ACCESS
SUPER
AUDIT.

LRBA Audit Checklist

Listed below are documents required for the initial audit on the purchase of an LRBA property, and common compliance considerations.

Part One: Documents Required

- Property contract of sale
- Settlement statement
- Legal fees, stamp duty, and other capital expenses
- Bare trust custody deed
- Bare trustee company registration
- Guarantee if there is any
- Loan agreement with limited recourse borrowing clause
- Loan statements

Part Two: Compliance Considerations

- Does the SMSF trust deed allow LRBA, and has any deed amendment impacted the ability to maintain LRBA? Can the trustee provide an asset as security?
- Has the investment strategy been updated prior to setting up the LRBA? How is the fund planning to finance the loan obligations? Has the fund taken out life, income protection insurance? Are there any going concern issues?
- Is the bare trustee different from fund trustee? Does the bare trust deed recognise the fund trustee as beneficiary?
- Does the contract show custody trustee as the buyer? Is the asset a single acquirable asset? Is the vendor a related party?
- Does the title search show custodian details? Does the title search show only mortgage(s) in relation to the LRBA?
- Does the loan agreement note the fund as the borrower? Does the loan agreement have a limited recourse borrowing clause?
- If the lender is a related party, are the terms of loan at arm's length
- Has the property been improved since acquisition