
Offer of Finance Facility

DATE: 23 July 2020

TO: D M Sayes SMSF Pty Ltd as trustee for the D M Sayes SMSF

PROPERTIES: 5/53-55 Governor Macquarie Drive, Chipping Norton NSW 2170

Dear Directors,

This offer letter supersedes all prior offers.

IMPORTANT

Please note this document does not contain all of the terms of this loan facility. Additional terms and information are contained in the document entitled Facility Terms (SMSF) (*facility terms*) made available with this document.

The *facility terms* should be read in conjunction with this *facility offer*.

The meaning of the words shown in this *facility offer* letter in italics are defined in the *facility terms*.

There may be additional costs payable by you if you repay this loan early depending on the date of repayment. These may include *early repayment fees* and/or *break costs*. You should read the sections entitled Early Repayment in this *facility offer* and the *facility terms* carefully.

Connective is pleased to advise you that your loan application has been approved upon the terms and conditions set out in this *facility offer* and the *facility terms*. This offer is made through **Connective** by Think Tank Group Pty Ltd ACN 117 819 084 (**TT**) on behalf of BNY Trust Company of Australia Limited ACN 050 294 052 (**the lender**).

Type of Facility

SMSF Commercial Loan

Borrower

D M Sayes SMSF Pty Ltd A.C.N 639 685 279 as trustee for the D M Sayes SMSF,

62 Clarendon Road, Peakhurst NSW 2210

Security Trustee

D M Sayes BTT Pty Ltd A.C.N 639 685 297 as holding trustee for the D M Sayes SMSF,

62 Clarendon Road, Peakhurst NSW 2210



Guarantor(s)

Sayes, Diana Maurice, 14 Chamberlain Road, Padstow NSW 2211
Sayes, David Maurice, 62 Clarendon Road, Peakhurst NSW 2210

Total Facility Limit

\$623,000.00 (Six hundred and twenty-three thousand Australian dollars).

Term of the Facility

30 Years.

Purpose

To assist with the purchase of an owner occupied industrial unit, for the members of the D M Sayes SMSF.

Security and Guarantees

The following *securities* are to be held by or on behalf of the *lender* in registrable form prior to the drawdown of the *facility*:

Registered first mortgage provided by the *security trustee* over the legal interest in Lot 5/ SP75734 located at 5/53-55 Governor Macquarie Drive, Chipping Norton New South Wales 2170 (*borrower superannuation fund property*)

Charge over the beneficial interest in the *borrower superannuation fund property* by the *borrower*.
Guarantee and indemnity by the *security trustee* and the *guarantors*.

Drawdown

There is to be one (1) drawdown of the *facility* only.

Interest Rate and Interest Rate Review.

Interest is calculated as set out in the *facility terms*. The *interest rate* applicable to this *facility* is set out below.

Variable interest rate

Interest rate: the *Commercial Bill Reference Rate* (30 day rate) plus a margin of 4.50% per annum. The margin is subject to adjustment from time to time during the term of the *facility*.

The *Commercial Bill Reference Rate* will be determined on the 10th day of each month and the *Commercial Bill Reference Rate* current at the *first drawdown date* will be applied to calculate the initial actual *interest rate*. The indicative *interest rate* for the *facility* based on the terms in this *facility offer* is 6.80% per annum.

Payments

The *interest rate* and the monthly payment amount will be determined on the *first drawdown date* and the monthly payment amount(s) set out below are indicative only.

The actual amount of the monthly payment may vary each month in accordance with *interest rate* movements (except during *fixed interest rate periods*) and in the case of principal and interest loans, the number of days in each month.

The actual amount of the monthly instalments payable by you may be different from the indicative amounts shown below and will be notified to you by **TT** after the drawing of the *facility*.

Principal and Interest Loans

You are required to make monthly payments of principal and interest. You must pay 360 monthly instalments of principal and interest in arrears of \$4,061.49. The first payment is to be made one month from the *first drawdown date* at the end of the monthly *interest period* and subsequent payments shall be made on the same day monthly thereafter.

Method of Payment

Payments of interest, principal and *line fees* (if any) referred to in this *facility offer* are to be made by direct debit from an acceptable account in the name of the *borrower superannuation fund* nominated by you. We will provide you with a direct debit authority for completion and return prior to drawdown of the *facility*. If you do not already have an account in the name of the *borrower superannuation fund* you will need to open one.

Costs, Fees and Taxes

All payments are calculated to be exclusive of government duties, fees and taxes.

Early Repayment

We have and will continue to incur costs in establishing this *facility* which will are not completely covered by your establishment fee. If you repay this *facility* within 5 years from the *first drawdown date* we will not have entirely recouped our costs and will need to charge you an *early repayment fee* which includes our unrecovered establishment costs.

In addition if you repay principal during a *fixed interest rate period*, *break costs* will be payable. As we will source the funds for this *facility* externally, if you repay any part of it early during a *fixed interest rate period* we may incur loss. *Break costs* represent the loss incurred by us.

If your loan is a fixed rate loan, it is highly recommended that you ask for an estimate of *break costs* prior to entering into this loan and seek the advice of an independent financial advisor. It is also recommended that you seek the advice of an independent financial advisor before making any additional or early repayments.

A summary of what you have to pay when you repay within 5 years or during a *fixed interest rate period* is set out below.

- If you pay more than \$50,000.00 within any 12 month period, within 5 years from the date of drawdown of this *facility* you will have to pay an *early repayment fee*. The way this is calculated is set out in the definition of *early repayment fee* at clause 19 of the *facility terms* and further provisions are at clause 5 of the *facility terms*.
- If you make any repayments of principal regardless of the amount during a *fixed interest rate period* you will have to pay *break costs*. The method of calculation of *break costs* is set out at the definition of *break costs* at clause 19 of the *facility terms* and further provisions are at clause 5 of the *facility terms*. In addition, if this occurs within 5 years of the date of drawdown of this *facility* the *early repayment fee* referred to above will also be payable.
- If the early repayment occurs during a *fixed interest rate period*, an administration fee will also be payable. At the date of this *facility offer* the administration fee is \$50.00.

However this may be subject to change from time to time.

Loan to Valuation Ratio

70%

Introducer

TLK Mortgage & Finance Brokers Pty Ltd A.B.N 25 148 943 579

The *introducer* may be entitled to receive payment of an upfront commission as part of the establishment fee and a trailing commission for the term of the *facility*.

Fees

You must pay the following non-refundable fees and charges to establish this *facility*:

- *Establishment fee*: \$13,706.00
- Government and statutory fees such as stamp duty and registration fees.
- Legal fees on preparation of the *transaction documents* and due diligence on the *security* including review of trust deeds, constitutions and leases. In the event that the *facility* proceeds the amount payable by you will be the fees in excess of our published base legal fees for a single security mortgage and up to 2 guarantors. In the event that the *facility* does not proceed full legal fees will be payable by you.
- Fees for other external consultants such as valuers, environmental consultants and quantity surveyors.

By signing this *facility offer* you indemnify **TT** and the *lender* for all costs and expenses payable under this *facility offer* or otherwise arising out of this *facility* in accordance with the *facility terms*.

Conditions to Be Met Prior to Funding

You cannot make a drawdown of this *facility* until the following conditions are satisfied:

1. we or our solicitors must hold executed *transaction documents* in registrable form. Once you accept this *facility offer*, *transaction documents* will be prepared and submitted to you for execution;
2. all general *conditions precedent* as defined in the *facility terms* must be met;
3. we receive evidence of insurance of all *real estate security* upon terms acceptable to us noting the interest of **BNY Trust Company of Australia Limited** as a **co-insured** in accordance with the requirements in the *facility terms*;
4. we must be holding a *valuation* for each *real estate security* acceptable to us at our discretion. The *valuation* must include a review of each lease of any part of the *real estate security*;
5. our solicitors to review and to be satisfied in all respects with the terms of the *superannuation fund trust deed* and any variations of the *superannuation fund trust deed* as well as the terms of the *security trust deed* and any variations. This review is for our own purposes and neither **TT** nor the *lender* shall be taken to have made any warranty or representation:
 - (a) as to the compliance of this *facility* or the structure of the transaction contemplated by this *facility* with any *law* including the *SIS Act*; or
 - (b) in relation to the taxation consequences to the *borrower* or any other party as a result of entry into this *facility*;
6. Please provide a full-executed lease agreement, at \$40,000 + GST per annum – with the bare trustee as the lessor.



7. Please provide an SMSF investment strategy adopted by the members, no more than 12 months old – showing clear asset allocation and the ability for fund to invest in property on a geared basis.
8. Please provide minutes of the meeting, adopting the investment strategy.
9. Please provide evidence of sufficient funds to complete purchase, held in the SMSF cash management account, including evidence of the deposit payment.
10. Condition Subsequent: The members of the 'D M Sayes SMSF' have declared \$40,675 p.a. in total ongoing member contributions. We may request evidence of the ability to meet these contributions at the anniversary of the loan drawdown.

Expiry of Offer

This offer will expire unless accepted within 14 days from the date of this letter. Once accepted, this offer will expire unless the *facility* is drawn down within 2 months from the date of this letter.

This offer can be withdrawn by **TT** on behalf of the *lender* without liability should any fact or circumstance exist or arise later which **TT** or the *lender* in their sole and absolute discretion believe renders it undesirable or impracticable for the *facility* to proceed.

State or Territory of Jurisdiction

New South Wales

Acknowledgement

The *borrower*, the *security trustee* and the other *guarantors* hereby acknowledge and agree that they have relied entirely on their own independent advice and inquiries in relation to:

- the structure of this *facility*;
- the compliance of the *borrower*, *security trustee* or the other *guarantors* with the *SIS Act* and/or Australian taxation legislation and other *laws*; and
- the tax consequences of entry into this *facility* or any related transactions,

and shall have no claim against the *lender* or **TT** if the entry into this *facility* or the structure of this *facility* results in the *borrower superannuation fund* or any other party failing to comply with any *law* or results in an adverse taxation outcome. The *lender's* ability to enforce *this agreement* or any *transaction document* shall not be affected by any such failure to comply or adverse taxation outcome.

Mortgage by the Security Trustee

The *borrower* hereby directs the *security trustee* to grant the mortgage over the *borrower superannuation fund property* to the *lender* and the *security trustee* hereby agrees to grant the mortgage over the *borrower superannuation fund property* to the *lender* at the direction of the *borrower*. The *lender* agrees to enter into the mortgage over the *borrower superannuation fund property* at the request of the *security trustee* and the *borrower*.

Charge Over Real Estate by the Borrower

The *borrower* as beneficial owner of the *borrower superannuation fund property* hereby charges all of its right, title and interest in the *borrower superannuation fund property* by way of fixed charge in favour of the *lender* to secure its obligations under *this agreement*.

How to Accept this Offer

Each person or entity named in this *facility offer* as *borrower*, *security trustee* or *guarantor* (if applicable) must sign the **attached** copy of this *facility offer* where indicated and return it to us together with the following things:

- (a) payment in the sum of \$5,753.00 representing part payment of the establishment fee. The balance will be deducted from the *facility* on drawdown by the lender;
- (b) copies of the most recent council rate(s) and water rate notice(s) in respect of the *real estate security*; and
- (c) a copy of the investment strategy of the *borrower superannuation fund*.

We will not be able to progress the processing of this *facility offer* further until payment of the above fees is confirmed. Payment can be made in accordance with the options described in the tax invoice accompanying this *facility offer*.

We look forward to dealing with you on this transaction.

Yours faithfully



David Nolan
Head of Credit
Think Tank Group Pty Ltd

Acceptance of Offer of Facility by Borrower

The *borrower* by signing this letter accepts the *facility offer* upon the terms and conditions set out in it and by signing this letter also agrees to be bound by *the facility terms attached* to this letter.

The *borrower* acknowledges that once signed by the *borrower* this *facility offer* as read in conjunction with the **attached** *facility terms* is a binding contract between the *lender* and the *borrower* as borrower, which can be enforced against the *borrower* by **TT** or the *lender*. The *borrower* acknowledges that it has been recommended to the *borrower* that the *borrower* receives independent legal and financial advice upon the terms of this *facility offer* and the *securities* referred to in this *facility offer*.

The Borrower certifies that:

- (a) it has received financial advice on the financial risk and implications for the *borrower superannuation fund* arising out of entry into this *facility* including:
 - (i) the ability of the *borrower superannuation fund* to make the payments required under this *facility*; and
 - (ii) compliance in all respects with the requirements of the *SIS Act*;
- (b) the financial advice it has received has confirmed that the entry into the transaction contemplated by this *facility* is consistent with the investment strategy of the *borrower superannuation fund*;
- (c) it has access to ongoing financial, accounting and legal advice for the purpose of adequately maintaining the obligations of the *borrower superannuation fund* under the *SIS Act* and the commitments the *borrower superannuation fund* will undertake under the *transaction documents* for this *facility*; and
- (d) it is in possession of sufficient information to properly assess and understand the financial risks and implications arising from the *borrower superannuation fund* entering into this *facility*.

SIGNED for and on behalf of **D M Sayes SMSF Pty Ltd A.C.N 639 685 279 as trustee for the D M Sayes SMSF** in accordance with section 127 of the *Corporations Act 2001*

Signature of Director

Signature of Director/Secretary

Print Name

Print Name

Acceptance of Facility Offer by Security Trustee

The *security trustee* by signing this letter accepts the *facility offer* upon the terms and conditions set out in it and by signing this letter also agrees to be bound by the *facility terms attached* to this letter.

The *security trustee* acknowledges that once signed by the *security trustee* this *facility offer* as read in conjunction with the **attached** *facility terms* is a binding contract between the *lender* and the *security trustee*, which can be enforced against the *security trustee* by **TT** or the *lender*. The *security trustee* acknowledges that it has been recommended to the *security trustee* that the *security trustee* receives independent legal and financial advice upon the terms of this *facility offer* and the *securities* referred to in this *facility offer*.

SIGNED for and on behalf of **D M Sayes BTT Pty Ltd A.C.N 639 685 297 as holding trustee for the D M Sayes SMSF** in accordance with section 127 of the *Corporations Act 2001*

Signature of Director

Signature of Director/Secretary

Print Name

Print Name

Acceptance of Facility Offer by Guarantors

We being named *guarantors* of the facility referred to in this *facility offer* request the *lender* make the loan advance referred to in this letter to the *borrower* and acknowledge our acceptance of the terms and conditions of this *facility* as set out in this letter and the **attached** *facility terms*.

We acknowledge that it has been recommended to us that we receive independent legal and financial advice upon the terms of this *facility offer*, the guarantee and indemnity and the *securities* referred to in this *facility offer*.

SIGNED by Diana Maurice Sayes
in the presence of:

Witness Signature

Signature

Print Name

Address

SIGNED by David Maurice Sayes
in the presence of:

Witness Signature

Signature

Print Name

Address

Declaration of Purpose

Declaration of Purpose for which Credit is provided

If you wish to proceed with the loan you must sign and date this form.

I/We declare that the credit provided to me/us by BNY Trust Company of Australia Limited ACN 050 294 052 is to be applied wholly or predominantly for:

- business purposes; or
- investment purposes other than investment in residential property.

IMPORTANT

You should only sign this declaration if this loan is wholly or predominantly for:

- **business purposes; or**
- **investment purposes other than investment in residential property.**

By signing this declaration You may lose Your protection under the National Credit Code.

Dated this day of 2020

SIGNED by Diana Maurice Sayes

in the presence of:

.....
Witness Signature

.....
Signature

.....
Print Name

.....
Address

SIGNED by David Maurice Sayes

in the presence of:

.....
Witness Signature

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Signature

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Print Name

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Address

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