



Home Loans
Investment Loans
Business Loans
Commercial Property Loans
Asset Finance



Fact Sheet: Self Managed Super Fund Lending

Super Fund Borrowing now a Reality

There is now a long awaited option for property investors seeking to acquire property through their Self Managed Super fund to borrow against the value of the property to assist with the total acquisition costs. With more and more individuals using Self Managed Super Funds to regain control of their Superannuation Investments, this is a great opportunity to leverage their investment assets and avail of one of the more widely used property investing strategies, Gearing.

It is a well known fact that Australians love property investing as an investment option. To enable SMSF Trustee's to borrow up to 70% for residential and 60% for Commercial property (higher in some instances) you can now have your super investments working for you in your desired investment strategy.

Super Fund lending is designed to provide loans to authorised Australian Self-Managed Super Funds for the purpose of purchasing investment properties. These can be for residential investment properties at competitive home loan interest rates, or commercial properties at commercial rates.

The Borrowing Structure involves a loan to a SMSF Trustee with a Security Custodian Trust purchasing the property on behalf of the Super Fund. The Security custodian holds the asset in trust for the Super Fund, which has beneficial right (but not obligation) to acquire the underlying property asset at a future date.

The Loan is secured against the investment property and while the loan is ideally self servicing from the rental income derived from the property, servicing may also come from any other income received or assets held by the SMSF.

These loans are limited in recourse, with the lenders rights against the SMSF Trustee limited to the Banks right as mortgagee in relation to the property. There is no recourse to any other assets of the SMSF or to either the SMSF Trustee to Security Custodian.

Key Benefits / Target Market

The target market is Self Managed Superannuation Funds that are allowed to and wish to utilise debt for investment purposes.

The customer benefits include:

- Diversification of possible investment strategy to include direct property acquisition
- Flexible repayment options supporting continued investment diversification
- Potential to accelerate wealth accumulation
- Potential for improved returns
- Gearing and Capital Gains Tax benefits may be realised

We recommend that independent financial advice be sought in every situation to ensure that the investment strategy is suitable.

Availability

SMSF Borrowings are available for:

- Residential and Commercial property purchases
- New Loans only
- Investment purposes only
- Loans secured by First Registered Mortgage only



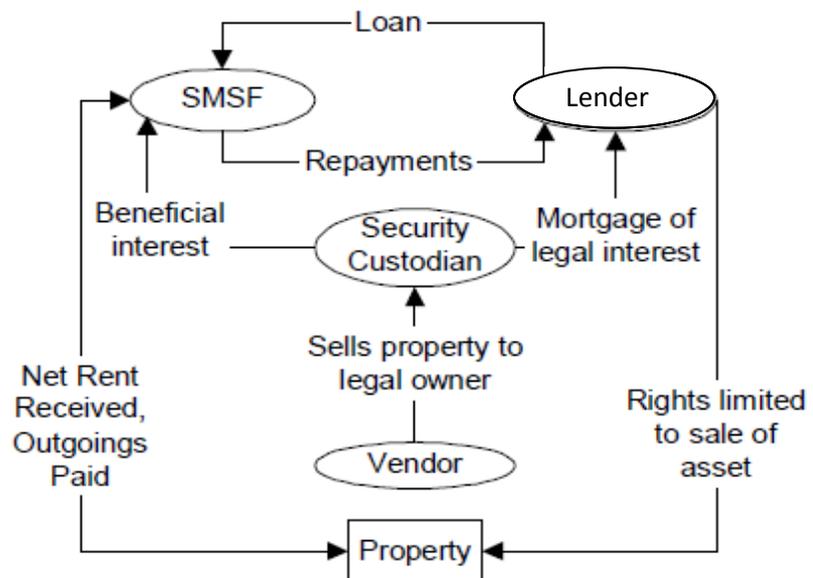
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Exclusions

SMSF Loans are not available for:

- Owner Occupied Property
- Purchases for related entities (residential properties)
- Renovations and Repairs to the property (SMSF to use own funds)
- Loan Increases
- Building Loans
- Refinances
- Relocation Loans
- Second or subsequent mortgages
- Low Doc Loans

The borrower must be a SIS Act Compliant SMSF permitted to enter into a gearing arrangement. Generally to satisfy itself on this point most lenders will require the SMSF Trustee to obtain independent legal advice and declare in the SMSF Deed of Trust Declarations and Undertakings that they will comply with their obligations as SMSF Trustee.



Residential Home Loan products are available with some lender for residential properties, while other lenders will charge standard Business rates and charges, so it pays to discuss this with an accredited SMSF Broker.

At Loan Wise, we are accredited Self Managed Superfund Brokers, and have actually completed many SMSF proposals to investors. SMSF lending is a specialist area and many lenders do not offer this type of lending to their clients. We have a choice of up to 6 lenders that do this type of lending and can assist you in finding the most competitive deal from the most suitable lender for your circumstances.

If you would like more Details on Borrowing through your SMSF and would like to speak to a Professional Mortgage Specialist about a scenario based on your personal circumstances, please phone Loan Wise for an appointment.