

Client Alert: Second Circuit Decision Revives Landlord's Fight for Rights amid Pandemic Ordinances

Publications

November 4, 2021

The Second Circuit Court of Appeals issued a potentially far-reaching decision reviving New York City's commercial landlords' fight against a sweeping ordinance enacted to combat the COVID-19 pandemic's economic effects, though possibly creating precedent for future local, state and federal government responses to economic and other crises.

New York recently passed the so-called "Guaranty Law," which forbids commercial landlords from enforcing "personal liability guarantees" for the 16 month period when the city was under some form of COVID-19 executive order if the order had the effect of limiting business occupancy, mandating social distancing, or otherwise restricting operations. Landlords argued the ordinance "re-writes [landlord's] contracts with their tenants, stripping [them] of remedies to enforce personal guarantees that were a material benefit of" the contracts. The guaranty agreements make a third party – generally the owner of the business (though this isn't a requirement) – personally liable for rent that the business fails to pay. However, under the law enacted by the New York City Council, such agreements are void for any rent not paid between March 7, 2020 and June 30, 2021. The law's purpose, as determined by the Second Circuit, was to help small business owners recovering from economic losses due to the pandemic and allow them to recover without the threat of being wiped out by personal debt, which threatened to create "ghost towns" in neighborhoods which could take years to recover.

To read the full article, [click here](#).

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