

## SMSF BORROWING – INDEPENDENT LEGAL ADVICE FOR GUARANTORS

It is becoming increasingly popular for clients to set up their own Self-Managed Superannuation Fund (SMSF) to purchase an investment property.

Where a loan is required for the purchase of that property then the only way an SMSF can borrow is by way of a Limited Recourse Borrowing Arrangement (LRBA).

This means that the assets of the SMSF are protected because the only asset of the SMSF to which the lender has recourse in the event of a default under the loan is the property that is being purchased. The property is held by a Bare Trustee that holds no other property which is in turn mortgaged to the lender as security for the loan.

It is standard practice for the lender, when entering into an LRBA with an SMSF, to require the directors of the SMSF trustee to personally guarantee the loan and for those guarantors to obtain independent legal advice in respect of those obligations. Penmans provide a fixed fee package for the provision of the independent legal advice required for a LRBA.

Those fees are **\$1,375** (inclusive of GST). This includes:

- a) Reviewing the LRBA loan documents;
- b) Providing a letter of advice;
- c) Meeting with the guarantors in conference to answer any questions, confirm the advice and witness the signing of the necessary statutory declarations; and
- d) If necessary, returning those declarations to the lender.

### Next Steps

Please complete our [contact form](#) and include in the comments that you have an SMSF borrowing matter and a member of our transactions team will be in contact with you.

Alternatively you can request a free 15 minute phone appointment with one of our transactions lawyers to discuss your needs.

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**Fixed fees current as of November 2025.**