

Chapter 5

1. James and Nancy are part owners of a video company that is rapidly expanding. They decide to lease some new office space in a strip mall. James and Nancy delegate their lease negotiations to David, a senior vice president of the video company. David begins negotiations with Robert, who is a representative of the strip mall. Robert presents a lease to David, who in turn shows it to James and Nancy. They have it approved by their attorney and sign it. The lease contained no provision for a personal guaranty by James and Nancy should they default on the rent. Before James and Nancy moved into their new office, Robert approached them outside of their car one day. He said he had some more "lease papers" for them to sign. The papers he had were in fact a personal guaranty but Robert did not tell that to James and Nancy. Fearing they would not be able to move in if they did not comply, they both signed the papers. Robert knew at the time that they were not in fact lease papers, but he made no mention of that fact to James and Nancy. Later, when the video store was unable to make its rent payments, the strip mall sued James and Nancy personally for the unpaid rent, using their signatures on the personal guaranty as the basis of their claim. Do James and Nancy have to pay the rent? *Park 100 Investors, Inc. v. Kartes*, 650 N.E.2d 347 (Indiana Ct. of Appeals).