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Temporary arrangements between Landlords and Tenants in Guernsey

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In the current environment landlords and tenants may find it difficult if not impossible to comply with some of their lease obligations.

Unlike Jersey (see our article <u>here</u>) and the UK, the States of Guernsey has not yet given any guidance as to how landlords and tenants should deal with issues arising out of commercial or residential leases during these difficult times. At the moment it is up to landlords and their tenants to discuss and agree any temporary arrangements for the lockdown period. In commercial leases such arrangements could, for example, involve the payment of rents, the tenant's obligation to give vacant possession on the exercise of a break or any dilapidations at the end of the lease. It could also touch upon the landlord's obligations if, for instance, it had agreed to carry out certain works by a particular date, or perhaps the way services are provided in a building. Whatever the parties agree between them, we would recommend that any temporary changes to the terms of the lease are documented in writing.

If there is a dispute and no agreement can be reached a party may decide to make an application to court, but the court is likely to encourage the parties to come to an agreement between themselves. To encourage an out-of-court solution the court could use its powers to delay hearing matters until after the lock down has been lifted (or restrictions have been relaxed), and if the court felt action had commenced unreasonably it may award costs against that unreasonable party, or not award costs when it might otherwise have done so.

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