

7 TIPS FOR TENANTING A PROPERTY



Preparing to rent out your property? Here are 7 invaluable tips to help you make sure you select the right tenants, your property is well looked after, and you maximise your return on investment.

1. REFERENCE CHECK

Always ask prospective tenants for references and always call the referees. Many private landlords rely on their assessment of prospective tenants rather than asking them to provide references, but this approach can leave you open to problems down the track.

2. CREDIT CHECK

Referees may be reluctant to make negative comments about a colleague or friend, so it's vital that you also perform a credit check on prospective tenants. One-off credit checks can be made by most debt collecting agencies, but you need the tenant's permission first.

3. TAKE PHOTOS OF YOUR PROPERTY

You can make huge savings on wear and tear, reduce redecoration downtime (and therefore maximise rental income) and minimise time spent involved in disputes, by extensively photographically recording your property's condition before tenants move in.

Remember to give the tenant copies of the photos and ask them in writing to contact you if they believe the photos aren't accurate. If you don't do this, the photos will be worthless. Your property will be better looked after and the bond can be used to pay for any redecoration that may be needed because of greater than normal wear and tear.

If disputes go to the Tenancy Tribunal, good photos showing the condition of the property prior to occupancy can help you win the case.

4. CLEARLY OUTLINE YOUR EXPECTATIONS IN THE TENANCY AGREEMENT

The tenancy agreement is the place to outline what you expect from your tenants. The agreement must state clearly if there are to be no pets, parties or smoking, the maximum number occupants, etc.

Failure to make specific conditions clear can lead to dispute and if the matter goes to the Tenancy Tribunal, an unclear agreement puts you in a precarious position.

Also be aware that neither party can sign away their rights under the Residential Tenancies Act. Even if both parties agree to a clause at the time of signing

a tenancy agreement, this clause may not be upheld if a dispute is taken to the Tenancy Tribunal.

5. OPT FOR A FIXED TERM TENANCY OVER A PERIODIC TENANCY

You may have a good tenant who is going to pay the rent and look after your property, but if you sign them onto a periodic tenancy instead of a fixed term tenancy they could leave with just 21 days' notice. This gives you very little time to find a new tenant and creates an unnecessarily long vacancy, costing you in lost rent.

A fixed term tenancy, on the other hand, enables you to find new tenants before the current tenants move out, potentially saving you thousands. It also enables you to protect against the property becoming vacant at a time of the year when tenanting is difficult, such as late November/December or in mid-winter.

6. TAKE THE MAXIMUM POSSIBLE BOND

After meeting prospective tenants and being impressed by their appearance, many private landlords feel that no bond, or only two weeks bond is necessary. But it's very easy for a property to be damaged, potentially leaving the owner out of pocket by thousands of dollars.

Given that tenants are being given the right to live in an asset worth hundreds of thousands of dollars you should always insist on taking the maximum bond possible of four weeks.

7. LODGE THE BOND WITH THE DEPARTMENT OF BUILDING AND HOUSING

Always lodge the bond. Not lodging the bond with the Department of Building and Housing is illegal, and means you could be fined up to \$1,000 if a tenant takes you to the Tenancy Tribunal. The actual amount is at the discretion of the Adjudicator, but you could also lose many hours dealing with the tenants and attending the hearing.

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For an obligation-free rental appraisal or to discuss the management of your residential property, please visit us at www.quinovic.co.nz.