

SSAS

Guidance notes for commercial lenders

You have been asked to lend money in relation to a property purchase by the trustees of a Small Self-Administered Scheme (SSAS). We have prepared some guidance notes to assist you in drafting your offer letter and loan documentation whilst ensuring that the terms of the loan will enable us to meet the requirements of HM Revenue & Customs (HMRC).

For the purpose of these guidance notes, the term 'property' also includes land.

You should correspond directly with the member trustees of the SSAS or their appointed agent, although copies of all relevant correspondence and draft documentation should be sent to us.

1. Background

The SSAS is a small self-administered pension scheme registered by HMRC under Chapter 2 of Part 4 of the Finance Act 2004. The members of the scheme and AJ Bell Trustees Limited are the trustees of the scheme.

You will be lending to the trustees of the SSAS and the offer letter, loan agreement and any other formal documents should be addressed as such.

Any invoices in relation to work undertaken, e.g. legal expenses, should be addressed to the trustees of the SSAS unless you are specifically advised otherwise.

You will be responsible for agreeing the terms of the loan and your charges with the member trustees.

We must be a party to any loan documentation and funds must not be drawn down without our written consent.

2. Legal ownership

The legal ownership of all scheme assets is vested jointly in the names of the trustees. You will, therefore, be lending to the trustees of the SSAS and the offer letter, loan agreement and any other formal documents should be addressed as such. You will be responsible for agreeing the terms of the loan and your charges with the member trustees.

3. Borrowing limit

It is important to appreciate that HMRC imposes a borrowing limit on the trustees, this being 50% of the net asset value of the SSAS immediately prior to the loan being made.

4. Scheme documentation

A copy of the Trust Deed and the current Rules will be available from the member trustees or alternatively we can provide a copy upon request.

5. Security

It is acceptable for you to take a charge over the property. The liability of AJ Bell Trustees Limited must be limited to the value of the assets of the SSAS and we will not allow a connected person or company to provide a guarantee in relation to the loan. The liability of the trustees in relation to the loan must therefore be limited to the value of the assets of the SSAS from time to time.

The following wording is acceptable to us:

"Notwithstanding anything to the contrary herein appearing it is hereby expressly agreed and declared by the parties hereto that each and every liability undertaken by the Borrowers hereunder shall be subject to the proviso that AJ Bell Trustees Limited and [names of trustees] shall not incur any liability in respect thereof whether jointly or severally save to the extent that such liability shall not exceed in amount the value of the assets of the [name of SSAS] from time to time in their hands in their capacity as trustees for such pension fund."

6. Rent

Unless we specifically appoint an agent to collect the rent on the trustees' behalf, the rent must be paid directly into the trustees' bank account. We can arrange a standing order to you for loan interest and capital repayments. It is not possible for the trustees to assign the rent to any third party.

7. Bank statements

We will require regular statements to be sent to us, with copy statements to the member trustees detailing capital and interest payments.

8. Trustees' solicitors

The trustees will appoint solicitors to carry out the conveyance/transfer and prepare any new leases.

9. Release of funds

Before releasing any funds, you should confirm with ourselves to whom the payments should be forwarded.

10. Requirements

Many of the above conditions are imposed on us by law and if these requirements are not acceptable to you, then the loan cannot proceed.

11. Further information

For further information, please contact:

AJ Bell Business Solutions Limited
4 Exchange Quay
Salford Quays
Manchester
M5 3EE

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