T O P D O C S . C O M . A U

# TOPDOCS

**DIVISION 7A LOAN AGREEMENT   
FULL SERVICE ORDER FORM**

To order your Division 7A Loan Agreement documents:

1. Complete all relevant fields in BLOCK LETTERS
2. Fax this form to Topdocs at **(03) 8256 0108**; or email this form to at [**or**](mailto:orders@topdocs.com.au)[**ders@topdocs.com.au**](mailto:ders@topdocs.com.au)

**Scope of this document**

Our Division 7A loan agreement (**Loan Agreement**)has been drafted to document a loan between a private Australian company and a shareholder or associate of a shareholder of that same Company. The term ‘associate’ in this context takes its meaning from Division 7A of the *Income Tax Assessment Act 1936 (Cth)* (**Tax Act**).

The Loan Agreement permits multiple loans to be governed by the agreement (if those loans are made on or after the date of the Loan Agreement, subject to limited exceptions) and will treat multiple loans as an amalgamated loan as set out in Section 109E of the Tax Act.

The amount and term of any additional loans to be made under the provisions of the Loan Agreement must be separately documented at the time of the loan being made.

The Loan Agreement permits the term of each loan documented under the provisions of the Loan Agreement to be a maximum of 25 years. If the term of the respective loan exceeds 7 years, the respective loan must be secured. The Loan Agreement provides that security in this context means:

* 100% of the value of the loan secured by a mortgage over real property that has been registered in accordance with a law of a state or territory; and
* when the loan is first made, the market value of that real property (less the amounts of any other liabilities secured over that property in priority to the Loan) is at least 110% of the amount of the Loan**.**

**Disclaimers**

We confirm that we are neither licensed nor qualified to provide financial or legal advice. The provision of your prepared documentation should be considered as general in nature and should not, therefore, be taken as advice in relation to the suitability or otherwise of the proposed loan(s) or the entering into of the Loan Agreement.

The Loan Agreement is only applicable within the jurisdiction of the Commonwealth of Australia and its States and Territories.

We note that we have not been instructed to advise if the terms of the loan(s) comply with the requirements of Division 7A of the Tax Act nor have we provided any advice in this regard. We note that, amongst other things, in order for the terms of the loan(s) to comply with the requirements of Division 7A of the Tax Act, the borrower must ensure to pay to the lender the minimum yearly repayment as calculated in in accordance with the formula in subsections 109E(5) and (6) of the Tax Act. Further, if the term of any respective loan is greater than 7 years, that the loan is secured in the manner outlined in the Loan Agreement.

We have not been instructed to give advice as to the interests of the lender or the borrower regarding the loan(s). Accordingly, we recommend that these parties either arrange for independent legal advice to determine their interests, or satisfy themselves that they do not require such advice before executing their documentation.

Our advice is subject to the legislation as at the date of this letter concerning Division 7A loans and the Australian Taxation Office’s (**ATO**) current guidance on such loans. Please note that our advice will not be updated should future guidance or statements issue from the ATO unless you specifically instruct us to do so.

**SECTION A (I): PERSON/ADVISER ORDERING DETAILS**

|  |  |
| --- | --- |
| Name: | Signature: |
| Company Name: | |
| Postal Address: | |
| Date Of Order:    /    / | Your Ref: |
| Phone: (     ) -       - | Fax: (     ) -       - |
| Email: | |

**SECTION A (II): PAYMENT DETAILS**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Enclosed is payment for the sum of: $ | | | | |
| Direct Debit\* | Visa | Mastercard | | Cheque |
| Card Holder Name: | | | | |
| Credit Card Number:      -      -      - | | | | |
| Expiry Date:    / | | | Authorised Card Signature: | |

\*To pay by Direct Debit you must have a current Direct Debit agreement with Topdocs. If you would like to arrange for Direct Debit for future purchases please contact Topdocs on **1300 65 92 42**

**SECTION B: LENDER DETAILS**

|  |  |
| --- | --- |
| Company Name: | ACN:       -       - |
| Registered Address: | |
| Email Address: | |
| **Director 1:** | |
| **Director 2:** | |
| **Director 3:** | |
| **Director 4:** | |

**SECTION C: BORROWER DETAILS**

**IF AN INDIVIDUAL**

|  |
| --- |
| Borrower Name: |
| Address: |
| Email: |

**IF A COMPANY**

|  |  |  |
| --- | --- | --- |
| Company Name: | ACN :       -       - | |
| Registered Address: | |
| Email: | |
| **Director 1:** | |
| **Director 2:** | |
| **Director 3:** | |
| **Director 4:** | |

**IF A TRUST**

|  |  |
| --- | --- |
| Name of Trust: | |
| Trustee Name: | ACN (if applicable):       -       - |
| Registered Address: | |
| Email: | |
| **Trustee 1 / Director 1:** | |
| **Trustee 2 / Director 2:** | |
| **Trustee 3 / Director 3:** | |
| **Trustee 4 / Director 4:** | |

**SECTION D: LOAN DETAILS**

|  |  |
| --- | --- |
| Loan Amount | $ |
| Jurisdiction of Loan Agreement (State) |  |

**SECTION E (I): SECURITY**

|  |  |  |
| --- | --- | --- |
| Is the loan to be secured by a registered mortgage? | Yes – please complete details below | No |
| Property address | | |
| Title Volume (optional): | Folio (optional): | |
| Is this registered mortgage to be a: | First registered mortgage;  Second registered mortgage; or  Third registered mortgage | |

**SECTION E (II): SECURITY PROVIDER**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Is the Security Provider the Borrower? | Yes | | No– please complete details below | |
| Security Provider Type | Individual  Company  Trust: Trust Name:  Individual Trustee of the Trust  Corporate Trustee of the Trust | | | |
| Security Provider Name: | | | | ACN (if applicable):       -       - |
| Registered Address: | | | | |
| **If the Security Provider is a Company or a Corporate Trustee of a Trust, provide the name/s of the Director/s:** | | | | |
| Director 1: | | Director 2: | | |
| Director 3: | | Director 4: | | |

**SECTION E (III): ADDITIONAL INFORMATION**

|  |  |  |
| --- | --- | --- |
| Is security documentation to be prepared by Topdocs? *(additional charges will apply)* | Yes – *(please complete section E (IV)*  *& provide Title search/es of properties* | No – *stop here* |

**SECTION E (IV): ADDITIONAL INFORMATION**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| If the Security Provider is not the Borrower, is the Security Provider to obtain independent legal advice? | Yes | No |  |  |
| Are there any mortgages currently registered against the title? | Yes | No |  | |
| If YES, please provide details: | 1. Mortgagee name: 2. Amount secured: $ 3. Is this to be discharged upon entering into this mortgage?   Yes  No   1. If **NO**, who is to obtain the first mortgagee’s consent to this mortgage? | | | |
| What is the value of the land to be mortgaged? | $ | | | |
| What is the equity in the land to be mortgaged? | $ | | | |
| Who currently occupies the land? |  | | | |
| Is there a current lease over the property? | Yes | No |  |  |
| If YES, please provide details: | 1. Lessee name: 2. Date of lease agreement:       /       / | | | |
| Are there any other encumbrances over the land? | Yes | No |  |  |
| Are there current insurance policies over the property in place to protect against fire and other usual risks? | Yes | No |  |  |