



ESR Commercial

Your Cost-free
Real Estate
Resource

October 2017

DO YOU KNOW WHAT YOUR LEASE SAYS?

Do You Have a Personal Guaranty on Your Lease?

by Garrett Aries

Many of you reading this might not know whether or not you have a personal guaranty on your lease. Others might not see why having a personal guaranty is a big deal. After all, aren't you responsible for the lease no matter what? Why is it beneficial to not have a personal guaranty?

The vast majority of landlords ask for a personal guaranty of some kind when signing a new lease. A personal guaranty says that "you," and not just your company, partnership, or LLC are liable for the rent and triple net charges of your space. In a perfect world and perfect scenario, this will never affect a tenant. A tenant pays their rent and the landlord never has to go after anyone for unpaid monies. But what happens if something goes south and you are unable to pay rent? Can the landlord then come after you, personally? Can they go after your personal bank accounts, house, or other personal property? The answer is YES, they can.

The solution to this is to either try to completely eliminate, or more likely limit, the personal guaranty. This is something that we try to negotiate in all of our deals. If you have owned your store for many years, have good credit, and no history of being delinquent, why does an owner continue to need to have a personal guaranty of the lease?

It's not something that every owner will go for, but it can be a very important item that you might not think of at the time you're signing the lease. You want to limit your personal exposure as much as possible, which could make a big difference at some point in the future.

ABOUT US

ESR Commercial is the country's largest trade association brokers. With over 30 years of real estate experience, we are your one-stop, cost-free real estate resource

Contact Us:

Garrett Aries
818-519-5040
Garrett.aries@
esrcommercialrealty.com

