

Commercial Leasing to a Business and the Added Risk

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When it comes to lease agreements and doing a background check on a tenant, most people consider this a need for only residential, or home rental/landlord, agreements. It's true that these situations should necessitate tenant background checks, but this is not the only case where screenings should be utilized. As more and more people are finding success in the residential rental market, they are acquiring more capital to dabble into the commercial side of the real estate industry. Whether it's a boutique, restaurant, or dry cleaners, it is important to not only do a background and credit check on the business, but also on the individual owners. Even though the potential for profit is higher when leasing commercial property, so too are losses and liabilities.

Residential VS Commercial

When dealing with residential property, you are typically dealing with individuals or families that are looking for a place to live such as a house, apartment, or townhome. What is mostly used in these situations are rental agreements, and properties can be leased for one-year periods or less and rent is paid on a monthly basis. A standard screening is sufficient here and only the working adults need to have a **tenant background screening** done.

Commercial property is different. This is not a place of residence for the lessee; this contract is for the sole purpose of running a business out of the property. This commercial space should only involve the sale of goods or services, or provide a place where goods are manufactured. Even though commercial renters do not have the same legal protection as residential renters, you still have to protect yourself not only with the lease agreement, but also by knowing what type of business and business owners you are allowing to use your property. The last thing you need is for things to go south on one of your commercial properties and be stuck in a legal battle for an extended period of time.

Protect Your Investment

Besides running an adequate credit check on the business itself and the business owners, it is also important to run background checks on them. You cannot just depend on the three credit bureaus' reports when determining if your commercial tenants will be a low- or high-risk partnership because their reports will only give you their credit history and rating. This is assuming that the business is not a startup and has a credit history to begin with. Do not think it is acceptable to only run a report on the business tax identification number and think that will suffice. For a comprehensive report that can list the owner's credit, criminal record, employment history, and any eviction they have ever had, Tenant Background Search is here to help. You are not only forming a partnership with the business, but you are also forming one with the individual owners. Make sure to protect yourself and your investment in your commercial property by running a comprehensive tenant screening on all owners in the business with Tenant Background Search.

