

THOUGHT LEADERSHIP

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MHARE O. MOURADIAN
LOS ANGELES:
213.337.6572
MHARE.MOURADIAN@
HUSCHBLACKWELL.COM

ALEXANDER S. KELEDJIAN
LOS ANGELES:
213.356.2975
ALEX.KELEDJIAN@
HUSCHBLACKWELL.COM

Vanishing Acts: Navigating the Challenges of Disappearing Commercial Tenants

In a vibrant city like Los Angeles, the commercial property scene is as eclectic as its urban tapestry. From global giants to beloved local gems, the spectrum of commercial property ownership is vast. For landlords, a robust grasp of your legal rights isn't just beneficial—it's imperative. No matter your financial echelon or heritage, navigating tenant complexities demands a well-armed defense: knowledge.

The rise of AI in real estate has democratized insights into leasing contracts, empowering tenants with unprecedented contract comprehension. This shift, while seemingly advantageous, opens doors to potential misuse. Commercial leases, with their intricate details and extensive length, could tilt the balance in favor of tenants, particularly when landlords lack the resources of larger entities to dissect these complex agreements. This dynamic, coupled with California's tenant-centric legal landscape, places landlords at a palpable disadvantage in disputes.

Beyond AI, contemporary norms are reshaping landlord-tenant interactions. The digital age has normalized the decline of direct communication, with unanswered calls and messages becoming the norm. Landlords are increasingly encountering 'ghosting'—tenants who vanish without a trace, sidestepping calls, texts, and even rent payments. While non-responsiveness alone doesn't constitute grounds for eviction, it underscores the importance of a landlord's limited recourse when rental obligations are not met.

In response, some landlords have crafted rigid lease agreements. Yet, clarity is key: only material breaches—violations that tangibly impact the landlord—warrant contract termination. For instance, a Los Angeles County landlord, after repeated rent defaults, forged a stringent pact stipulating that any

infraction, such as failing to secure renter's insurance, would nullify the lease. However, an appellate court ruled that such a breach was immaterial, as it primarily endangered the tenant, not the landlord.

Despite these challenges, landlords are not without options when faced with a problematic tenant.

Strategic Moves for Commercial Landlords

Landlords can enforce all conditions of the lease agreement. This includes, but is not limited to, the use of the property, maintenance responsibilities, and any specific clauses that both parties have agreed upon.

Termination of Lease and Eviction

Clearly outline the procedures for lease termination and eviction in case of tenant default, ensuring they comply with the local laws.

Evicting a commercial tenant involves a legal process that varies by state but generally follows these steps:

Notice to Tenant: Provide the tenant with an eviction notice, detailing the lease violation and the actions required to remedy the situation within a specified timeframe.

Tenant Response: Allow the tenant to respond to the notice, either by rectifying the issue or negotiating a settlement.

File a Lawsuit: If the tenant fails to comply or reach a settlement, file a lawsuit for eviction, often referred to as an unlawful detainer or forcible entry and detainer action.

Serve the Complaint: Formally serve the tenant with the complaint, notifying them of the lawsuit.

Court Hearing: A court hearing is scheduled where both parties can present their case.

Court Judgment: The judge will make a decision based on the evidence presented. If the eviction is granted, the tenant will be ordered to vacate the premises.

Eviction Enforcement: If the tenant does not voluntarily leave, law enforcement may be involved to remove the tenant from the property.

Security Deposit and Damages

Upon successful eviction, the security deposit can offset owed rent. If the deposit falls short or property damage occurs, pursuing legal action for compensation is an available recourse.

Personal Guaranty

For added protection, require a personal guarantee from the business owner, which holds them personally liable for these obligations if the business fails to meet them.

Maintaining Documentation

Document all tenant interactions in writing—be it text, email, or social media messaging. A documented history of unresponsiveness can bolster your position should lease termination and eviction become necessary.

Avoiding Self-Help Measures

Physical altercations in tenant disputes are to be strictly avoided. Blocking re-entry or entering the property can lead to significant legal consequences. Prioritize safety and legality, and involve authorities if tensions escalate.

Refraining from Accepting Payments Post-Eviction Notice

Accepting rent after issuing an eviction notice can undermine your legal standing. Once the eviction process is underway, refrain from accepting any payments.

Landlords, while navigating a tenant-favored legal system, are not devoid of power. Assert your rights and employ the remedies at your disposal with confidence.