



Search

## Credit Policy

# Unacceptable Security

[Back to Satisfactory Security](#)

Properties that are not acceptable as either prime or supplementary security include:

- ▶ Pensioner or aged care units that cannot be owner occupied and have common community facilities and a letting agreement to an onsite manager eg. Hostels, Residential Care Facilities and Retirement Villages.
- ▶ 5 or 6 dwellings in the one completed development, which represent more than 25% of the total development (dwellings can be on one title or separate titles).
- ▶ Specialist Disability Accommodation – NDIS properties
- ▶ Construction of greater than 4 units on the same title.
- ▶ Properties in the process of being completed on an owner builder basis.
- ▶ More than 6 dwellings in the one development regardless of the percentage of total development.
- ▶ Commercial property is not acceptable as prime security. Specialised properties such as hospitals, theatres, schools, development sites, hotels, motels or any property that needs to be valued as a going concern are not acceptable as prime or supplementary security for consumer lending products.
- ▶ Any property held in the name of a superannuation fund.
- ▶ Shares, business assets such as fishing licences, debtors or stock.
- ▶ Water licences that are not attached to the land are also unacceptable security. In addition, the valuation of properties with water rights must be for the house and land only. An "in use value" which includes associated water rights cannot be applied
- ▶ Specialised student accommodation where the units are generally bed-sitters and the complex contains specific community and study rooms
- ▶ Student accommodation units e.g. specialised units where the units are generally bed-sitters and the complex contains specific community and study rooms
- ▶ Boarding house/hostel
- ▶ Land/improvements contaminated
- ▶ Properties subject to 'Licence to Occupy'
- ▶ Properties under a 'Time Share' arrangement
- ▶ Properties with 'Lease of Life' covenants on title
- ▶ Leasehold estates within New South Wales National Parks and Wildlife (e.g. Kosciusko leases) have already been investigated by Legal Services and are not to be extended as security (i.e. a nil margin is to apply).
- ▶ State Environmental Planning Policy (SEPP) Seniors Living
- ▶ Company title units which do not comply with the prime security requirement
- ▶ Display Homes
- ▶ Mobile or transportable homes where they are not permanently affixed with services connected e.g. plumbing and electricity
- ▶ Moiety title
- ▶ Purple title
- ▶ Property/ies held by registered proprietors as 'tenants in common' to an allocated share within the whole property (e.g. One twelfth share as tenant in common in a whole residential home unit block, not the individual residential unit). This can be determined by the following methods:
  - ▶ Contract of Sale of land - References in the 'Land' field (i.e. title particulars) to shares as a tenant in common (e.g. One twelfth share as tenant in common in 100 Smith Road, Neutral Bay being Lot 1 Plan 79453 and being Folio Identifier 1/79453B entitling the purchaser Flat 1, 100 Smith Road, Neutral Bay)
- ▶ Title search - Folio identifier in a letter (e.g. 36/8588A) and reference in the 'Land' section (i.e. title particulars) to shares in a Lot and Deposit Plan (e.g. One sixth share in Lot 36 in Deposit Plan 8588A)

Unacceptable security for Lender's Mortgage Insurance (LMI) or Low Deposit Premium (LDP)

In addition to the above properties, the following are **unacceptable** security as either prime or supplementary for security for secured consumer credit facilities requiring LMI or LDP:

- ▶ All company title units
- ▶ Company share title
- ▶ Stratum title
- ▶ Dual key access
- ▶ All serviced apartments
- ▶ Commercial property
- ▶ Any type of residential property that also supports a commercial facility/loan
- ▶ Any leasehold estate (other than ACT)
- ▶ Mobile or temporary homes
- ▶ Relocatable homes
- ▶ Properties under the National Rental Affordability Scheme (NRAS)
- ▶ Cash
- ▶ Land/home size greater than 50 hectares
- ▶ Vacant land size greater than 11 hectares
- ▶ Living area size less than 40 square metres
- ▶ Security boundary located within 50 metres of high voltage transmission lines
- ▶ Any property or an individual unit within a building/development that is known to have non-compliant cladding
- ▶ Any property that is not 100% used for residential purposes
- ▶ Any property where security includes a second mortgage (unless the first mortgage is Defence Housing Loans or Colonial State Bank)
- ▶ Property located on an island with no sealed road connection to mainland
- ▶ Property situated on Norfolk Island