

RedZed Super Commercial SMSF Loan Product

This Target Market Determination ("TMD") is intended to provide customers and distributors with information about who this product has been designed for and other matters relevant to the product's distribution and review. This TMD is not to be treated as a full summary of the product's terms and conditions and is not intended to provide financial advice. Consumers should refer to the product terms and conditions when making a decision about this product.

Target Market Consumer

Main attributes of consumer

This product is intended for consumers who are a corporate trustee of a self-managed superannuation fund (SMSF) and operate a compliant super fund in accordance with the Superannuation Industry (Supervision) Act 1993 (Cth).

Those consumers are SMSF trustees that:

- have members of the SMSF who are:
- 18 years of age and over;
- Australian citizens or Australian permanent residency visa holders;
- primarily self-employed or employed;
- have 4 or fewer members
- are seeking a product to assist with the purchase of an investment property, or refinancing of an existing limited recourse borrowing arrangement for commercial purposes,
- can demonstrate that it can meet product repayment obligations, including fees and charges and interest, as they fall due.

Additional SMSF criteria

The SMSF Trustee must hold a beneficial interest in the security property and must have a right to acquire the property from the Property Trustee and is permitted to borrow in accordance with all relevant legislative requirements and any associated regulations; and the Property Trustee, which holds the legal interest in the security property on trust for the SMSF, must be a corporate and meet all other relevant legislative requirements under the SMSF regime.

Credit criteria of the consumer

- Late mortgage repayments not exceeding 7 days past due, and
- Unsecured credit facilities with late payments not exceeding 7 days past due may be permitted; or
- Can provide the required deposit or contribution required to meet the purchase requirements (if relevant); and
- Otherwise meet regulatory requirements and our lending criteria.

Consumers Outside Target Market

This product is not intended for consumers who:

- Are not a self-managed superannuation fund;
- Are individual trustees of a self-managed superannuation fund or individual trustee acting as the security borrowers;
- Are a self-managed superannuation funds with more than four members;
- Require a Construction Loan;
- Require a loan to finance the acquisition of a security property financed by the National Rental Assistance Scheme or under a Rent to Buy agreement;
- Offer a second mortgage as RedZed's primary security;
- Require a fixed rate loan;
- Wish to prepay their interest in advance;
- Have vacant land as security;
- Require equity release, cash out, or funds for a purpose other than the purchase or refinance of a residential property.
- Require redraw, internet transfer capability, ATM access or a loan offset facility;
- Require a loan term less than 15 years or greater than 30 years;
- Requiring a Line of Credit or Evergreen credit

This Target Market Determination issued by RedZed Lending Solutions Pty Ltd ABN 31123 588 527 ACL 311128 ("RedZed") as Program Manager under the RedZed Lending Program for and on behalf of Perpetual Trustee Company Limited ABN 42 000 001 007 as Lender. Conditions apply. This document does not take into account your personal objectives, financial situation or needs and this product may not be suitable for you. Always read the Credit Guide available from RedZed before selecting a product.
New I Version 1 effective from 30/11/2023.

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- The RedZed Super Commercial SMSF Commercial Loan is secured by a mortgage over residential property beneficially owned by a self managed superannuation fund and legally owned by a corporate security trustee. A guarantee limited to the secured residential property is required from the security trustee. A guarantee limited to the loan amount is required from all adult members of the self-managed superannuation fund (Limited Recourse Borrowing Agreement (LRBA).

Key product attributes of the RedZed Super Commercial SMSF Product include:

- A variable interest rate only;
- Maximum product amount of \$3,000,000;
- Principal and Interests repayment, or Interest Only repayment options may be allowed for a period of up to 5 years,
- Subject to a lending assessment;
- Repayment frequency options for principal and interest repayments include Monthly, Fortnightly or Weekly;
- Repayment frequency for Interest Only is monthly;
- Additional or lump sum repayments permitted;
- Ability to finance loan related fees or charges onto the loan amount in accordance with the SIS Act (subject to a limit defined by RedZed e.g. maximum total product amount or Loan to Valuation ratio.);
- Minimum liquid net asset position of the SMSF must be equivalent to at least 3 months repayments of all loans held by the SMSF or 6 months repayments if a lease expires <12 months, is new, or the security is currently vacant;
- Minimum term for repayment of 15 years;
- Maximum term for repayment of 30 years;
- Acceptable Security property (single asset only - maximum loan size restrictions may apply); and
- Interest, fees, and charges apply.

 **Note that exceptions may be made to the above at the discretion of RedZed on a case-by-case basis.**

This product is considered a rate for risk product. The interest rate, fees and charges applicable, maximum loan term, loan size and Loan to Valuation ratio will depend on various factors at the time of application. These factors may include the location and type of property held as security, fund liquidity, member contributions, employment history and activity, income verification method, and/or credit history.

The product is generally appropriate for self-managed superannuation funds that will receive and use income from property rent, other assets of the SMSF and member contributions to meet the required minimum repayments over the term of the loan. RedZed's suitability consideration is limited to an assessment for credit purposes only. It does not extend to the suitability in relation to the investment strategy of the self managed superannuation fund.

Distribution of this product

This product is designed to be distributed to consumers through the following distribution channels:

- RedZed direct origination by a customer calling the RedZed contact centre on **1300 722 462** or any of its staff directly or by contacting RedZed via the RedZed website by visiting www.redzed.com (where available); and RedZed accredited referrers, independent mortgage brokers and/or white label pursuant specific agreements.
- These distribution channels are authorised to distribute this product as they are appropriately trained and licensed (where required) to ensure that the product is distributed to consumers in our target market.
- The distribution channels are appropriate because:
- The product has a wide target market;
- Accredited referrers and mortgage brokers are subject to licence and legislative requirements to ensure that the product is in the best interests of the particular consumer;
- RedZed has controls in its application, assessment, and approval process to ensure all approved consumers meet eligibility and lending requirements; Reasonable enquiry and verification are made to ascertain the borrower's financial situation, SIS Act compliance status and credit record of the fund members and guarantors; and
- RedZed conducts ongoing due diligence and monitoring of distributors

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Reviewing this document

This TMD will be reviewed within 12 months from the effective date, and at least annually thereafter.

This TMD will also be reviewed if any event or circumstances ("Review Triggers") occur that would reasonably suggest that this determination is no longer appropriate, such as:

- A material change to the product, or the terms and conditions of the product;
- There is a material change in the risk assessment criteria that impacts on the suitability of the product for the target market;
- There is a material change to the distribution of the product;
- The discovery of a relevant and material deficiency in the product's disclosure documentation;
- Systemic complaints (raised either directly or indirectly via distributors) which indicate that the product is no longer suitable for the described target market;
- A significant dealing of the product to consumers outside the target market occurs;
- Material changes to the regulatory environment or relevant legislation; or
- A regulator making relevant orders (e.g. under the product intervention regime) in relation to the distribution of this product.

A review of this determination will occur within 10 business days of becoming aware of a Review Trigger.

Monitoring

Complaints: RedZed and all distributors will record all complaints received about this product at a minimum 6 monthly (Complaints Reporting Period). Distributors are required to provide to RedZed written details of any complaints about the product they have received during the Complaints Reporting Period within 10 business days of the end of the period.

Significant Dealings: Distributors are also required to report to RedZed if they become aware of significant dealing in this product which is not consistent with this TMD within 10 business days of becoming aware of such dealing. Distributors should provide all reporting within the reporting time frame periods to ddoreporting@redzed.com. Consumers with complaints about the product can direct these to their Redzed Distributor, or directly to RedZed using the electronic complaint form found on our website at <https://redzed.com/tmd/> or via email to ddoreporting@redzed.com