

## 1. Do you accept residential serviced apartments?

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Serviced and resort/holiday let apartments continue to be unacceptable securities for RedZed and our SMSF loan products.

## 2. How do you treat Airbnb rental income?

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Airbnb income is considered as a short-term holiday let security which RedZed does not accept. We consider rental income generated from standard tenancy / lease agreements e.g., 6 /12 month formalised rental contracts.

## 3. Can we submit SMSF loan applications via AOL or Loanapp?

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Initially all SMSF loan applications will require manual submission. We are working with Simpology to deliver electronic lodgement in the near future. We will advise our broker partners when electronic lodgement becomes available.

## 4. Is there 100% offset under Super Resi SMSF loan?

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RedZed SMSF loan products do not have offset facilities. Additionally, due to the strict requirements of the Superannuation Industry Supervision (SIS) Act, we are also not currently offering redraw functionality.

## 5. If a client is purchasing a property that is not currently tenanted, will you use the lower of the rental appraisal or valuation figure?

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Where we have differing estimates of rental or lease figures, we will opt to use the lower of the two figures.

## 6. Is there a separate servicing calculator for your SMSF loan products? Or has SMSF servicing been added into the existing one?

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We have an easy-to-use custom SMSF servicing calculator that will assist with both Super Resi and Super Commercial loan options. This calculator is separate to our existing residential and commercial calculators.

## 7. Is independent legal advice required for refinances as well?

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For a refinance, where we are provided with evidence showing legal advice was completed for the loan we are refinancing, we will accept this evidence as meeting our legal advice requirements.

## 8. Can multiple SMSFs invest in a property using your SMSF loan product?

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No, our product is designed for single SMSF / Bare Trust structures only.

## 9. Under the Super Commercial SMSF loan, can the security be owner occupied?

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Yes, Super Commercial SMSF loan does allow the security to be leased and occupied by a related party entity to the SMSF. Super Resi SMSF loan does not allow this under SIS Act regulations.

## 10. With regard to the minimum SMSF liquid asset position requirement (3 months repayments for all debts in the SMSF for Super Resi SMSF loan for example), does this refer to what the SMSF's liquid asset position would be post settlement, after equity and costs contributed?

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Yes, liquid asset position is taken based on the amount of monies left in the SMSF after the costs and deposit etc. of the proposed transaction are completed, i.e. what the fund position would look like after settlement.

## 11. How are management fees calculated? The management fees are minimum \$2,000, but would RedZed look at actual repayments if this is higher than \$2,000?

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RedZed will use the higher of either actual SMSF loan management fees, or our minimum servicing threshold of \$2,000.

**12. Regarding residential properties, can a member rent the property out or does it need to be leased through a real estate agency?**

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There is no formal requirement for the property to be leased exclusively by a real estate agent. We do however require the lease agreement and rental terms to be documented and established under a standard residential or commercial tenancy/lease agreement (no short-term rental, Airbnb or resort rental type of arrangements).

**13. Is independent legal advice required?**

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Yes, we do require legal advice, but not financial.

**14. Do you do pre-approvals?**

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Yes, we can assist with pre-approved loan applications.

**15. What are the interest rates like for your SMSF loan products?**

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Competitive and importantly supported by flexible income verification requirements.

**16. With regard to proposed additional member contributions not being able to exceed 25%, does this refer to 25% of the base contributions?**

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This position is for Alt Doc additional member contribution servicing only. We use the overall SMSF income (current annual contributions + rent + investment income) from the SMSF + the proposed additional member contribution income and take 25% of the combined net of this figure.

**17. Is a Statement of Financial Advice from a financial planner required for new to SMSF clients with RedZed?**

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No, we do however rely on the SMSF trust deed to confirm the investment strategy is documented and the fund was established to allow borrowing.

**18. If using the fund + proposed additional member contributions servicing option, how long does the fund have to be established for?**

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We will consider an SMSF established with as little as 1 day registration for both of our SMSF loan products.

**19. If a PAYG client is contributing super to their SMSF instead of their employer super fund, is this accepted instead of a liquidity test?**

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Liquidity is considered against the funds held by the SMSF only - generally there are restrictions that can prevent members immediate access to their retail or industry super monies. As such monies not held in the SMSF cannot be considered under the liquidity test.