

TENANCY DEBT COLLECTION CLAUSE

Section 32, subsection 3, of the Residential Tenancies Act was added to the Act in October 2010. It now allows landlords or their letting agents to incorporate a provision within the written tenancy agreement, stating that tenants will reimburse you for any reasonable expenses or commissions paid or incurred by the "landlord" in recovering, or attempting to recover any overdue payment that the debtor owes you under an order of the Tribunal. You can download a tenancy agreement with that clause in it from our sister company Tenancy Information NZ website [here](#) if you are one of their members.

You should be aware that not all tenancy agreements have the appropriate protective clauses. The absence of these clauses may lead to future issues. Your tenancy agreement should contain an importation clause which states that the completed tenancy application form becomes part of the tenancy agreement, as well as a range of other protective clauses.

The most important clause in terms of debt collection is a 'cost collection clause'. This states that if there is a collection for outstanding losses then the fees incurred in the collection are to be paid by the tenant/debtor.

Another important provision to have your tenancy agreement is a 'duly authorised agent section'. If this section is properly completed by the tenant it permits tenancy services to serve the application on the tenant through their duly authorised agent. This gives you the ability to serve the tenant at this address, even after the two-month deadline the tribunal puts on an address for service.

The other major function of a good tenancy agreement is to gather detailed information about the tenant. This can be useful later on when a collection is being implemented. Gathering information such as the tenant's WINZ number, the date of birth and photo ID are important.

Please note, if you wish to gain an amended order to include collection costs, it is at the discretion of the adjudicator to award these.