Limited Recourse Borrowing Arrangement Instruction

Private Lender

I confirm that I have instructed SuperGuardian Pty Ltd ACN 113 986 968 AFSL 485643 (**SuperGuardian**) to assist in establishing a Limited Recourse Borrowing Arrangement (**LRBA**) for the superannuation fund detailed below), with the lender being a related party of the superannuation fund.

By signing this form, I acknowledge and accept SuperGuardian's Bare Trust for Related Party Loan fee and Corporate Trustee fee (if applicable).

The details of the arrangement are as follows:

Fund details

Superannuation Fund Name: _____

Australian Business Number: _____

Director Identification Number (*If you do not have one yet, please make sure you apply for your Director ID through the Australian Business Registry Services*): _____

Bare Trust and Trustee details

Proposed Name of Bare Trust: _____

Do you have an existing Company to act as trustee for the Bare Trust? ☐ YES ☐ NO

If yes, Company name: _____

A.C.N: _____

Registered Address: _____

If no, would you like SuperGuardian to arrange establishment? ☐ YES ☐ NO

If yes, please provide 3 options for the proposed Company name:

Option 1: _____

Option 2: _____

Option 3: _____

Would you like us to prepare the annual Company Review? ☐ YES ☐ NO

LENDER DETAILS
For Corporate Private Lender Only

Company Name: _____

A.C.N: _____

Company registered address: _____

Name and complete address of all directors:

_____

_____

_____

_____

Is this party acting on behalf of a Trust? ☐ YES ☐ NO

If yes, name of trust: _____

LENDER DETAILS (Cont.)
For Individual Private Lender Only

Name and complete address of all directors:

Is this party acting on behalf of a Trust? ☐ YES ☐ NO

If yes, name of trust: _____

PERSONAL GUARANTEE (If Applicable)

If Guarantor is a Company

Company Name: _____

A.C.N: _____

Company registered address: _____

Name and complete address of all directors:

Is this party acting on behalf of a Trust? ☐ YES ☐ NO

If yes, Name of Trust: _____

Security given by guarantor(s): _____

If Guarantor is an Individual

Name and complete address of all directors:

Is this party acting on behalf of a Trust? ☐ YES ☐ NO

If yes, Name of Trust: _____

Security given by guarantor(s): _____

Asset and Borrowing Details

Asset Description: _____

(If acquiring real property, please include the full legal description, as well as the common address and titles description).

Loan Amount: _____

Loan Term (Years): _____

Type of Asset: ☐ Property ☐ Shares/Others

Market value of asset being acquired:_____

Interstate Rate Type: ☐ Safe Harbour Fixed ☐ Safe Harbour Variable ☐ Others

If Others is selected from above:

- The interest rate shall be: _____ %
- Being a commercial term based on (reasoning):

Repayment Terms:

☐ Interest in arrears and a portion of the Monies unpaid (on a monthly basis).

☐ Others

If Others is selected from above, please answer the following:

- The Borrow shall pay to the Lender the Interest, Other Amounts and Monies in accordance with the following terms: _____ years.
- Being a commercial term based on (reasoning):

Financial Advice

Has the member obtained financial advice regarding this decision? (We strongly recommend you seek advice).

☐ **Yes,** and I will provide a copy of the statement of advice. I confirm that I have received a statement of advice from a licensed financial planner within the last 6 months which, among other things, recommends that I set up a limited recourse borrowing arrangement. I have based my decision to set up the limited recourse borrowing arrangement on the advice I received from the financial planner, and for this reason, I do not require advice from SuperGuardian.

OR

☐ **No,** even though SuperGuardian strongly recommended that I obtain advice from a licensed financial planner, I do not wish to obtain advice on whether setting up a limited recourse borrowing arrangement (specified above) is appropriate for me. I have already made a decision to set up a limited recourse borrowing arrangement.

Disclaimer

I understand that by facilitating the establishment of the limited recourse borrowing arrangement, SuperGuardian is merely giving effect to my instructions and not giving any recommendation or statement of opinion that establishing the limited recourse borrowing arrangement is appropriate for me.

I understand that by instructing the establishment of an LRBA with a related party lender, the following key risks and considerations may apply:

1. The LRBA must comply with the requirements of the Superannuation Industry (Supervision) Act 1993 and relevant ATO rulings, including ensuring that the loan is on terms consistent with an arm's-length transaction. Non-compliance may result in significant penalties for the SMSF.
2. The terms of the LRBA must reflect commercial arrangements, including the interest rate, repayment terms, and loan-to-value ratio, to ensure compliance with the arm's-length and sole-purpose test provisions. You acknowledge that we have not advised or otherwise provided you with any recommendation with respect to the terms of the LRBA.
3. The SMSF must have sufficient liquidity to meet loan repayments and other SMSF obligations without breaching superannuation laws.
4. The establishment and operation of an LRBA may have tax consequences, including the deductibility of interest expenses and the treatment of capital gains upon the sale of the asset.
5. Ongoing monitoring and reporting are required to ensure that the related party loan remains compliant with arm's-length requirements.
6. The value of the asset acquired under the LRBA may fluctuate, and a decline in value could adversely impact the financial position of the SMSF.
7. I acknowledge that I am solely responsible for determining that the borrowing arrangement is reasonable, appropriate, and consistent with the investment strategy of the SMSF and its overall compliance with superannuation law.
8. I acknowledge that SuperGuardian's responsibility is limited to instructing a third-party service provider to prepare the legal documents necessary to establish the LRBA arrangement in accordance with your instructions. SuperGuardian is not the provider of these documents and does not provide any assurance with respect to those.
9. I acknowledge that I am informed of these risks and considerations and that SuperGuardian is only implementing my instructions based on this document without providing any advice or recommendations.

Member Authority

Signed by the **instructing member**.

Member: _____

Signed: _____ Date: _____

OR

Adviser Authority

Authorised Adviser has provided a Statement of Advice to the fund and signed Authority to Proceed.

Adviser: _____

Signed: _____ Date: _____