

SuperGear Product Information Booklet

Addendum – Issue date 27th August 2012

This Addendum sets out the amendments to the SuperGear Product Information Booklet (PIB) dated **3 November 2008**.

The amendments include refinements to our lending criteria and new features to enhance the value and flexibility of the product in line with changes to the legislative and regulatory environment and the ongoing evolution of the SMSF lending market.

Self Managed Superannuation Fund (SMSF)		
Minimum Net Assets	<ul style="list-style-type: none"> \$250,000 in net assets i.e. assets minus liabilities. 	PIB Ref. 1.2 & 1.3
SMSF Trustee	<ul style="list-style-type: none"> A corporate SMSF trustee is generally required. Limited exceptions are available on a case-by-case basis for Commercial and Rural property investments where the Loan to Valuation Ratio (LVR) threshold is at or below 40%. 	PIB Ref. 1.3
SMSF Trust Deed	<ul style="list-style-type: none"> An independent SMSF trust deed investigation is required. This is arranged by the Bank. 	Addition
Property Related Features and Conditions		
Part and Multiple Title Investments	<ul style="list-style-type: none"> Shared property investments where two or more investors plan to hold part title to a property and the total loan amount exceeds \$1,000,000 are available in limited circumstances. All investors must satisfy the SuperGear funding conditions and the Bank must be satisfied with its security for the duration of the loan term. The Bank must also be satisfied the arrangement is in compliance with superannuation law. Indemnities from fund members are required as additional security for the loan. Multiple title property investments offered in one sale contract are also available with finance from one or more SuperGear loans as necessary in compliance with superannuation law. 	Addition
Value Range	<ul style="list-style-type: none"> The maximum limit on property values is removed. 	PIB Ref. 1.3
Loan Features and Conditions		
Loan Terms	<ul style="list-style-type: none"> The maximum LVR for Rural property is 60%. The minimum loan amount is \$200,000 and the maximum limit on loan amounts is removed. Interest only payment terms up to 5 years are available. Loan re-draws are available for property repairs and maintenance in compliance with superannuation law. 	PIB Ref. 1.3
Funding Approval and Ongoing Funding Conditions		
Interest Cover Threshold	<ul style="list-style-type: none"> Concessional member contributions may be included as part of annual SMSF income on a sensitised basis (generally the lowest of the last three years annual contributions) provided a reasonable history and ongoing capacity to pay them from a sustainable source can be demonstrated. 	PIB Ref. 1.3
Individual Indemnities	<ul style="list-style-type: none"> Separate individual indemnities will be required from all suitable SMSF Members where sensitised member contributions are relied on to achieve the interest cover threshold. 	
Fees		
Set-up	<ul style="list-style-type: none"> The establishment fee for Residential investment property is 0.8% of the loan amount, to a maximum of \$2,500. 	PIB Ref. 1.7
Ongoing	<ul style="list-style-type: none"> The product maintenance fee is \$25 per month. 	
Administration		
Group Customer Relations Contact	<ul style="list-style-type: none"> Mail – Reply Paid 41, Sydney NSW 2001. Phone – 1800 805 605. Fax – 1800 028 542. 	PIB Ref. 1.9

SuperGear Product Information Booklet

Addendum – continued

Glossary		
Interest Cover Threshold	<ul style="list-style-type: none"> May also include 'concessional member contributions'. 	PIB Ref. 1.10
Property Purchase Instructions	<ul style="list-style-type: none"> Renamed to 'Property Purchase and Sale Instructions'. 	
Compliance		
Superannuation and taxation law	<ul style="list-style-type: none"> All references to repealed section 67(A) of the Superannuation Industry (Supervision) Act 1993 (Cwlth) and Regulations (SIS Act) are replaced with new sections 67A and 67B of the SIS Act. SuperGear continues to be designed to be compliant with current superannuation and taxation law (confirmed to the Commonwealth Bank by independent legal and taxation opinions). 	PIB Ref. All
Stamp Duty	<ul style="list-style-type: none"> An exemption from ad valorem duty is available in all Australian States and Territories (including South Australia) where legal title is transferred from Premium Custody Services Pty Ltd to the SMSF Trustee upon Final Payment of the SuperGear loan and discharge of the mortgage over the property by the Bank. 	PIB Ref. 1.6.2.6

New features		
Private Custodian Option	<ul style="list-style-type: none"> The SMSF Trustee has the option to appoint their own privately selected Custodian (i.e. a nominee company) to hold legal title to an investment property for the duration of the SuperGear loan in accordance with the terms of the SuperGear documents subject to compliance with the SIS Act. A Property Manager is generally not required if this option is selected. Funding of Industrial properties will be considered where a privately selected Custodian is appointed. 	Addition
Refinancing	<ul style="list-style-type: none"> SuperGear loans are available to refinance existing SIS Act-compliant borrowings used to acquire eligible properties. 	Addition & PIB Ref. 1.3
Further information	<ul style="list-style-type: none"> SuperGear loans utilising these options have certain differences from the SuperGear loans described in the Product Information Booklet and may have different tax, stamp duty and regulatory outcomes depending on your individual circumstances. Contact 13 1998 for further information. 	Addition