



SMSF Trustee Acknowledgement Form

Borrower's Name(s)

- SMSF Fund
- Bare Trust
- Security Custodian
- Mr Member One
- Mr Member Two
- Corporate trustee

Member Acknowledgements:

The Members listed above confirm the following:

1. The contributions made to the SMSF comply with the contribution standards as set out in the Superannuation Industry (Supervision) Act 1993 (Cth) (SISA) and regulations.
2. I have not exceeded the contribution caps for the financial year.
3. The contributions are made in accordance with the trust deed of the SMSF.
4. I understand the tax implications of the contributions made.
5. I have sought or had the opportunity to seek independent financial advice regarding these contributions.

I/we confirm that:

1. **SISA Compliance:** I am responsible for ensuring that the fund is operated in accordance with the SISA and other relevant legislation.
2. **Sole Purpose Test:** Ensure your SMSF is maintained for the sole purpose of providing retirement benefits to all its members, including throughout the duration of the loan. All investment decisions must meet this test.
3. **Taxation Implications:** The SMSF trustee understands the taxation implications that apply in Australia that is associated with the declaration of the property trust. I have sought or had the opportunity to seek independent financial advice regarding these potential taxation implications and confirm it is not the responsibility of the lender and/or its legal advisors.
4. **Property Usage:** The SMSF trustee acknowledges and confirms that if the Property is residential, a related party is prohibited from occupying it at any time. For commercial properties, a related party must always have an 'arm's length' lease in place, adhering to market rates and conditions.
5. **Advice on the Proposed Loan:** The SMSF trustee understands and confirms that it is responsible for obtaining its own independent legal and financial advice (unless required as a special condition by the Lender) when entering this loan agreement concerning the appropriateness of the proposed Property finance, the tax implications of the purchase or refinance, and the Loan, considering the specific needs and financial situation of the SMSF.
6. **LRBA and Ownership - Limited Recourse:** The loan used under an LRBA has "limited recourse," meaning that, if the SMSF defaults on the loan, the lender can only seize the asset purchased with the loan and not other assets in the SMSF. This is in contrast to traditional loans, where the lender has broader recourse to the SMSF's other assets.
 - **Legal Ownership:** The asset (typically real estate) is held in the name of the bare trust, not the SMSF itself. The bare trust holds the legal title, but the SMSF is the ultimate beneficial owner.
 - **Beneficial Ownership:** The SMSF is the beneficiary of the bare trust. This means the SMSF has the right to receive income (e.g., rental income) generated by the asset and can also benefit from any capital gains if the asset appreciates in value.
7. **Related Party Transactions:** I understand that an SMSF trustee is not permitted to purchase property from a related party that is not business real property as defined by the SISA and that if business real property is acquired from a related party, the asset will be purchased at market value and on an arms length basis.
8. **Single Acquirable Asset:** I understand that under a limited recourse borrowing arrangement:
 - a. an SMSF trustee is only permitted to borrow money to purchase a single acquirable asset as defined by the SISA;
 - b. The lender will only provide a loan to finance a single acquirable asset;
 - c. The SMSF trustee has taken all necessary legal advice to confirm the Property is a single acquirable asset; and
 - d. If, for any reason, the lender or its lawyers deem the Property to not be a single acquirable asset, the purchase or refinance of the Property will need to be restructured before the Lender will provide the loan to the SMSF trustee.
9. **Repairing and Improving the Property:** I understand that the SISA prohibits loan proceeds from being used to fund improvements which improve the nature of the property and acknowledge that the SMSF trustee will only apply the loan proceeds to pay expenses incurred in connection with applying for the loan and:
 - a. If a purchase, pay the purchase price to the seller; or
 - b. If a refinance, repay the current loan balance.

By signing this declaration, I confirm I understand my duties and responsibilities as a trustee / director of the corporate trustee of the SMSF in accordance with the SISA.

I have considered all income and expenses and confirm I have the ability to make the proposed loan repayments. I understand the Lender is relying of the information provided to complete a serviceability assessment and all information provided is true and correct.

Trustee/Member 1

Name

Signature

Date

DD

MM

YYYY

Trustee/Member 2

Name

Signature

Date

DD

MM

YYYY