



5 Red Flags You're Renting from the Landlord from

HELL

Don't be left shaking your head and emptying your bank account. Learn from these techs as they share their stories of red flags they saw — and ignored.

BY MICHELLE PRATT

When you open your own business — either as a booth renter or as the spa owner — you first negotiate a contract with your landlord. If you're a spa owner negotiating a lease for a large storefront, it's likely you'll have lawyers drawing up your contracts and negotiating on your behalf. In a smaller salon — or as a booth renter — you may feel you can represent yourself. This isn't necessarily a bad thing, as long as you realize the importance of protecting yourself through that contract. The lease agreement is meant to not only protect you but also to define a working relationship between both parties. When the division of responsibility is left in a nebulous state of uncertainty, you will have trouble. Avoid this inevitable frustration by heeding these red warning flags from techs who have already traveled down that road.

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Bryan Durocher of Durocher Enterprises Inc. in Whitefish, Mont., offers techs a few tips on lease terms.

- > When you do a build out, get a five-year term on the lease with an option to renew. This assures you have time to recoup the expense of the remodel.
- > Understand once you sign the lease, you are responsible for all things pertaining to the space — including things you may think are the landlord's expense, such as the HVAC unit. This often surprises tenants.
- > Find out how much the landlord is willing to pay back in TI (tenant improvement). This most often comes in the form of free rent.
- > Confirm what financial recourse you have (landlord's insurance or rent forgiveness) if an issue develops with another tenant in your building that causes business at your unit to be interrupted.
- > Make sure you are fully insured. This includes premises insurance, liability and indemnity insurance, fire and theft, and property coverage.



The landlord doesn't pay the bills.

The owner had TVs set up around the salon so clients could watch movies or videos during their service. He always paid the cable bill so the clients would be entertained, but he wasn't always so faithful about paying the heat, water, and electric bill. Brown says there were many times the water or lights would cut out in the middle of a service. "I remember one day the utility company came to shut off the power, and we had to beg them to keep it on because we were working on clients!" Brown says. She stayed at that location for three months before finally approaching the owner to tell him she needed to get out of the contract. "When I told him I was continuing my education so I could be an instructor, he let me go without any trouble," says Brown.



The landlord ignores safety concerns.

When Sammi Newell walked through a routine visit with a government inspector at her salon, Just Gorgeous in Lincolnshire, U.K., she was alerted to an electrical distribution board that was uncovered. She was given one week to fix the illegal situation. The landlord sent over his uncertified son to replace the box instead of a professional who could provide the necessary documentation. Though this was a red flag, it was only the beginning of the problem.

The day after the son replaced the box, a big wind and rain storm came through, which revealed a leak. Newell's handyman friend came to help her find the source of the leak, and he discovered an uncapped wire near the standing water. Newell called the inspector to ask what needed to be done and was told she had to close the salon immediately until all the work was finished and the salon was inspected as safe.

Newell's landlord responded by calling her dramatic and made no effort to resolve the problem. When Newell asked about the loss of business due to his building being non-operational, the landlord said Newell would have to claim it on her own insurance. Unable to provide services to her clients, Newell continued to contact the landlord to see if he had completed the work. Instead of communicating how he was resolving the issue, the landlord sent Newell a letter telling her that if she didn't resume her business, he would assume she had abandoned the property and would rent it to someone else. "I was furious," says Newell. "I had spent hundreds of dollars on a new security door, plus had made the initial business investment, and he was threatening to rent my space to someone else!" She contacted a lawyer who told her she ought to cut her losses and find another salon. Newell did eventually find another spot, but not before she lost a month of work.

Newell says she didn't see any red flags before the maintenance situations happened; however, during and after the conflict with the landlord, the other tenants made comments such as, "I wondered how long it would take until you had a problem," and "That building is notorious for leaks during storms."

Newell says the month was a nightmare, but in the end it worked out better because she is in a nicer space and paying less rent. It was a hard lesson, but one she is confident she won't repeat. **N**