

## SMSF lending laws become clearer

By Kevin Eddy | 21 Oct 2010

Changes to the law around lending to self-managed super funds (SMSFs) has injected new life into the use of super money for property investment.

Craig Morgan, managing director of SMSF Loans, told *Broker News* that the repeal and rewrite of the section of the SIS Act concerned with SMSF lending has "done much to clarify almost all aspects" of SMSF lending.

Awareness of the significance of the clarification of the legislation is also "filtering out fairly quickly", he commented.

"Interest in this area – coupled with general interest in investment property – appears to be increasing," he added. "A number of well-resourced and professional organisations appear to be taking the message to market now."

However, Morgan also noted that proposals to make SMSF loans financial products – first mooted in draft amendments to the Corporations Regulations in June - has "gone very quiet", possibly due to the protracted post-election negotiation period.

Vicki Grey, a partner at Gadens Lawyers, confirmed she has seen no further correspondence from the government on this issue. She also reiterated the firm's view that "there seems to be no reason" to categorise SMSF loans as financial products, as these structures adopted by the major banks are "simply loans to a superannuation fund secured by a mortgage granted by a bare trustee".