

Self-Managed Super Fund Loans (SMSF) FAQs

Help your clients take control and invest in their future using their SMSF to purchase residential or commercial property. Our super smart approach to SMSF loans, offers; options across Prime to Near Prime; a way to know if Pepper Money is an option with pre-approvals available; and keeps their options open with 1 business day SLA.

General information

1. When will Pepper Money accept SMSF loan applications?

We'll accept SMSF loan applications from the 16 October 2023. You can write a SMSF loan when you become accredited to write SMSF loans.

2. Who is eligible for a Pepper Money SMSF loan?

Any existing complying SMSF and wishes to refinance or purchase a commercial or residential property as a single investment

3. Who could Pepper Money's SMSF loan product help?

Our loan product helps SMSF borrowers who are looking to:

- Purchase a commercial property for their business through their SMSF fund.
- Refinance their existing SMSF loan.
- Invest in property to generate wealth for retirement.

4. Where can I get more information on Pepper Money's SMSF loan product, rates, and fees?

All information, including rates and fees, can be found on our broker portal. We've also provided information to your aggregators about our new SMSF loan product.

5. Who can I speak to at Pepper Money for assistance with an application?

You can call your BDM or our broker support team on 1800 737 737 or email scenarios@pepper.com.au.

6. Who can my client contact if any enquiries arise regarding their new SMSF loan?

Our customer service centre is available on 137 377. Your client will receive the relevant contact information and details to manage their loan online.

Product information

7. Are further enquiries required if the property with a related party lease is less than market value (as per valuation)?

The SIS Act prohibits an SMSF from leasing property to a related party at below market value. Pepper Money won't accept a related party lease where the rental is less than the market value (as per valuation).

8. Can the SMSF purchase a residential property from a related party?

No, the SMSF cannot purchase residential property from a related party of a member. In addition, any residential property cannot be lived in / rented by a member or related party.

9. Can an SMSF borrow outside the fund to meet GST or stamp duty?

Yes, clients can include funding for stamp duty or GST as part of the loan. Members may make an additional contribution before settlement if the fund doesn't have enough money to cover the GST or stamp duty.

10. Are all members required to be directors of the SMSF?

Yes, all members are required to be directors of the SMSF.

11. Can my client redraw funds from their SMSF loan?

Yes, redraw will be available on our SMSF loan product for repairs and maintenance only - not structural improvements / renovations. They can draw down twice a year per the anniversary of their loan, up to \$50,000 at a time.

Securities and leases

12. Is a lease required to be in place before settlement for vacant commercial property purchased at an arm's length basis?

No, however, the trustee should consider the cash flow requirements of the SMSF during any vacancy period to meet the loan repayments. Before purchasing any property, trustees should obtain advice from a licensed financial or tax adviser.

13. When and how will the lease need to be executed if the purchase is by the SMSF member's trading business?

The lease is required to be executed and registered before settlement, which can be done before settlement, or on the day if registered in PEXA.

14. Is a contract of sale required for a SMSF commercial related party purchase?

Yes, a contract of sale is required for SMSF commercial related party purchases.

15. Are multiple units on one title considered a single acquirable asset?

Yes, however, during the loan term, the land can't be subdivided or occupied by the members.

16. Can Pepper Money lend to a mixed residential and commercial security?

Yes, provided the property is considered a single acquirable asset. During the loan term the property is unable to be subdivided, or a strata title created.

Important information

All Applications are subject to credit assessment, eligibility criteria and lending limits. Terms, conditions, fees and charges apply.

Information provided is factual information only and is not intended to imply any recommendation about any financial product(s) or constitute tax advice. Legal, financial and tax advice should be obtained from a lawyer, licensed financial or tax adviser

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