Self Managed Super Warrant Trust - Check List

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Adviser's Name:
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Instructions only accepted when completed by your Accountant or Adviser with full payment.

Superannuation legislation allows your Self Managed Super Fund to use a Warrant Trust to buy assets such as residential property, commercial property, shares and art works (**"assets**").

Rather than borrow money at high rates, you can borrow money secured by your home or rental properties. This is at usual market interest rates. You can then lend that money to a Warrant Trust (generally for about 2% above that market interest rate).

The money you lend to the Warrant Trust is lent on a Non-Recourse Basis. The Self Managed Super Fund can, at any time, abandon the asset and decide not to make any further repayments. You, as the lender, have the right to sell the asset. If there are any proceeds left after the loan is repaid, these proceeds will go into your Self Managed Super Fund. If there is not enough money to satisfy the amount outstanding on the loan, then bad luck. You can't get the money from the Warrant Trust or your Self Managed Super Fund. You are the loser. This is why you normally would have your Self Managed Super Fund pay at least a 30% deposit for the purchase of the asset.

The Warrant Trust holds the asset. Once the asset is paid off in full, the asset can be transferred from the Warrant Trust into your Self Managed Super Fund.

Our lawyers are available to provide advice at $440 per hour.

1. Do you have a Self Managed Super Fund?

❒ Yes, I enclose my SMSF Deed and Variations (if any). We will ensure that your SMSF Deed and Investment Strategy allow for the proposed arrangement. **The Current Members are:**

_____ _____
_____ _____

❒ The members of my Self Managed Super Fund are also the trustee of the Warrant Trust; or_____

❒ The members of my Self Managed Super Fund are also the people lending money to the Warrant Trust; or_____

❒ I don't have a Self Managed Super Fund yet. Please prepare a SMSF Deed for me ($550)

2. The asset is: ❒ : _____ (details of the asset)

❒ I will let you know later (you can't actually lend the money until the asset is identified)

3. Where is the money being lent to the Warrant Trust coming from?

❒ I have my own personal funds already. I do not need to borrow money from my bank.
❒ I borrowed the money from my bank (secured by a property I already own). It is a line of credit that I can use for any purpose, including, to lend to my Warrant Trust on a Non-Recourse basis to buy a new asset.

4. Cost as at 10 July 2008 - $3,300 (Plus $2,200 if you require us to prepare the Mortgage between the lender and the Warrant Trust)

Brett Davies Lawyers rings your Adviser to confirm instructions. We:

1. Review your SMSF deed and completely update the deed
2. Provide a complying Investment Strategy for your SMSF
3. Establish a Warrant Trust to hold the asset

❑ **Charge my credit card**

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Card #
Name on Card Expiry /200

❑ or **Cheque enclosed**