

MODEL LEASE CLAUSE

Get Protections When Assigning Construction Warranties to Tenants

When a landlord hires contractors to make substantial improvements to a tenant's space, it's not uncommon for tenants to ask and landlords to agree to transfer all of the construction warranties in connection with the work to the tenant. While ensuring the tenant recourse against those who perform defective work on its premises, such warranty transfers can also have unforeseen and unfavorable effects on the landlord. That's why it's important for landlords to impose certain limits on their transfer obligations. Here's a clause prepared by a veteran New York City leasing attorney that you can ask your attorney to adapt for your own circumstances.

TRANSFER OF CONSTRUCTION WARRANTIES

To the extent Landlord receives from either: (1) a subcontractor who has performed any part of The Work, or (2) a supplier who has delivered any materials incorporated as part of The Work, a written assignable warranty, then Landlord shall assign its rights and liabilities under such warranty to Tenant without representation by, warranty from, or recourse against Landlord. If any fee, cost, or expense is due to such subcontractor or supplier as a condition to the effectiveness of such assignment, Landlord shall be relieved of its obligation to assign its rights and liabilities under such warranty, unless and until Landlord first receives from Tenant said fee, cost, or expense.