

Optimal SMSF

- Suitable for Purchase or Refinance of Investment properties, to be held on trust for the beneficiaries of the SMSF
- Refinance of an existing self-managed superannuation fund
- Investment P&I only up to 70%LVR
- 100% e-offset (Annual Fee \$395) online transactions only
- Clear Credit – no defaults
- No Early Repayment Fee
- **Combo Special Rate** applies when borrower combines SMSF loan type with an O/O Optimal loan

LVR/Loan Amount

Min \$150K, max loan amount up to \$750K (Cat 1) up to 70% LVR with no LMI

Loan Terms Minimum 7 years Maximum 30 years

Repayments

Investment P&I Only Fixed Rates from 1 to 5 years

Voluntary Repayments – Unlimited for variable loans. Fixed Rate up to \$20,000 p.a.

Interest only to maximum of 10 years switching to P&I for residual 30 years of loan

Borrower

SMSF Trustees who hold the beneficial interest in the security property, has the right to acquire the property from the property from the Property Trustee, and is permitted to borrow in accordance with the relevant legislative requirements (and any associated regulations).

Not available to Individual Trustees.

Loan Purpose

New SMSF Loans for the purchase of an investment property or the refinance of an existing SMSF loan.

Exclusions

- Equity Releases/Cash Out or Debt Consolidation
- Purchase or refinance of owner-occupied property
- Purchase or refinance of properties occupied by SMSF beneficiaries or related parties
- Purchases from a related party of the SMSF Trustee/s
- Non Arm's length transactions

Security

- Loan must be secured by a single asset comprising a security property on a single title. Loan cannot cover additional assets purchased at the time of property (including furnishings or other non-fixture items). Acceptable securities Cat 1 & 2, land size ≤ 25 acres (10 hectares) Units from 40m². Properties are required to be 12 months old. Up to two dwellings on one title.

Exclusions

- New Properties that have been completed less than 12 months
- Off the plan Purchases
- NRAS
- Vacant Land and/or Construction
- Serviced and/or Studio Apartments Units ≤ 40 sqm

Other exclusions may apply, ask your BDM for more info

Refinance

Refinances require most recent 3 months statements of all loans being refinanced. 6 months statement may be requested if adverse conduct is evident

Rate Conversion

Convert from a variable rate to a fixed rate at any time. A rate conversion fee may apply

Redraw - Redraw available upon written request confirming the usage of funds

scenario@bettermm.com.au www.bettermm.com.au

03/06/2020– Subject to change without notification

Income Documentation

- (PAYG) Pay slips from PAYG SMSF beneficiaries to show mandatory contribution to the SMSF
- (SELF EMPLOYED) Self-employed SMSF beneficiaries to provide statement from trustee verifying mandatory contributions for minimum 2 years plus personal and business tax returns (incl balance sheet and Profit and Loss) for 2 years and SMF bank statement showing receipt of contributions

Serviceability

Calculated allowed for the following:

- 90% of rental income from investment properties held by the SMSF
- Mandatory super contribution (9.5%) no salary sacrifice
- 100% of voluntary contributions (above 9.5%) where the capacity to contribute the required amount by the individuals has been verified
- 80% of other investment earnings of SMSF
- Income from interest/dividend earning investments to be assessed using a deeming rate of 3%
- Additional contributions where over 2 year period
- Negative earning benefits permitted (to 15% tax)
- Negative gearing benefits excluded – super tax rules
- Allow ongoing \$1,500 annual servicing for audit and compliance (unless lesser amount substantiated). Servicing based on actual loan structure
- Allow for ongoing expenses of SMSF – letter from accountant or otherwise \$3,000p.a. Servicing based on P&I

Exclusions

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

Guarantors

Loans must be supported by personal guarantees for the full amount of the loan from all beneficiaries of the SMSF. Guarantors financial position must be able to meet the obligations under the guarantee (full income servicing and asset and liabilities details are required to be submitted for all guarantors). Non-resident guarantors are unacceptable.

Additional Assessment Requirements

Minimum SMSF net tangible assets of \$150,000 required (prior to loan transaction). The SMSF must have minimum liquid asset balance of 10% of the total debts of the SMSF (including the loan amount) after the loan transaction is complete. 10% of the loan amount to be made available in the funds post settlement

Documentation Requirements

- SMSF and Property Trust Deeds, Guarantees and Loan Agreement must comply with relevant legislative requirements including those which apply in relation to SMSF borrowing, the giving of security and the appointment of a nominee
- 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

Fees

Establishment Fee

SMSF: \$695, includes one standard valuation to \$275
Lender's legals borrower paid

Legal Fee - May vary depending on individual transactions, estimate from \$1,925 legal cost for reviewing trust deeds and mortgage documents

Settlement Fee - \$150

Annual Fee - \$395 Annual Fee (E-Offset feature included)

Discharge Administration Fee - \$595