

# GUIDE TO GETTING BACK RENT ARREARS

## THE BEST APPROACH TO DEALING WITH RENT ARREARS



## INTRODUCTION

It's an awkward issue to arise, but even seemingly perfect tenants can suddenly stop paying rent. If not resolved quickly, this issue can suddenly turn into a loss worth thousands of dollars.

Over the years, we've found many self managing landlords find rent arrears a hard task to deal with, simply because they feel awkward confronting tenants to discuss money, or even worse, they may demand the arrears be paid, but be ignored by the tenant or given false promises that it will be paid back soon.

To make sure you get back what's owed, we explain your legal rights and what steps you can take to sort out rent arrears, and prevent them occurring in the future.

## Have Measures To Identify Arrears

When problems with rent payments begin occurring early intervention is necessary. To achieve efficient property management and identify arrears early, keep detailed records on rent payments and closely monitor these records during the entire tenancy period.

To maximise the owner's cash flow we conduct checks on rents received by 8:30 am each weekday morning. This helps us identify any rent arrears within hours of expected payment.

## Contact Your Tenants First

The best approach is to contact the tenants as soon as you notice rent is overdue. Most tenants will want to stay in their home and will be willing to organise a way to pay back the rent owed. Remember the tenant isn't necessarily the bad guy in this situation, they may have been unaware of the arrears, or recently had some personal changes and are already working hard to get that rent paid to you.

The same morning we identify the rent arrears we begin our well trusted process that gets the rent to our clients as soon as possible. Our first step is always to call the tenants to get a better understanding of the situation and the best approach to resolve it. If the rent can be paid immediately, we advise the owner the payment will be 1 day late. If not, we continue our process, and inform the owner of progress.

## What If They Can't Pay It Back Right Now?

If they're having difficulty and can't pay the entire amount of overdue rent immediately, suggest payment in instalments and make an agreement in writing on what must be paid each week on top of the regular rent payment. Make sure both you and the tenant sign the written agreement and each have a copy. Ensure the agreement states that payments are to be made by automatic payment.

## Issue A Written Notice

Failure to pay rent is a breach of the tenancy agreement and the Residential Tenancies Act 1986. For this reason, the landlord has the right to issue a 14-Day Notice to Remedy to alert the tenant to the issue and provides the tenant 14 days to fix it.

If we contact the tenant and discover they cannot pay rent immediately, our next step is to issue a 14-day Notice To Remedy. During the call we notify the tenant we are sending them a 14-day notice letter, before informing the owner about the arrears and what process we plan to take. Over the 14 day period we'll continue to contact the tenant to request they make the rent payment.

## Time For The Tenancy Tribunal

The first thing you should do is send a 14-day Notice to Remedy to your tenants informing them of the arrear. If payments are more than 21 days overdue you can apply to the Tenancy tribunal to give an order to end the tenancy and release the bond if the rent owed are not paid.

At Quinovic Kent Terrace we fill out a Tribunal application the same day we send the 14-Day Notice to Remedy. Being prepared helps us ensure we can enter the Tribunal process the moment the 14-Day Notice To Remedy is completed, helping us deliver the rent payment to our clients faster.

If payment is not received when the 14 day notice deadline is up, we contact the tenant about the Tenancy Tribunal, and then complete the Tribunal trial on behalf of the property owner. We provide accurate records to the Tribunal to ensure there is no misunderstanding as to the rent status. Following the Tribunal hearing the adjudicator will make an order for the rent to be paid, and in almost all case the rent is fully collect soon after.

## Bottom Line

Never be afraid to ask for help - too often self-managing landlords avoid resolving rent arrears because they aren't aware of the proper process or don't have the time to effectively deal with it, and soon those weeks add up and they are owed thousands.

If you need help with rent arrears, please don't hesitate to call us, we're more than happy to help.

[www.quinovickenterrace.co.nz](http://www.quinovickenterrace.co.nz)

Information about this report: We (the property managers) have endeavoured to show all rents reported by all property managers and individual's as listed on publicly available sources for the mentioned period. We believe this information to be accurate, whilst all care has been taken, no representation on their own enquires. Properties displayed are only those which have been publicly listed and let by property managers within our company. We advise you seek independent advice on your area statistics if you are thinking about buying and renting an investment property