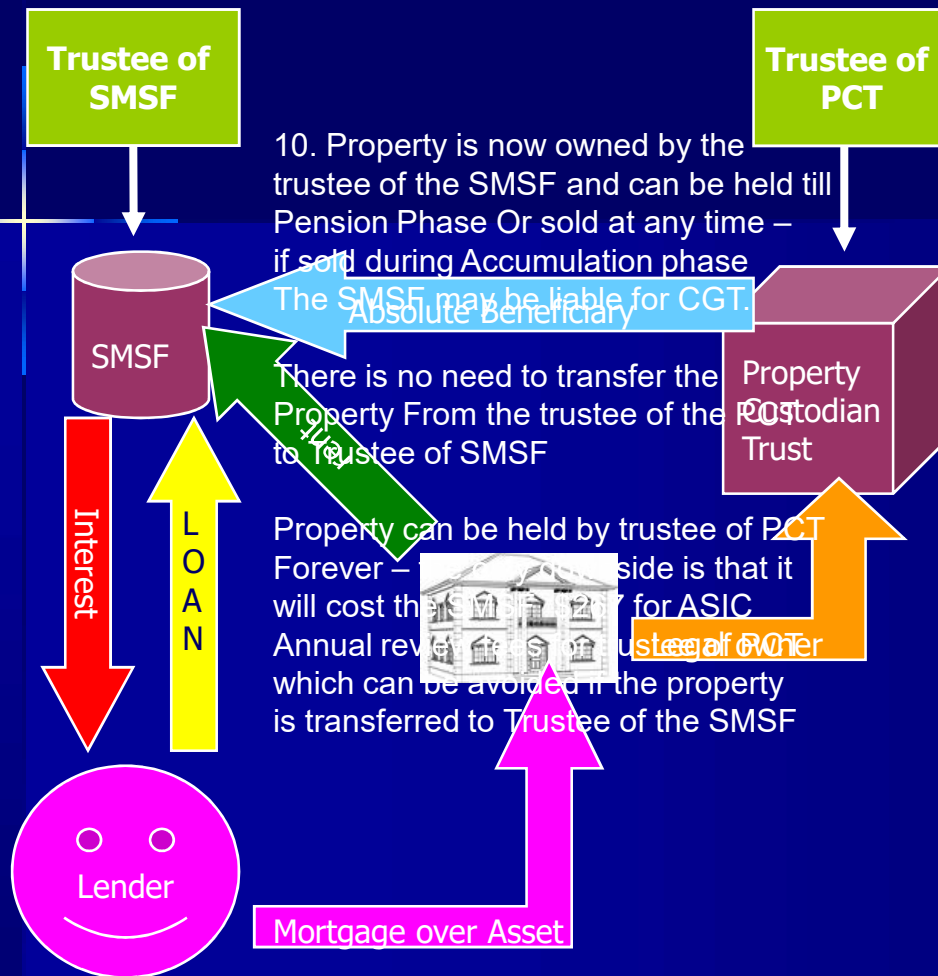


Instalment warrant structure – External Lender



10. Property is now owned by the trustee of the SMSF and can be held till Pension Phase Or sold at any time – if sold during Accumulation phase
 The SMSF may be liable for CGT.
 There is no need to transfer the Property From the trustee of the PCT to the Trustee of SMSF
 Property can be held by trustee of PCT Forever – side is that it will cost the Trustee of PCT Annual revenue for ASIC which can be avoided if the property is transferred to Trustee of the SMSF

1. Before you apply for a loan – you have to find the property which you want to purchase – then apply for loan before exchange
2. Trustees of SMSF must be a corporation. If trustees are individuals – create a corporation & change trustee of your SMSF
3. Legal owner of the property is the trustee of the PCT – this has to be a corporation – create this corporation
4. Property Custodian Trust has to be created before you exchange contracts with vendor of property
5. On purchase contract, purchaser of property should be the trustee of the SMSF with a special term that property has to be held by (legally owner) trustee of PCT whilst the loan to trustee of SMSF is in place
6. On Settlement - Lender lends approx 70% to trustee of SMSF – the money is paid to vendor on direction of trustee of SMSF and PCT – Mortgage is offered by trustee of PCT and a charge is placed on beneficial interest of the SMSF – some lenders may insist on personal guarantees by members of SMSF
7. Rent is paid to trustee of the SMSF who pays interest to the lender
8. With contributions and income - the loan is repaid by the SMSF
9. Property MAY be transferred to the trustee of the SMSF without paying CGT and stamp duty and PCT dismantled as there is no need for it