

## **Dealing With Deposits – For Salon – Spa Tenants**

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*798 words*

Even if you have paid the landlord an initial deposit, should your deposit be held in perpetuity? No. As we explain in our new book, *Negotiating Commercial Leases & Renewals For Dummies*, even if you're considered a security risk to the landlord for the first number of years of your lease and regularly paid your rent all of those years, then you're certainly no longer a risk to the landlord for the renewal term.

Having said that, your landlord may not willingly return your deposit as part of your lease renewal. You may have to demonstrate to the landlord why it should be returned by reminding him of your history of on-time rent payments, pointing out the fact there is no commission paid to an agent on a renewal (the commission paid to an agent is often a big factor for the landlord requesting the deposit) and sharing any intended improvement plans you have for the space that you could partially fund with the deposit.

If you are unable to get the landlord to agree to return your deposit at the start of your renewal term, aim to have it applied at some point throughout that renewal term or to the last month of the renewal term, whether you further renew or not. Getting the deposit applied or returned before you vacate the property can help you avoid the common problems of getting your deposit back.

If you did not negotiate to have your deposit applied or returned early, talk to your landlord about getting your entire deposit back as soon as you vacate. You may be afraid to bring the subject up for fear that your landlord may have some excuse for not returning your deposit (which may be true). But you can't determine if there is a problem (and then start to solve the problem) if you don't ask before you move out.

Most landlords don't mark their calendar with a date to return your deposit. In fact, most would be quite happy if you never brought up the subject again. Salon – Spa owners have contacted us months after moving out and ask why their landlord hasn't refunded their deposit. We usually start with asking, "Have you asked for that money back yet?" The answer is usually, "No". So we begin with the basics; you have to ask to receive.

When it comes to asking, we also recommend that you ask your property manager about the landlord's process for refunding deposits; do so at least three to four months before your lease expires. Ask these following questions:

- Does the landlord require a letter or an invoice?
- On the last day of the lease, will there be an exit viewing and walk-through of the premises to ensure no damage?
- What should I do to get my full deposit back? Do I have to get the carpets cleaned and/or surrender my keys?

Landlords have many reasons why they can't or won't return your security deposit. These include the following:

- You have damaged the premises.
- You didn't remove your leasehold improvements.
- You removed leasehold improvements that the landlord wanted you to leave behind.
- You owe Common Area Maintenance (CAM) charges from that year.
- You did not pay penalties or interest for late rent charges.
- You did leasehold improvements to the premises without landlord consent.
- You subletted or assigned the lease agreement without landlord consent.
- You didn't remove your signage from the building.
- The landlord may have whittled away at your deposit over the years for small rental incidentals or items they have invoiced you for that you didn't pay.
- If your building has been sold since you first leased, the new landlord may claim that he doesn't have your deposit because the previous landlord never passed it on.
- If the landlord acknowledges that he has your deposit, check your lease agreement. It may state the amount of time that the landlord has to refund your deposit. If not, ask for a refund with ten days of your invoice to the landlord.

Remember that the landlord may issue your deposit to the tenant company. If you've gone out of business and closed your bank account, you will have a problem cashing that check. The landlord may, instead, personally issue the check to you; however, you have to let him know that is what you need.

For a copy of our free CD, *Leasing Do's & Don'ts for Commercial Tenants*, please e-mail your request to [DaleWillerton@TheLeaseCoach.com](mailto:DaleWillerton@TheLeaseCoach.com).

*Dale Willerton and Jeff Grandfield - The Lease Coach are Commercial Lease Consultants who work exclusively for tenants. Dale and Jeff are professional speakers and co-authors of *Negotiating Commercial Leases & Renewals For Dummies* (Wiley, 2013). Got a leasing question? Need help with your new lease or renewal? Call 1-800-738-9202, e-mail [DaleWillerton@TheLeaseCoach.com](mailto:DaleWillerton@TheLeaseCoach.com) or visit [www.TheLeaseCoach.com](http://www.TheLeaseCoach.com).*