



Credit Policy

Serviced Apartments

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Serviced Managed Apartments

Introduction

Serviced Managed Apartments are strata titled apartments/hotel/motel suites situated in a complex, offered to investors and managed by an entity that holds the management rights to the specific complex.

In the majority of instances the investor is offered a rental return guaranteed for a defined period, by the project developer.

For Home Loan purposes, serviced apartments are acceptable security subject to the requirements of [satisfactory security](#) in general and the below conditions.

Serviced apartments are acceptable security when **all** of the following requirements are met:

Conditions:

Serviced apartments are defined as either complying or non complying for the purpose of this instruction.

Complying Serviced Managed Apartments

Serviced Apartments are defined as complying when **all** of the following conditions are met:

- ▶ Permanent occupancy of the property is permitted, ie there are no restrictions on permanent occupancy of the property under the management agreement or under local zoning restrictions, e.g where the zoning is commercial use only.
- ▶ An alternative Use valuation, ie a valuation undertaken on the basis the unit is not a serviced apartment, provides support on normal security lending margins. This is to exclude the value of furniture, fittings and equipment.
- ▶ The property is not a hotel/motel type of apartment.
- ▶ The property can be removed from the letting pool, where applicable, within a maximum term of six months from the giving of such release notice. Where this involves the payment of a fee or penalty in any form, the fee/penalty is to be deducted from the valuation. Applications being completed as Owner Occupied must have confirmation the property has been removed from the letting pool.
- ▶ Rental income utilised as the basis for servicing/repayment calculations reflects that considered achievable in the Alternate Use valuation.

Non-Complying Serviced Managed Apartments

Non-complying serviced managed apartments are those that do not meet the requirements of the complying serviced apartments.

Non-Complying serviced managed apartments are subject to an In Use valuation being obtained from an external property consultant. The value of furniture, fittings and equipment is to be deducted from the valuation.

Note: Please refer to the [Postcode LookUp tool](#) for any geographic rules that may be applied.