

**MODEL
GUARANTY
CLAUSE****Good Guy Guarantor Discharged When
Tenant Provides Landlord Surrender
Declaration**

While better than no guaranty at all, so-called good guy guaranties providing for early termination of the lease and discharge of the guarantor involve certain risks, such as where a sublease prevents the landlord from re-letting the property the tenant leaves behind. Requiring tenants to sign a surrender declaration can help landlords mitigate these risks. In addition to an actual Surrender Declaration form like the one on p. 6, you need to incorporate the surrender declaration ground rules into the actual guaranty agreement. Here's a Model Clause created by a New York leasing attorney that you can adapt for your own situation.

LIMITATION OF GUARANTOR'S LIABILITY

Anything herein to the contrary notwithstanding, upon receipt by Landlord of a duly executed and acknowledged Surrender Declaration (the "Surrender Declaration") on the form attached hereto as Exhibit A, together with all keys to the Premises (the date that Landlord actually receives the Surrender Declaration and all keys shall be known as the "Surrender Date"), then Guarantor shall be released from all liability with respect to any obligations of Tenant under the Lease arising or accruing after the Surrender Date, but Guarantor shall continue to remain liable pursuant to the terms of this Guaranty for:

- i. All obligations of Tenant that arose or accrued on or before the Surrender Date; and
- ii. Any liability of Tenant arising out of a breach of any warranty or representation of Tenant under the Surrender Declaration.