

# Residential SMSF

## Fact Sheet



Our self managed super fund loan (SMSF) loan is the ideal funding option for a self managed super fund wanting to purchase a residential investment property and obtain exposure to real estate assets.

Credit Parameters	
Minimum Loan amount	\$100,000
Maximum Loan amount	\$500,000
Maximum LVR	<ul style="list-style-type: none"><li>70.01% to 80% - Mortgage Insurance Required (including capitalised LMI)</li><li>Up to 70% - No Mortgage Insurance Required</li></ul>
Borrower	SMSF Trustee/s, which hold the beneficial interest in the security property, has the right to acquire the property from the Property Trustee, and is permitted to borrow in accordance with the relevant legislative requirements (and any associated regulations).
Mortgagor	Property Trustee/s, which meet the requirements of the relevant legislation (and any associated regulations). Holds the legal interest in the security property on trust for the SMSF.
Guarantors	<ul style="list-style-type: none"><li>Loans must be supported by personal guarantee/s for the full amount of the loan from all beneficiaries of the SMSF. Guarantees must be in accordance with the requirements of the relevant legislation and associated regulations.</li><li>The lender must verify the guarantor's financial position as being able to meet the obligations under the guarantee (please note that full income servicing and asset and liabilities details are required to be submitted for all guarantors)</li><li>Non-resident guarantors are unacceptable.</li></ul>
Loan Purpose	<p>Investment purposes only:</p> <ul style="list-style-type: none"><li>Purchase an existing residential dwelling</li><li>Refinance an existing SMSF loan</li></ul> <p>Excludes the following:</p> <ul style="list-style-type: none"><li>Construction Loans</li><li>Equity Release/Cash Out or Debt Consolidation</li><li>Purchase/Refinance of properties occupied by SMSF beneficiaries or related parties</li><li>Non-Arm's length transactions</li><li>Purchases from a related party of the SMSF Trustee/s</li><li>Purchase or refinance of owner-occupied property</li><li>Home Improvements</li><li>Off-the-plan purchases</li><li>Bridging Finance.</li><li>Newly established dwelling less than 120 months old</li></ul>
Loan Term	Up to 30-year term
Lenders Mortgage Insurance	Applicable on loans with an LVR $\geq$ 70% and is payable by the client



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### Income Documentation and Servicing

Serviceability is calculated allowing for the following:

- 80% of rental income from investment properties held by the SMSF.
- mandatory superannuation contributions (currently 9.50% of annual salary) to be included and verified over a 2 year period
- regular additional contributions made to superannuation or other personal investments or savings verified over a 2 year period
- must allow for on-going expenses associated with running a SMSF. Where a newly established SMSF cannot provide evidence (letter from their accountant) to confirm the running costs of the SMSF, a minimum of \$3000 (GST inclusive) should be included in the SMSF Servicing Calculator, otherwise use the running costs stated on the accountant's correspondence.
- loan repayment amount to be calculated on a principal and interest basis
- Where a newly established SMSF cannot provide evidence (letter from their accountant) to confirm the running costs of the SMSF, a minimum of \$3000 (GST inclusive) should be include in the SMSF Servicing Calculator, otherwise use the running costs state on the accountant's correspondence.

Additional servicing capacity will be considered above the required 9.25% and up to the allowed ATO limits where: (these must be verified over a 2 year period)

- Regular additional contributions have been made to superannuation or other personal investments or savings, or
- Additional loan repayments have been made above the scheduled loan repayments.

Exclusions:

- Income derived from other assets is to be excluded
- Negative gearing benefits excluded

### Additional Assessment Requirements

- Minimum SMSF net tangible assets of \$150,000 required (prior to loan transaction)
- The SMSF must have minimum liquid asset (interest/dividend earning assets) balance of 10% of the total debts of the SMSF (including the loan amount) after the loan transaction is complete. At least one borrower must be Self-Employed

### Document Requirements

- SMSF and Property Trust Deeds, Guarantees and Loan Agreement must comply with relevant legislative requirements (and any associated regulations) including those which apply in relation to SMSF borrowing, the giving of security and the appointment of a nominee
- Confirmation that SMSF is in compliance with the relevant legislation and associated regulations at the outset of the loan, which is to be evidenced as part of the Loan Application process
- SMSF Trustee borrowers and guarantors must obtain independent legal and financial advice and proof of such advice must be retained on the loan file
- Guarantors financial position is to be verified as being able to meet the obligations under the guarantee
- Guarantors are to be pursued by the lender in the event of a default and will issue all notices up to and including the Notice of Demand prior before making LMI claim.

### Acceptable Security

In addition to the general requirements regarding the security property, loans made to SMSF Trustee/s must be secured by a "single asset" comprising a security property on a single title (not two or more separate titles) and the loan must not cover any additional assets purchased at the time of property purchase. This includes furnishings or other items which are not fixtures National Rental Affordability Scheme (NRAS) properties are acceptable and subject to normal NRAS assessment guidelines



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Product Features	
<b>Interest Only Options</b>	N/A
<b>Fixed Rate Options</b>	1, 2, 3, 4 and 5 years fixed rate options available
<b>Interest Calculation</b>	Daily on outstanding balance, charged monthly
<b>Repayment Frequency</b>	Weekly, Fortnightly or Monthly (IO is only monthly)
<b>Repayment Method</b>	Direct Debit from nominated bank account
<b>Additional Repayments</b>	Unlimited for Variable rate Loans only via Direct Salary Credit and BPay credit.
<b>Loan Splits</b>	Up to 4 splits allowed
<b>Credit Increases</b>	N/A
<b>Product Switching</b>	N/A
<b>Loan Portability</b>	N/A
<b>Redraw</b>	N/A
<b>Standard transactions</b>	Repayments from nominated account, Additional repayments from nominated account, Internet access, Direct salary credits, BPay credits and Direct debits. No Phone Access.

Product Fees		
Fees	Description	Amount
<b>Valuation Fee</b>	Metro Sydney, Newcastle, Melbourne & Brisbane \$0 - \$750K	\$220
	Metro Sydney, Newcastle, Melbourne & Brisbane \$750k - \$1.5M	\$440
	Non Metro NSW, QLD, Vic & SA or properties over \$1.5M	Quote
<b>Solicitor Documentation Fee</b>	Preparation and execution of 1 consumer loan contract, 1 security, 2 borrowers (natural persons)	\$1,650
<b>Lenders Mortgage Insurance (LMI)</b>	Payable by borrower and can be capitalised to the loan with product LVR limits	Refer to LMI Guide
<b>Annual Fee</b>	Annual Fee – payable at settlement then annually on the anniversary of settlement date each year. Fee is debited directly from loan account.	\$120
<b>Settlement fee</b>	Payable at settlement for processing and settling a new loan facility.	\$275
<b>Discharge Fee</b>	Payable for a release of the security once the loan is paid in full.	\$375

