

Ancillary dwellings

A construction and renovation loan assists the customer to build a home or undertake extensive renovations to an existing property that is used as security. The following outlines the general requirements and is to be used as a guide only.

Definitions

- **Ancillary dwelling (commonly referred as a 'Granny Flat')** is a small, self-contained additional dwelling unit located on the same lot as a single house. This may be freestanding or attached to the main dwelling.
- A repurposed *dwelling* is a building or structure not previously used as a single house, which has been repurposed for a *dwelling*.

Policy application

Use this policy for:	Don't us it for:
<ul style="list-style-type: none">• Building of an ancillary residential dwelling• Repurposing current building or structure into an ancillary residential dwelling	<ul style="list-style-type: none">• The construction of Offsite homes refer to Offsite built homes policy

Business rules

- Be a retail construction home loan product
- A maximum of one *ancillary dwelling* can be built on a property
- We must hold a mortgage as security over the property address
- No minimum requirements regarding living area sqm or bedroom required

Minimum lending parameters

Criteria	Requirements
Servicing capacity	Must meet the Bank's serviceability test. Rental income may only be used when the property is self-contained.

	Note: Self-contained minimum requirements must include separate access, kitchen, bathroom and no separate bedroom is required.
LMI	Acceptable when LMI is required. Refer Lenders Mortgage Insurance (LMI).
Offsite built	When dwelling is to be built offsite this must follow the offsite built homes policy.
Documentation requirements	All standard construction documentation required, refer to Construction and renovation policy.
Other	Where council approvals are no longer required by the states ensure at a minimum we hold the above plus: Prior to first payment <ul style="list-style-type: none"> • Building permit
Progress payments	Full progress payments acceptable under standard building contract rules.
Maximum LVR	Refer Maximum loan to value ratios (LVR's).
Valuation	Refer to Valuations policy.
Insurance	Updated building insurance required prior to final progress payment.

Effective: 02 May 2024

Changes: New individual page created for ancillary dwelling policy