

# Choosing the right tenant

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The more you know about them, the more certain you can be that you've made a good choice.

## Be methodical when selecting tenants

A casual chat with a potential tenant may give you a feel for how suitable they are. While this is important, you should be methodical when selecting tenants. Your landlord insurance policy may even require you to show how you selected your tenants when you make a claim.

Here are some tips on finding the best tenants for your property:

### **Asking them to complete a pre-tenancy application form**

A pre-tenancy application form gathers important information that helps you decide if a tenant is right for the tenancy.

[Pre-tenancy applications \(http://mbie3.cwp.govt.nz/starting-a-tenancy/ready-to-rent/pre-tenancy-applications/\)](http://mbie3.cwp.govt.nz/starting-a-tenancy/ready-to-rent/pre-tenancy-applications/) explains what information you can collect with this application, and your obligations when collecting personal information about tenants.

### **Interviewing them**

You can start interviewing tenants while they're filling out the pre-tenancy application form. Ask them if the property suits their needs and if they're interested in living there. Let them know your expectations (for example, about bond and rent) and answer any questions they have.

You might want to talk about:

- whether aspects of the property will suit them
- the last two places they rented and why they moved
- whether they've been involved in any tenancy disputes
- their circumstances and ability to pay the rent
- how many people will live in the house
- whether they have pets
- what sort of tenancy you both prefer (fixed-term or periodic)
- if they're familiar with their standard responsibilities as a tenant – paying rent, telling you about things that need maintaining or repairing, and keeping the place reasonably clean and tidy.

Let them know if you have specific terms you want to add into the tenancy agreement (for example, no pets, or who's responsible for mowing the lawns). Ask if they have any worries about complying with those terms.

Once you have all the information you need, ask them for their consent to conduct a credit check. Then tell them you'll contact them soon to let them know if they've been selected.

## **Checking their references**

Potential tenants provide details of 2 referees (a friend, a co-worker, their employer or anyone else who knows them well) on the pre-tenancy application form. It's useful if one referee is the tenant's current or previous landlord.

Ask the tenant to let the referees know you'll contact them. If you can't reach one or both of the referees, you can ask the tenant to provide the details of a different referee.

When you ring a referee, ask if it's a good time to talk (if not, ask when's good for them).

Ask questions to get an idea of the potential tenant's behaviour. If the referee is a previous landlord, you could ask if the tenant:

- let them know when maintenance or repairs needed doing
- returned calls promptly
- kept the place reasonably clean and tidy
- was ever overdue with the rent, and what they did about it.

When listening to the referee, be alert to:

- unusual hesitations
- ambiguous or evasive responses
- negative or vindictive responses
- overly enthusiastic responses.

If you get the impression that a referee's not being completely frank with you, you may wish to speak to another referee. Remember to thank the referee at the end of the call.

## **Checking their credit history**

Potential tenants give their consent for you to check their credit history on the pre-tenancy application form.

A credit check report will usually give you the following information about a potential tenant:

- their full name and date of birth, and any known aliases
- maybe information about their occupation and employer
- their involvement in payment defaults, collection actions, court judgments,

- bankruptcies or other public notices information from the last 5 years or more
- other recent addresses
- cross-references to other credit enquiries made against them
- their credit rating.

Do an internet search to find credit checking agencies. You'll need to subscribe to a credit checking agency to check a tenant's credit report. The cost varies, so check with each agency to see what their costs are and what services they include. If you're a member of a local property investors association, you may receive a discount.

You may consider the cost of subscription too high if you're only doing a few credit checks each year. Instead, you may ask the potential tenant to request a copy of their own credit report.

You can usually get credit checks through the agency's website, or from the agency's call centre service. You may need a credit card.

Make sure you have a copy of the pre-tenancy application form handy. (Credit checking agencies need to be satisfied you have the tenant's permission.)

After you log in to the agency's website, enter the details of the potential tenant. A few minutes later you should receive the credit report. Some agencies will fax or mail you a report.

Credit reports give you information to support your personal judgment of a potential tenant.

If you enter into a tenancy agreement after receiving a credit report, make sure you keep a copy of the report. The tenant has the right to ask to see it.

Most people will have some data recorded against their name in a credit report. If a report has little or no data, it could be because they're very new to the country or they have other identities that haven't yet been tracked.

## **Check if they have been to the Tenancy Tribunal**

You might want to ask if the people who want to rent your house have been to the Tenancy Tribunal before.

You might want to talk about:

- why they went to the Tenancy Tribunal
- if they were the applicant or had an application made against them
- that you will check their names and the previous addresses they have given you on the Tenancy Tribunal orders website.

[Search for Tenancy Tribunal orders\(external link\)](#)

[\(https://forms.justice.govt.nz/search/TT/\)](https://forms.justice.govt.nz/search/TT/) on the Ministry of Justice website to find out if a tenant has been involved in disputes in the past.

## Don't skip important steps

Don't skip reference or credit checks because a tenant offers extra rent upfront. Never accept the tenants application to rent the property until you've done all your checks and fulfilled all legal requirements.

## Be aware that you can't discriminate

[Discrimination \(http://mbie3.cwp.govt.nz/starting-a-tenancy/tenancy-agreements/discrimination/\)](http://mbie3.cwp.govt.nz/starting-a-tenancy/tenancy-agreements/discrimination/) has detailed information about discrimination in relation to renting.