- Many international agreements include the standardized “Incoterms,” which use standardized three-letter terms to call up shipping and risk-of-loss terms.
 - You need familiarize yourself with Incoterms if you are doing import/export.

Risk of Loss with Real Estate

- The general common-law default rule is that risk of loss is on the buyer after the signing of the contract but before closing.
- A buyer may vary this with the terms of the offer.