

CommVal Property Class Definitions

| Class | Sub-Class | Description |
|----------------------------------|--------------------------|---|
| Residential Real Property | Fully Detached House | A detached residential dwelling with a separate Certificate of Title. |
| | Semi Detached House | A semi detached dwelling is a residential building containing two more dwellings attached at one side. |
| | Duplex | Duplex dwellings include a: Semi detached dual occupancy dwelling, i.e. one building containing two dwellings, each with a separate entrance. Detached dual occupancy dwellings, i.e. two detached dwellings on one Certificate of Title. |
| | Strata Title – Unit | A strata unit is a residential property with a Strata Titled interest in part of real property. Strata Title is used to subdivide multi storey buildings, duplexes or other horizontal developments into Strata Title lots. The owner of a Strata Title home unit therefore has title to the cube of air bounded by the inner skin of the boundary walls of the unit vertically and by the ceiling height above and the floor level below horizontally. A common property land area is created for the enjoyment of owners of the strata unit. A separate Certificate of Title is issued for each strata title unit. Strata Titles are acceptable security only when the strata plan has been registered and individual ownership titles have been established, e.g. Strata Title home unit, Strata Title single storey villa |
| | Strata Title – Townhouse | A strata townhouse is a two storey strata titled attached residential dwelling. Strata Title is used to subdivide townhouse developments into Strata Title lots. A common property land area is created for the enjoyment of owners of the strata unit. A separate Certificate of Title is issued for each Strata Title unit. Strata Titles are acceptable security only when the strata plan has been registered and individual ownership titles have been established, e.g. a two storey townhouse. |
| | Strata Title – Villa | A strata villa is a single storey strata titled attached residential dwelling. Strata Title is used to subdivide developments into Strata Title lots. A common property land area is created for the enjoyment of owners of the strata villa. A separate Certificate of Title is issued for each Strata Title villa. Strata Titles are acceptable security only when the strata plan has been registered and individual ownership titles have been established, e.g. a single storey villa. |

Company Title

A residential Company Title property is a term used to describe an interest in real property where:

the registered proprietor of the land is a service company, the constitution of the service company divides the building into multiple occupancies, the right to occupy a specified area of the building, e.g. a home unit, is allocated by attaching rights to particular classes of shares, and the right to occupy is automatically transferred if the shares are sold, e.g. Company Title home unit, Company Title villa and Company Title Townhouse.

Serviced Apartment (Complying)

Serviced apartments (also known as managed apartments) are strata titled apartments / hotel / motel suites 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 guarantee by the project developer for a defined period from the original sale. At the expiry of the guaranteed rental term, the unit becomes part of the rental pool.

Complying Serviced Apartments

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

Permanent occupancy of the property is permitted, i.e. 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, then the property would be unacceptable for an investment home loan.

An Alternative Use valuation, i.e. a valuation undertaken on the basis the unit isn't a serviced apartment, provides support on normal security lending margins. This is to exclude the value of the furniture, fittings and equipment.

The property isn't 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 must be deducted from the valuation.

Rental income utilised as the basis for servicing / repayment calculations reflects that considered achievable in the Alternate Use valuation. In this instance the Bank would apply a loan to valuation ratio (LVR) of 80%.

Serviced Apartment (non-complying)

Serviced apartments (also known as managed apartments) are strata titled apartments / hotel / motel suites 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 guarantee by the project developer for a defined period from the original sale. At the expiry of the guaranteed rental term, the unit becomes part of the rental pool.

Non-Complying Serviced Apartments

Non-complying serviced apartments are those that don't meet the requirements of complying serviced apartments.

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

The security lending margin is 50% subject to an In Use full valuation from an external property consultant.

Manager's Community Title Scheme - QLD

Relates to the unit in a complex assigned to the resident unit manager. The resident unit manager will have purchased their assigned unit in the complex, which as a condition of the building's by-laws will include purchasing the management and letting rights as well.

A manager's residence of a Residential Community Title Scheme located in Queensland. Instruct the valuer to value the property conjointly with the Management and Letting Rights in a Community Title Scheme.

Community Title Scheme is constituted by a single community management statement recorded by the registrar identifying scheme land. Land may be identified as scheme land only if it consists of two or more lots and other land not included in scheme land. Land can't be common property for more than one Community Title Scheme. For each Community Title Scheme there must be:

- At least two lots.
- Common property.
- A single body corporate.
- A single community management statement.

Community Title - Dwelling

A Community Title dwelling is intended to fill the gap between Strata Title subdivision and conventional subdivision. It permits:

common property or common facilities within a conventional subdivision, and shared ownership and use of the common property or common facilities.

Each purchaser of a lot within a Community Title development receives a separate title to the lot they have bought. They also form what is known as the association, which acts like a body corporate. The association owns and manages the common property (known as association property) in a Community Title development and acts as an agent for its individual members in shares proportional to the member's lot entitlement. The member's lot entitlement is based on site values, which will determine voting rights and contributions to maintenance levies, e.g. Community Title villa, Community Title semi detached dwelling, Community Title detached dwelling.

Community Title – Vacant Land

Community Title - Vacant Land suitable as a Residential Building site is when the land is devoid of any improvements, however must be zoned by the local government for domestic occupation. Community Titles are an acceptable security only in the case where the appropriate plan, i.e. community, precinct or neighbourhood on a staged development or neighbourhood in a non-staged development, has been registered and individual ownership titles have been established.

Kit Homes – land value only

A kit home (transportable home) is a residential structure that contains prefabricated components and is put together by a contractor.

A kit home (prefabricated home) must be affixed to land meeting the following requirements:

There is an individual Certificate of Title or conveyance. The real property is either freehold or leasehold estate as defined in Interest of the Owner of the Real Property - Estates in Land the real property and the kit home are owned by the same party, i.e. the building can't be on land which is leased, e.g. a caravan park, or owned by a third party. Except in South Australia and Western Australia, a certificate of satisfactory completion / permission to occupy a building, will be issued by the relevant local government or a building certifier (Northern Territory) when construction is complete. A certificate of satisfactory completion / permission to occupy a building must be provided. When the kit home is not fixed to the land, valuation instructions must be provided to value the land value component only. When the kit home is fixed to the land the market value must include the land and the structure.

Relocatable Homes – land value only

A relocatable home is a factory assembled structure designed to be used as a living unit, and readily movable on its own running gear. It has no permanent foundation. A relocatable home is where an existing residence is purchased and then relocated onto another block of land. Instructions must be provided to value the land value component only. The structure must be excluded from the market value.

A relocatable home (sometimes referred to as a mobile residential home) is a small to medium sized single dwelling that is manufactured in a workshop in one modular part and has the following features:

Designed for domestic occupation (either owner occupied or tenanted).
Affixed on a site for which there is an individual Certificate of Title or conveyance.

Constructed on and transportable by means of its own chassis.

Capable of being removed from the site within 24 hours.

Usually secured to the site on concrete blocks by stabilising bolts, e.g. caravan.

Vacant Land

Vacant Land suitable as a Residential Building site is when the land is devoid of any improvements, however must be zoned by the local government for domestic occupation with a maximum potential development of five units in a multi unit development and three or more dwellings on one title.

Vacant Land - Metropolitan

Vacant Land Metropolitan is when the land is devoid of any improvements and is located in metropolitan areas. It must be zoned by the local government for domestic occupation. Definition of what constitutes metropolitan could vary from area to area. Considerations would include high density building, employment core / hub, surrounding areas having strong commuting ties to the Central Business District.

Vacant Land – non metropolitan

Vacant Land Non Metropolitan is when the land is devoid of any improvements and is located in non-metropolitan (regional) areas. It must be zoned by the local government for domestic occupation (including hobby farms and rural allotments).

Rural Real Property

Farm Residence

Farm Residence means any of the following structures that are located on a farm:

A detached dwelling or duplex dwelling that is the only residential structure on the farm.

A farm is a tract of land cultivated for the purpose of agricultural production and is income producing.

A farm residence is defined as any farm which on its own or in conjunction with other real property has the following characteristics: Primarily used for agricultural or livestock uses.

Possesses commercial or potentially commercial features to produce sufficient income to meet operating expenses and sustain the farm / capital improvements, i.e. it doesn't include hobby farms as these are included in the definition of residential real property.

Not Farm Residence

Not a Farm Residence means any residence other than a farm residence.

Not a Farm Residence (rural property) is a property with residential improvements and a land area between 0.5 hectares and 50 hectares and is acceptable as security if the:

Property is zoned by the local government for domestic occupation. Valuation is on the basis of home and land only, i.e. not as a going concern or in use valuation reflecting its potential for agricultural use. A valuation from an external property consultant must be sought where the loan amount is greater than \$200,000 and the LVR is greater than 70%. Land size of the property is a maximum of 50 hectares. Loan repayment capacity isn't dependant on income generated from the property.

Non-Residential Real Property

Commercial Buildings

A commercial building is a building that is used for commercial use. Commercial buildings include all properties used for business purposes (other than farming) such as:
Industrial properties, e.g. factories and warehouses.
Commercial real property, e.g. office buildings.
Retail properties, e.g. shops.
Properties where there are three or more dwellings situated on the one Certificate of Title.

Note: Three or more dwellings situated on one Certificate of Title is considered to be residential property, however for valuation purposes only this is considered to be a commercial purpose: see Branch - Valuation exceptions and DC - Valuation Exceptions.

Company Title

A non residential Company Title property is a commercial / industrial / retail property that has a Company Title.

Company Title property is a term used to describe an interest in real property where:

the registered proprietor of the land is a service company,
the constitution of the service company divides the building into multiple occupancies,
the right to occupy a specified area of the building, e.g. a Barristers Chambers, is allocated by attaching rights to particular classes of shares, and
the right to occupy is automatically transferred if the shares are sold, e.g. Barristers Chambers, Company Title commercial unit, Company Title industrial unit, Company Title retail unit.

The property is owned by a service company. The Bank doesn't take a mortgage over the property but rather a security interest in specific shares within the company. Additional documentation is required to accurately assess the value of the shares.

Boarding / Guest House

A boarding house is a building in which lodgers rent one or more rooms for one or more nights and sometimes for extended periods of time. The common parts of the house are maintained and some services, such as laundry and cleaning, may be supplied. They normally provide bed and board, i.e. at least some meals as well as accommodation.

Strata title - Units

A non residential strata unit is a commercial / industrial / retail property that has a Strata Title.

Strata Title is used to subdivide multi storey buildings or other horizontal developments into Strata Title lots.

A common property land area is created for the enjoyment of owners of the strata unit. A separate Certificate of Title is issued for each Strata Title unit. Strata Titles are acceptable security only when the strata plan has been registered and individual ownership titles have been established, e.g.:

- Office unit.
- Industrial unit.
- Retail unit.
- Five or more lots or units in a multi unit residential development, e.g. a block of flats, irrespective of whether this represents the entire complex or a percentage (even minority percentage) of the total development. Note: Five or more lots or units in a multi unit development is considered to be a residential property, however this is considered to be a commercial purpose.

Vacant Land

Vacant non residential land is when the land is devoid of any improvements, e.g. vacant land that is zoned to allow a commercial use and specialised use.

Note: The potential development of five or more units in a multi unit development and three or more dwellings on one title are considered to be residential properties, however they are considered to be commercial purposes.