



LEGAL PROTECTION AND PREVENTION OF DISPUTE RISK IN SHOP HOUSE LEASE AGREEMENT

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Abstract

This study aims to examine the legal protection of business actors in shop-house lease agreements, focusing on legal certainty, division of responsibilities, consequences of default, and vulnerability to hidden defects in the leased property. It emphasizes the importance of written contracts, based on the Civil Code, Government Regulation No. 14 of 2016, and Law No. 1 of 2011, which regulate the rights, obligations, and dispute resolution mechanisms between tenants and shop-house owners. Leasing practices in the commercial property sector often face legal challenges, including unbalanced contract clauses, lack of technical verification, and the risk of unauthorized transfer. The findings show that legal protection can be improved through well-drafted contracts, inclusion of handover documentation, attachment of technical specifications, and active involvement of notaries. Jurisprudence also plays a role in assessing the validity, enforceability, and consequences of default in lease agreements. These findings suggest that shop-house lease contracts not only reduces dispute risks but also fosters a stable, fair, and sustainable business environment. It is recommended that all parties improve legal literacy, enhance documentation, and apply the precautionary principle to prevent defaults and losses due to hidden defects. Cross-sector collaboration and legal education initiatives by the government are essential to strengthening the legal position of business actors in commercial property leasing.

Keywords: legal protection, shop house lease agreement, legal certainty, default, hidden defects, business contract, jurisprudence

Introduction

The interest of the public and economic actors in the existence of shop houses, or commonly known as shophouses, continues to increase along with the development of the trade and service sector in urban and suburban areas. Shophouses have long been the main choice in carrying out commercial activities that intersect with housing needs, so the management of legal relationships between owners and tenants increasingly requires strong governance from the aspect of legal certainty. The intersection between the aspects of ownership, leasing, and use of shophouses presents a number of crucial issues, especially for business actors who depend on business continuity and stability of the legality of the use of rental objects. Therefore, the discussion on the certainty of legal protection for business actors in shophouse lease agreements is not only urgent at the conceptual level, but also quite essential in field practice.

Various dynamics often arise in shop house rental interactions between individuals with different interests and bargaining positions. Business actors as tenants are often faced with a situation where the lease contract is the main determining instrument for competitiveness and sustainability of economic activity. Tenants need guarantees regarding the continuity of rights to the leased object, protection against losses due to hidden defects, and fair treatment in the rental price scheme until the contract period ends. Dilemmas often occur when the existence of a contract is unable to provide strong guarantees for business certainty, even though economic and legal risks always lurk throughout the duration of the lease agreement.

More specifically, a shophouse as a lease object is multi-functional, thus adding to the long journey of certainty of the rights and obligations of the parties. The non-uniformity of interpretation and application of the shophouse lease agreement, both from the written and oral aspects, as well as the implementation of rights and obligations after the lease period ends, often creates new problems that are difficult to unravel. Not a few cases show the occurrence of further disputes, related to the implementation of the lease agreement, the handover of assets, and the responsibility for damage and renovations, either due to negligence or initial defects that appear beyond the control of the parties. As a result, legal certainty is often questioned by business people, notaries, and public policy makers.

The demand to strengthen legal guarantees through regulations and written agreements based on the principles of justice and protection of rights is becoming increasingly relevant. Regulations such as the Civil Code, Law Number 1 Year 2011 on Housing and Settlement Areas, and Government Regulation Number 14 Year 2016, have actually provided a fairly solid normative foundation. However, the effectiveness of the protection referred to in these regulations still requires testing through a qualitative academic review that refers to the normative juridical context. The enforcement and certainty of legal protection in the realm of shop rental agreements at the implementation level must still be encouraged to answer the actual needs of business actors and shop owners.

The main problem in the legal relationship of shophouse leases lies in the inconsistency of the meaning of the agreement, the application of responsibilities, and the recognition of tenants' rights amidst socio-economic dynamics. When the contract creates doubts in terms of guaranteeing benefits and legal protection, the empty spaces in civil regulations and practices result in great risks, especially in the business sector that relies on shophouses as one of the main assets in running the economy.

The drafting of shophouse lease agreements should provide impartial protection to all parties, especially business actors acting as tenants. However, the absence of standardized standards on risk transfer clauses, enforcement of liability due to hidden defects, and dispute resolution often results in uncertainty. Tenants who have paid in full are often in a weak situation when there is a termination of the agreement due to certain circumstances against their will (Pontoh et al., 2025). In addition to material losses, a decrease in business value and reputation is often experienced when settlement uncertainty arises during the engagement period.

The unilateral interpretation of the scope of rights and obligations in the agreement, both by the owner and the tenant, becomes the root of the problem that demands a normative juridical critical analysis. In reality, the transfer of rights over shop houses, changes in function, and utilization of rental objects for debt collateral, increasingly lead to the realm of conflicts of interest. A number of court decisions also prove the difference in assessment and law enforcement between the owner and the tenant

when the agreement is disputed, especially in cases of default, unilateral withdrawal of the shophouse, and return of assets that are not in accordance with the initial consensus (Malisa et al., 2024; Ristanti, 2024). The existence of Article 1552 of the Civil Code also requires a comprehensive interpretation for the protection of tenants against hidden defects that have a material impact on their business operations.

Another dimension lies in the legal protection in situations where the shophouse object is utilized as debt collateral or under management which creates multiple interpretations of the rights of the tenant and the owner. Cases like this add to the complexity, because they require a guarantee of restoration of rights and the determination of fair compensation for losses through contractual arrangements, in line with the principle of risk sharing regulated in the agreement (Dewi, 2019; Subekti & Lestari, 2020). If not carefully accommodated, not only will business actors be harmed, but it will also reduce public confidence in the treaty law system at large.

The focus on discussing the certainty of legal protection stems from a common desire to ensure a sustainable, healthy, and fairly competitive business ecosystem. The growth of the shophouse market, especially in big cities, emphasizes the urgency of strengthening contracts based on the principles of justice, certainty, and usefulness according to the doctrine of legal objectives. Even though regulations have attempted to provide protection from the aspects of pricing, the rights and obligations of the parties, to post-contract governance, practices in the field still present potential legal loopholes that can cause significant losses (Hasan, 2017; Pertiwi, 2014; Saputra et al., 2020).

Article 1552 of the Civil Code states that the landlord must be responsible for all deficiencies in the leased goods that limit their utilization, even though the landlord was not aware of the deficiencies when the agreement was made. If this deficiency causes harm to the tenant, then the owner is obliged to provide compensation. In practice, tenants are often burdened with the cost of repairing shophouses due to hidden defects that are actually the responsibility of the landlord. While the tenant is required to maintain the leased object in good faith, this provision requires evidentiary certainty so as not to lead to neglect of the tenant's rights and unilateral withdrawal by the owner.

Contracts are made to clearly regulate the allocation of risk, as an instrument of proof and guarantor of certainty and legality of the parties' relationship. Defaults that occur, both by owners and tenants, always carry legal consequences in the form of the right for the injured party to obtain compensation (Cahya & Adha, 2025; Pontoh et al., 2025). Each party is encouraged to demand fair treatment, including proportional compensation, so that the legal objectives of justice, expediency, and certainty can still be maintained in balance at all stages of the shop rental contract.

The interest in reviewing and further examining how legal instruments are present to protect the parties in conflict in shop house lease agreements is closely related to the increasing complexity of civil relations in the field of commercial property. The tight business competition and the dynamics of urbanization require all actors, including owners, tenants, notaries, and policy makers, to ensure that every agreement that emerges will not end in one-sided losses and can be legally accounted for. The application of the precautionary principle, legal discipline, and good contract literacy snowball into more efficient dispute prevention.

The observation of shophouse lease agreements is increasingly vital along with the rampant practice of transferring rights, the use of multifunctional shophouses, and the long chain of transactions that often involve third parties such as banks, financing parties, and local governments. The non-uniformity of contract governance and the limited out-of-court dispute resolution mechanisms trigger legal uncertainty in this sector. As a result, business actors have the potential to lose rights, reputation, and economic assets that have been built for years due to weak protection in existing contracts and legal instruments.

On the other hand, the current demand for the role of private law is the main basis for the parties to identify vulnerable areas, such as doubts about the validity of the agreement, the interpretation of additional clauses, and the enforceability of the contract in court. Thus, extra attention to the legal drafting component to the accuracy of documents is a tangible manifestation of the application of the precautionary principle as a new culture among business actors.

The main problems in shophouse lease agreements include inconsistent interpretation of rights and obligations since the beginning of the agreement, protection against losses due to hidden defects, and weak tenant protection in the event of unilateral termination of the contract. The failure to include an express clause in the contract was noted as the main trigger for the prolonged dispute between the landlord and the tenant. Tenants who have paid in full often face the risk of losing commercial access as well as the agreed goods, while landlords often feel vulnerable to the financial consequences of defaults beyond their control (Malisa et al., 2024; Pontoh et al., 2025). This condition emphasizes why a thorough evaluation of legal protection clauses in shop rental agreements should receive major attention. This kind of uncertainty becomes a real problem in the midst of modern economic growth that demands legal certainty and clarity of arrangements in every form of agreement, especially shop house lease agreements that involve business institutions and individuals with various bargaining powers.

Another dominant problem arises from the absence of adjustments to agreement clauses in accordance with the latest regulatory changes, for example due to the birth of Government Regulation Number 14 of 2016 and Law Number 1 of 2011. Standard clauses that are applied without adjustments to government policies regarding rental prices and governance of residential areas result in business actors, especially small and medium enterprises, being prone to unilateral losses, either in the form of contract termination or confiscation due to disputes over the management of shop houses.

The focus of the study on shophouse leasing agreements is based on the interest to ensure maximum protection of the rights of business actors. The complexity of commercial transactions in shophouse leasing involving transfer, use as an object of debt collateral, unilateral termination of the agreement, as well as setting a fixed rental price, all require consistent and firm regulatory intervention. Only by strengthening contractual tools based on the principles of justice, expediency, and legal certainty, legal professional services and the entire business process will be more conducive and protected.

This study aims to analyze in detail how the legal protection of business actors is regulated in shophouse lease agreements according to

the positive legal system and its implementing regulations, including the protection of tenants' rights against hidden defects and legal certainty guarantees for defaults. The results of the analysis are expected to make a real contribution to the strengthening of legal protection in shophouse leasing practices, especially for business actors, notaries, and policy makers, as well as enriching the academic insights of civil law and regulatory development in the commercial property sector.

Method

This research approach uses a qualitative literature study with an emphasis on critical reading of positive legal norms and relevant theories regarding the legal protection of business actors in shop house leasing agreements. This method focuses on the review of various legal products such as the Civil Code, Government Regulations, and Laws related to the agreement system and the protection of the rights of the parties in shophouse leasing activities. Secondary data reviewed in the form of previous research results, legal documents, and court decisions, are all processed and analyzed with juridical interpretation to obtain a comprehensive understanding of the subject matter (Creswell, 2014; Darmawan, 2015).

Qualitative literature studies provide a reflective space for researchers to frame the construction of legal norms and practices through interpretative analysis. This approach accommodates academic needs to explore how doctrine, jurisprudence, and the implementation of legal instruments develop in shop rental contracts. By comparing various regulations, journal articles, and expert opinions, identification of substance gaps, strengthening of theories, and possible recommendations to overcome problems that arise in shophouse lease agreements are carried out (Neuman, 2014).

Result and Discussion

Forms of Legal Protection of Business Actors in Shop Rental Agreements

Currently, shophouses are included in the commercial property category which is currently in great demand to be used as a Savings Business for its owners by renting it out to entrepreneurs who need it (Sunarsih, 2022). The legal protection of business tenants of shop houses is based on the principle of agreements regulated in the Civil Code as well as other sectoral

regulations that bind all parties from the beginning of the binding relationship. Conceptually, a lease agreement has been classified as one type of agreement as stipulated in the Civil Code, especially from Article 1548 to Article 1600.

Article 1548 explains that the right to enjoy and utilize goods is handed over to the tenant within a certain period with the payment of an agreed price (Cahya & Adha, 2025). The affirmation of this norm provides a definite legal position for the tenant as a business actor to demand full fulfillment of the benefits of the rental object during the term of the agreement. This legal instrument has become the basis for business actors to design strategies for sustainable business continuity through certainty of control over the commercial space used. An agreement between the two parties who agree can give rise to a legal relationship, be it in writing or orally. The agreement will also become a law or law that binds the parties to the agreement. Therefore, parties who have entered into an agreement and agreed, the contents of the agreement must be obeyed and implemented (Natalia, 2023).

According to Bogar (2022) in a lease agreement there are several specific criteria, namely the existence of two parties who bind themselves to each other, where the first party is the renting party, namely the party who owns the goods. The second party is the tenant, namely the party who needs enjoyment of an item. There are main elements, namely goods, prices, and lease periods. The formulation of a shophouse lease agreement must fulfill the legal requirements according to Article 1320 of the Civil Code, including the consent of the parties, the capacity to act, a clear object, and a halal cause. All of these components are the foundation that should not be ignored in every contract making, so that the legal protection of the rights of tenants and landlords can be strongly guaranteed (Muslim & Busro, 2022). The inclusion of explicit clauses on rights of use, care, maintenance, termination, and compensation for losses due to default emphasizes risk allocation as an important part of defending business interests. Fairly allocated risks help businesses obtain maximum protection in the lease relationship scheme.

The enactment of Article 1552 of the Civil Code emphasizes the landlord's responsibility in covering all defects of leased goods, including hidden defects that were not known at the time the agreement was made.

This article clearly obliges the owner to compensate the tenant if the defect causes loss (Cahya & Adha, 2025; Dewi, 2019). Business actors as tenants are given a strong legal position to demand restitution rights in the event of damage to the rental object that is not due to fault or negligence. This protection minimizes the risk of unexpected costs and guarantees the continuity of business operations without undue burden.

Government Regulation No. 14/2016 on the Implementation of Housing and Settlement Areas guarantees legal certainty in the practice of renting shop houses, especially in determining rental prices, rights and obligations of the parties, and protection of shop house leases in certain areas. As stipulated in Article 28 to Article 29, the governance of rental prices and verification of ownership rights are the main aspects protected by the state. This regulation encourages the creation of justice for business actors by preventing the abuse of power, unilateral pricing, or monopolistic practices in the shophouse rental mechanism (Habibah, 2021; Muslim & Busro, 2022).

The making of a shophouse rental contract basically acts as an instrument of proof of a legal and written legal relationship between the owner and the tenant, as well as a medium for allocating risks for possible defaults. Based on the rules of contractual law, the act of default will give rise to legal rights for the injured party to demand fair compensation in accordance with the proportion of real losses (Pontoh et al., 2025). The legal consequences arising from default effectively strengthen the position of tenant business actors in facing the uncertainty of landlord behavior and external risks that can hinder business continuity.

Research by Malisa et al. (2024) highlights the practice of business people who are often trapped in unbalanced contract clauses. Tenants who have paid the full rental fee still have the risk of losing commercial asset rights due to unilateral termination by the owner or force majeure reasons. so that one of the important clauses that must exist in a lease agreement is the force majeure clause. Force majeure is one of the concepts in civil law and is accepted as a principle in law (Vernando et al., 2021). This is due to the weak protection of the tenant's rights and the lack of a written agreement agreed upon at the outset. A tenancy agreement is considered valid if it is agreed or authorized with the landlord. The agreement can be made in writing or not (Istoati & Hanim, 2021). Therefore, improvements to the contract wording are needed so that the protection of business actors can be realized in reality, according to the objectives of the civil law system.

Businesses must realize the importance of verifying the condition of the object to be used as a place of business. Technical review, including construction documents, building specifications, and ownership rights documents, is mandatory before starting or extending a contract. The absence of these documents has the potential to cause a long dispute, as stipulated in Article 1562 and Article 1563 of the Civil Code, which regulates the proof of the initial condition and completeness of the building when the handover is carried out (Ristanti, 2024). The accuracy of contract documents is not only a complementary formality, but also a vital instrument in long-term legal protection for business actors.

Current regulations place shophouses in the position of commercial objects that are subject not only to civil norms, but also to regional spatial and institutional implementation instruments. The government seeks to ensure legal certainty by limiting the determination of rental prices, feasibility of use, and spatial planning through the instrument of regional regulations. This condition is evident in the implementation of Government Regulation No. 14/2016, which has revoked two previous regulations on occupancy and ready-to-build areas, and underlies all commercial property leasing practices to keep running according to public and private law principles (Anis & Anwar, 2017).

The practice of shophouse leasing often indicates an imbalance of bargaining power between the owner and the lessee, especially in the case of shophouses that are used as collateral for third-party loans or are transferred without written consent from the lessee. This problem requires a comprehensive solution, starting from the strengthening of clauses in the contract, the involvement of third parties such as notaries, and compliance with Government Regulation No. 14/2016 and Law No. 1/2011. The enforcement of certainty, justice, and expediency is critical, in line with the doctrine of legal objectives outlined by classical and contemporary civil experts (Cahya & Adha, 2025; Subekti & Lestari, 2020).

Strengthening the position of business actors as tenants in shop rental agreements has become a serious concern in the national legal system. Tenants are encouraged to take all rights and obligations seriously and not rely solely on standardized standards. Adjustment of contract wording, legal consultation, and fulfillment of all legal documentation are good practices that continue to grow in the modern business world.

Advocacy and legal education are vital instruments in encouraging legal literacy for business people to be able to negotiate and defend rights effectively when facing potential disputes.

The reality on the ground shows that the intensity of business relationships based on shop rental continues to skyrocket along with the growth of urban and commercial areas. Competition between business actors is getting higher, followed by the increasing need for certainty of the use of rental objects for the long term. In the Indonesian legal landscape, shophouse tenants are positioned as subjects in dire need of effective protection, especially when it comes to the right to environmental health, physical security, and aspects of business continuity. Various changes in regulations and the dynamics of local government policies are significant factors that require continuous adaptation. Therefore, aspects of legal certainty need to be guarded from upstream to downstream, so that all transactions and legal relationships remain under optimal protection and minimal risk of disputes.

Meanwhile, in juridical discourse and business praxis, shophouse leasing contracts have shifted into a critical instrument of collective learning that encourages business people, notaries, and law enforcement officials to continuously improve and strengthen the business environment. Strong legal protection not only provides direct benefits in the form of business continuity and stability, but also improves the public image and trust in the property market mechanism in Indonesia. With guaranteed legal certainty, business organizers are expected to be able to innovate, be productive, and grow in a healthy and fair ecosystem.

Protection of Tenants' Rights against Hidden Defects of Rental Objects

In various countries, many tenants live in poorly maintained shop houses, despite the existence of occupancy regulations aimed at protecting people from unfit living conditions and endangering health (Chisholm et al., 2020). The legal protection of the rights of tenants of shophouses against hidden defects is firmly rooted in the normative principles in the Civil Code as well as the practice of agreements that develop in the field. Article 1552 of the Civil Code expressly provides that the landlord is liable for any shortcomings or defects, including those that were unknown at the time the contract was made, as long as the defects prevent the utilization of the rental object.

According to Pohan and Hidayani (2020), the goods delivered must be in good condition, so if there are defects in the leased goods that hinder the use and even cause losses to the tenant, the leasing party must provide compensation even though he did not know of the defect at the time the agreement was made (Pohan & Hidayani, 2020). This provision provides the main foundation for tenants, especially business actors who are vulnerable to significant losses due to inefficiency in building functions, loss of business opportunities, and even unexpected repair costs (Dewi, 2019; Malisa et al., 2024). This norm means that the transfer of risk to the tenant can only be done as long as it has been clearly and fairly regulated in the contract and carried out in good faith.

There are often cases where defects in a shophouse building are only discovered after it has been used for business activities. Technical inspection or in-depth condition checking is sometimes missed in the pre-contract process or only done administratively without physical inspection by the building expert. This situation leads to maintenance costs that should not be borne by tenants because they stem from defects from the start. This unclear division of responsibility makes the tenant's bargaining position weaker and vulnerable to losing legal protection (Cahya & Adha, 2025). The impact is clear, repair costs outside the business plan can disrupt the company's cash flow and drastically shrink business profits.

Indonesian judicial decisions in recent years emphasize the importance of proving the condition of the shophouse both before and after the lease period ends, as regulated in Article 1562 and Article 1563 of the Civil Code. Handover minutes, construction drawings, and technical inspection records are increasingly gaining importance as the main evidence in the event of a dispute related to hidden defects (Ristanti, 2024). The tenant must be able to prove the existence of defects from the start, while the landlord is obliged to prove the delivery of the object in a proper condition according to the agreement. Contractual documentation and audit procedures have become a practical necessity as well as a logical consequence of the dynamics of commercial property transactions today.

Government Regulation No. 14/2016 strengthens the protection of shophouse tenants through supervision mechanisms and regulation of security guarantees and facility management. Article 28 explains that the form of protection guarantee for tenants is in the form of a written

agreement containing rights, obligations, including force majeure clauses and the status of the rental object. This affirmation gives certainty to the tenant business actors, that all requirements and technical conditions of the building must meet the eligibility standards and according to the specifications at the beginning of the contract (Muslim & Busro, 2022). This closes the gap of unilateral risk transfer by the owner to the tenant without legal or factual justification.

The phenomenon of shophouses being converted from a place of business to an object of debt collateral or being used for multi-functional purposes increases the potential problem of hidden defects. Defects in electrical networks, water installations, or building structures often escape initial attention and are only discovered after the transfer of function or the conduct of an audit by the lender (Malisa et al., 2024). If the lease agreement document does not expressly include inspection procedures and limitations on the landlord's liability, the tenant is very likely to be trapped in a cost burden that is not actually his fault. Certainty of legal protection is only effective if the contract clause still refers to the fulfillment of standards of fairness and proportionality according to the legal doctrine of contractual liability.

Cases of termination of agreements due to hidden defects, such as the West Java High Court decision No. 146/Pdt/2018/Pt. Bdg, shows that administrative proof and technical evidence are crucial aspects in protecting tenants' rights (Habibah, 2021). Tenants who are able to show authentic evidence of building defects from the beginning of the implementation of the agreement have a strengthened legal position to claim compensation and release from additional financial obligations. Conversely, owners who neglect to conduct inspections and do not disclose information transparently are threatened with multiple legal liabilities.

In another report, the role of the notary in drafting an accurate lease agreement is very important to anticipate debates about hidden defects. The guarantee of protection for tenants in this case is highly dependent on the notary's care in making object descriptions, annexes to specifications, and verifiable checks on the feasibility of building functions (Habibah, 2021). An agreement that does not contain technical details, force majeure scenarios, and dispute resolution methods will increase the chances of disputes, which ultimately increase the disadvantages of the weaker party.

Studies by Saputra et al. (2020) and Sukayasa et al. (2021) found that inconsistencies in rental object inspection practices are often due to a lack of legal literacy and documentation awareness at the beginning of the contract period. Businesses tend to reduce transactional costs and ignore technical inspection aspects for the sake of efficiency. However, the long-term effect of this practice is to create a greater financial burden and legal uncertainty in the future, especially when there is a lawsuit or request to cancel the contract due to hidden defects.

The positive legal system has actually provided space for the parties to specifically regulate all potential risks related to defects in the rental object, both visible and hidden, through the adoption of detailed clauses in the agreement. This strengthening is supported by a juridical study by Kondo (2013) which emphasizes that maximum protection will only be achieved if the tenant and landlord agree from the outset on joint inspection procedures, the production of technical documents, and fair and detailed dispute resolution mechanisms.

The managerial dimension of tenant protection against hidden defects lies in the implementation of periodic technical audits, the creation of quick reporting mechanisms, and contractual education for businesses, notaries, and property service bureaus. This initiative not only reflects the growth of a law-aware culture in the business sector, but also promotes transparency and professionalism in the relationship between parties amidst the rapid dynamics of urbanization and demand for business space in urban areas.

It remains a reality that the shophouse rental-based business ecosystem in Indonesia is prone to information imbalance between landlords and tenants. Limited access to technical and legal resources often makes businesses, especially small and medium scale ones, vulnerable to being victimized by negligent or irresponsible landlords. Therefore, it is increasingly clear that the protection of tenants' rights through preventive and corrective mechanisms should be a priority agenda in legal policy and business awareness going forward.

The tendency of businesses to overlook contract details, solely for the sake of accelerating business transactions, has the potential to cause recurring losses. Tenants need to evaluate all clauses in detail, conduct technical checks, and involve independent experts where necessary, as an integral part of long-term risk mitigation.

Finally, a collective mindset shift that legal protection comes not only from regulation, but also negotiation skills, knowledge of rights, and the courage to conduct a thorough examination is the foundation of a modern and civilized business ecosystem.

Guarantees of Legal Certainty and Consequences of Default in Shop Rental Agreements

The regulation of legal certainty in shop house lease agreements is clearly reflected in a number of normative instruments contained in the Civil Code, Law No. 1/2011 on Housing and Settlement Areas, and Government Regulation No. 14/2016. Lease agreements, based on Article 1548 of the Civil Code, are categorized as nominate contracts that regulate the rights and obligations in detail between the parties. The legal protection provided not only concerns the certainty of access to the object of the lease, but also the certainty of procedures for exercising rights, termination of the contract, compensation mechanisms, and execution in the event of a violation (Cahya & Adha, 2025). In this context, legal certainty becomes the main basis so that business actors and shop owners understand their legal position at every stage of the agreement.

The role of a written contract in realizing legal certainty and anticipating default is enormous. A contract can be terminated in certain circumstances, even in the absence of a general law to terminate a contract for certain issues (Andrews, 2018). A contract not only serves as formal evidence of the existence of an engagement, but also as the main instrument to regulate the relationship between the parties and as a means of risk allocation. Each clause - from the right to use, the lease period, the mechanism for terminating the agreement, to the procedures for resolving disputes - contributes significantly to the creation of a conducive business climate and minimal disputes. Dispute resolution in the field of the agreement can be through deliberation between the shop owner and the tenant, but also through court legal channels (litigation). Certainty assurance is also strengthened through derivative documents such as handover minutes, meeting minutes, and attachments to the technical condition of the building which serve as objective references in the event of a dispute (Dewi, 2019; Subekti & Lestari, 2020).

In the realm of jurisprudence, courts often focus on proving the construction of the contract, the clarity of the clause, and the fulfillment of the principle of agreement when handling shop rental dispute cases. For example, decision No. 146/Pdt/2018/Pt. Bdg, underlines the urgency of fulfilling documents and written statements that contain clarity of rights and obligations, especially regarding unilateral termination of the agreement, return of the rental object, and determination of compensation. In its legal considerations, the panel of judges emphasized that inaccuracies in formulating the contract, as well as the absence of details regarding force majeure and default mechanisms, have the potential to cause uncertainty and inherent financial losses for one of the parties (Habibah, 2021).

The latest regulatory response, through Government Regulation No. 14/2016, provides a significant improvement in the legal certainty mechanism by affirming the legal requirements of the agreement in articles 28 and 29. Written consent, clarity of the lease period, details of rights and obligations, and the inclusion of specific clauses related to price, force majeure, and dispute resolution procedures, must be included to provide maximum protection. Certainty provides clarity in carrying out legal acts when implementing an agreement / contract, in the form of performance even when the agreement is in default or one of the parties is harmed, the sanctions in an agreement / contract must be carried out according to the agreement of the parties (Sihaloho et al., 2018). In the case of shophouses whose construction utilizes government incentives, strict rent regulation is in place to prevent potential abuse by the landlord as well as injustice to micro and medium-scale businesses (Muslim & Busro, 2022).

The legal consequences arising from default in a lease agreement are that the aggrieved party (tenant) can demand the fulfillment of its performance, legal remedies that can be taken by the parties in accordance with the provisions provided by the Law are non-litigation legal remedies and litigation legal remedies if the parties' dispute cannot be resolved through non-litigation legal remedies, litigation legal remedies can be taken, namely through the process of litigation in court by filing a lawsuit (Ninu et al., 2023). The consequences of default (breach of promise) are a central aspect that receives special attention in the private law system. The Civil Code, especially Articles 1243, 1554, up to Article 1560, confirms that the party harmed by default has the right to demand compensation,

fulfillment of performance, or cancellation of the contract accompanied by compensation. Especially in the practice of shop rental agreements, the form of default can be in the form of non-fulfillment of rental payments, termination before maturity, or neglect of the obligation to maintain the rental object. Jurisprudence and legal theory place the risk of default as a logical legal consequence of the weakness of one party in carrying out the contents of a valid agreement (Pontoh et al., 2025; Ristanti, 2024).

The awareness to prepare contracts carefully has become a fundamental demand of all business actors. The preparation of default limitations and sanctions, preventive efforts through mediation before litigation, and strengthening the executorial clause are increasingly being used as standard patterns by notaries and business law consultants. That way, all parties from the start have known the risks, opportunities, and legal rights in the event of a violation or dispute (Saputra et al., 2020).

Sukayasa et al. (2021) shows that there are still shophouse lease contracts that ignore detailed clauses regarding default resolution methods. Cases of unilateral agreement termination by the landlord and/or tenant often lead to different interpretations and open opportunities for additional claims to the court. This showed that imprecise contractual arrangements are very vulnerable to multiple interpretations, and obscure the desired guarantee of legal certainty.

Several court cases have also emphasized the importance of additional documents such as delivery minutes, negotiation minutes, and technical inspection results attached as annexes to the contract. Such documents have proven to be very helpful for judges to assess the objectivity, goodwill, and accuracy of the implementation of rights and obligations in the entire series of agreements. The absence of such supporting documents is often a weak point of proof that results in the lawsuit being inadmissible or compensation not being granted in full.

The application of the prudential principle and the principle of fairness (*gerechtigheit*) must be the main foundation in every stage of the shop rental contract. The enforcement of these principles becomes relevant when the volume of business transactions continues to increase, with an increasingly diverse distribution of business actors in terms of scale and bargaining power. Legal literacy, consultant involvement, and contractual advocacy are projected to reduce the number of disputes and strengthen legal certainty for all parties.

Legal risk management in drafting agreements is essential to prevent long-term losses. Force majeure clauses, prorated payments, penalties for delay, and clear procedures for unilateral termination or transfer of lease rights allow all parties to prepare anticipatory steps in the face of changing circumstances. Although force majeure clauses are commonly included in contracts, they often differ in terms of definition, legal effect, and the reasons given to the parties. Force majeure provisions must be clearly formulated and fully understood before the contract is signed. Without careful organization, affected parties at risk of force majeure may only get limited protection from applicable contract law (Ezeldin & Helw, 2018). Failure to adopt this practice could potentially deprive businesses of the opportunity to claim their rights proportionately at a later date.

The importance of strengthening jurisprudence at the national level shows that the development of contract law in the property sector is progressing. Court rulings help set standards for contract content, decision-making, and consequences for breaking agreements. As a result, shophouse lease are no longer just administrative document, but a legally important business document backed by the courts. Legal certainty in lease agreements comes from several factors, such as clear legal rules, accurate contract writing, strong evidence, and the willingness of all parties to fulfill their rights and obligations under the law. A more advanced contract system requires support from the government, legal professionals, and legal knowledge among business actors, thus a fair, reliable, and healthy business environment can grow.

Conclusion

Legal protection in shophouse lease agreements plays a strategic role in ensuring legal certainty and upholding the principles of justice and mutual benefit for both parties. Drawing from contractual practices, the Civil Code, Government Regulation No. 14/2016, and national jurisprudence emphasize the importance of written contracts, clear rights and obligations, and defined dispute resolution procedures.

Common issues such as hidden defects, misuse of property, and potential defaults require contracts to be detailed and supported by proper documentation to minimize risks and losses. Strong legal guarantees for tenants and owners, reinforced contract clauses, and fulfillment of formal and material requirements can foster a healthy commercial property and investment ecosystem.

Comprehensive regulations and jurisprudence provide real benefits in enhancing legal certainty, protecting rights, and promoting compliance. In the digital era and amid urban growth, lease agreements must adapt—not just in formality but also in risk management and dispute prevention. A sound commercial ecosystem relies on clear regulations and the active involvement of notaries, legal consultants, and business actors in applying fair, balanced, and sustainable contract principles in both substance and procedure.

It is recommended that business actors—especially tenants and owners—prioritize transparent, adaptive lease contracts with the involvement of legal professionals from the negotiation stage. They should also improve legal literacy, conduct regular technical audits, include complete documentation, and confidently negotiate rights protection clauses to reduce risks. Local governments should strengthen oversight, provide legal education, and build cross-sector collaboration to ensure legal certainty in commercial property leasing.

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