

FACT SHEET:

HOW TO AVOID POSSIBLE PITFALLS WHEN ENTERING INTO LEASE AGREEMENTS OR MORTGAGES BEFORE STARTING THE LICENSING PROCESS IN THE CITY OF MONTGOMERY

This fact sheet is designed to give inspired entrepreneurs general information regarding possible pitfalls when entering into lease agreements or mortgages BEFORE you start the licensing process.

**This information is not to be misconstrued as legal advice.*

Selecting Your Business Location

Before you commit to any commercial rental agreement or mortgage for your proposed business idea, DO YOUR "LOCATION DUE DILIGENCES". It could be very costly to purchase or rent a location that is not, or cannot be zoned for your business type, does not meet City Fire and Building Inspections, and is not welcomed or permitted in neighborhoods in and around your proposed location.

What is Location Due Diligence?

Wikipedia defines DUE DILIGENCE as, "an investigation or exercise of care that a reasonable business or person is normally expected to take before entering into any agreement or contract with another party or act with a certain standard of care." In summary, take care to protect your money before you sign a contract such as a business lease agreement or business mortgage.

Location Due Diligences may include (but are not limited to) the following:

Contact the neighborhood leadership in and around your potential business location to find out if they will welcome or oppose the proposed business type. Neighborhood associations and/or a City Council member designated for the proposed business area may assist you with this question.

- Contact [Neighborhood Services](#) at 334-625-2175 for information on neighborhood leaders.
- Obtain contact information for [Montgomery City Council members](#).
- Contact the City's [Land Use Division](#) at 334-625-2722 to make sure your proposed commercial location is zoned or can be zoned, for your proposed business idea and activities.

Although you have not yet entered into a commercial lease agreement or mortgage on your potential business location, it would demonstrate good faith on behalf of the potential location's current ownership if they allow you to have the location inspected before entering into any agreement. Inspections may involve a small cost to you upfront. However, if the potential business location does not pass various fire and building inspections, you will have saved yourself perhaps thousands of dollars in potential repairs and renovation costs by understanding the location's building issues before you sign any agreement or contract.

Will the business require a state regulatory license such as businesses involving the sales/service of alcoholic beverages, tobacco products, food preparation and sales, childcare, or elderly care?

If the potential business will involve the sales/service of alcoholic beverages or tobacco sales, you will need to contact the [Alabama Alcoholic Beverage Control Board](#) (ABC Board) after you have decided to sign a rental agreement or purchase a location.

If the potential business will involve childcare, tutoring, coaching, mentoring minors under the age of 18 years, elderly, or mentally/physically challenged individuals, you will be required to obtain a background check through the [Alabama Law Enforcement Agency](#) (ALEA).

Important Numbers & Quick Links:

[License & Revenue Division](#) - 334-625-2036

[Neighborhood Services](#) - 334-625-2175

[Land Use Division](#) - 334-625-2722

[ABC Board](#) - 334-213-6309

[ALEA](#) - 334-353-4340

