

2026 EDITION · UPDATED FOR THE AUGUST 2026 RULES

SMSF Lending Guide

What to know before your super fund borrows to buy property, from how it works to what lenders look for.

LEVERAGE FINANCIAL GROUP
Residential · Commercial · SMSF lending

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Welcome

Buying property through your super fund can be a smart way to build retirement savings, especially if you run a business and pay rent on your premises. It's also one of the more complex loans to get right.

I've put this guide together to give you a clear starting point. It explains how SMSF lending works, what changed in 2026 and what lenders will ask for, so you can have a more useful conversation with your accountant, financial adviser and solicitor.

Whether SMSF lending suits you depends on your fund, your business and your retirement plans. Always get advice from the right professionals before making a decision.

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> **THE GUIDE AT A GLANCE**
>
> - New SMSF loans from 10 August 2026 can only buy business real property, not residential.
> - Lenders usually need a 20–30% deposit, and most require a corporate trustee.
> - Rent and members' super contributions are used to show the loan is affordable.
> - Get the structure and buyer right *before* you sign a contract.

01

How an SMSF works

A self-managed super fund is a private super fund that its members run themselves for their retirement. It can have up to six members, and the members are generally its trustees, or directors of a company that acts as trustee.[1]

The fund is its own entity. It has its own ABN, tax file number and bank account, and its money and investments must be kept separate from your personal and business finances. It can hold a range of investments, including shares, cash, term deposits and property, as long as they fit the fund's investment strategy and the super rules.[1,2]

Choosing a trustee structure

STRUCTURE	HOW IT WORKS
Corporate trustee	A company acts as trustee and the members are its directors. There are extra setup and ASIC costs, but it can make changes in membership simpler. SMSF lenders generally require this structure.
Individual trustees	Each member is a trustee. A fund with individual trustees needs at least two trustees. Setup is usually cheaper, but lenders are unlikely to accept it for a property loan.

The structures also differ in how assets are held, what happens when a member leaves or dies, and how penalties apply. Your accountant or SMSF adviser can explain which suits your fund.[2]



02

LAW CHANGE

What changed in August 2026

In short: new SMSF loans can no longer be used to buy a house or unit. Borrowing to buy commercial premises your business uses is still available.

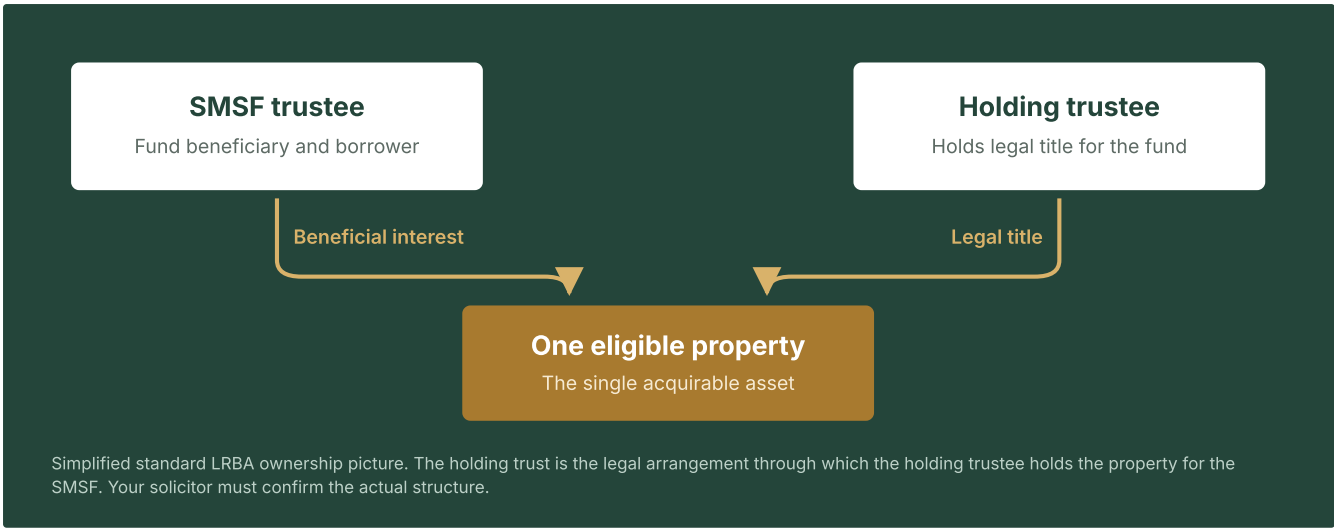
For limited recourse borrowing arrangements entered into from 10 August 2026, real property must be *business real property*. Broadly, that means land and buildings used wholly and exclusively in a business. The ATO says the property must keep meeting that test for the life of the loan.[3,4]

Loans set up before 10 August 2026, refinances of those loans, and binding contracts exchanged before that date are protected by transitional rules. If you have an older residential SMSF loan, it doesn't need to be unwound because of this change.[3]

03

How SMSF borrowing works

An SMSF can generally only borrow to buy property through a *limited recourse borrowing arrangement*, or LRBA. The property is held in a separate holding trust (often called a bare trust) while the loan is in place. The fund has the beneficial interest and the holding trustee holds legal title. Once the loan is repaid, the fund can take legal ownership.[5]



Simplified standard LRBA ownership picture. The holding trust is the legal arrangement through which the holding trustee holds the property for the SMSF. Your solicitor must confirm the actual structure.

"Limited recourse" means the lender's rights against the fund are limited to that one property. It does not make the investment risk free. The property can still be lost if the loan isn't repaid, and lenders usually ask for personal guarantees from the directors.[5]

Rules that catch people out

One loan, one asset. An LRBA generally covers a single asset. A property with a separately titled car bay, or several properties, may not fit within one arrangement.[6]

No improvements with borrowed money. The loan can fund repairs and maintenance in some cases, but not improvements, and works must not change the property into a different asset while the loan is in place.[6]

No personal use. You, your family and related parties can't use the property privately. Your own business can lease it, on commercial terms at market rent.[4]

04

Buying your business premises

For many business owners, buying their premises is as much a business decision as an investment one. Moving premises is costly and disruptive, so owning the building can give the business certainty. Holding it in your SMSF means the fund becomes your landlord.

Why business owners consider it

- **Rent goes to your super**
  Your business pays market rent to your own fund rather than an outside landlord. The rent helps the fund meet the loan repayments.
- **Contributions can help**
  Regular super contributions, within the caps, can be used to pay down the loan or invested elsewhere in the fund.
- **Concessional tax rates**
  A complying SMSF generally pays 15% tax on income in the accumulation phase, and some retirement-phase earnings may be exempt, subject to conditions.[7]
- **Certainty of location**
  Your business has a long-term home, under a proper lease, without the risk of an outside landlord selling or not renewing.

The purchase still needs to make sense as an investment. One building can put a large share of your retirement savings into a single asset, and property values can fall.

05

Moving property you already own into your SMSF

If you already own your business premises, personally or through a family trust, your SMSF may be able to buy it from you. Business real property is one of the few assets an SMSF can acquire from a related party, provided the transfer is at market value and the rules are met.[4]

Speak to your accountant and tax adviser first. They need to confirm that the move makes sense for the fund and its members, and that it suits your retirement plans.

Work out how the fund will pay. The options can include cash in the fund, an SMSF loan, member contributions (including in-specie contributions within the caps), or a mix.

Check every tax and duty cost. A sale to your fund is generally a capital gains tax event for you as the seller, and small business concessions may help. Stamp duty and GST treatment depend on your state and the transaction, so get them checked before you commit.

Use an experienced solicitor. The contract, lease and trust documents need someone who understands super, duty and commercial conveyancing.

06

What lenders look for

On top of the law, each lender applies its own policy, and SMSF policies differ more than most. Fewer lenders offer SMSF loans than standard loans, so matching your fund to the right lender matters.

DEPOSIT

20–30%

Most lenders require a deposit of 20 to 30% of the purchase price, depending on the lender. Purchase costs such as duty and legal fees come on top.

CASH AFTER SETTLEMENT

Varies by lender

Some lenders require the fund to keep cash after settlement; others don't. It is worth knowing before you choose a lender.

AFFORDABILITY

Rent + contributions

Lenders look at the rent the property will earn and the members' super contributions to work out whether the fund can afford the repayments.

TRUSTEE STRUCTURE

Corporate trustee

The lenders we work with generally require the SMSF to have a corporate trustee, so factor this into your setup plans and costs.

Lenders also check the property itself through a valuation, and review the fund's financial statements, the members' credit history and the lease between the fund and your business.

07

PLANNING THE NUMBERS

How much does the fund need?

Illustrative example only. These are planning assumptions, not a quote, duty estimate or loan offer.

Say a business owner's SMSF wants to buy their premises for $600,000, and the chosen lender requires a 25% deposit.

ITEM	ILLUSTRATIVE AMOUNT
Purchase price	$600,000
Deposit (25%)	$150,000

ITEM	ILLUSTRATIVE AMOUNT
SMSF loan (75%)	$450,000
Duty, legal, setup and loan costs allowance	$40,000
Cash buffer, if the lender requires one	$30,000
Funds the SMSF needs before settlement	**$220,000**

The fund would need around $190,000 with a lender that doesn't require a cash buffer, or $220,000 with one that does. On top of that, the rent and contributions need to cover the repayments, rates, insurance and fund running costs.

The $40,000 allowance is not a duty or GST estimate; actual costs depend on the state, property and transaction. Buffer amounts vary by lender. No interest rate or approval is implied.

08

Your document checklist

Every lender has its own list, but these are the documents you're likely to need. Getting them ready early can save weeks.

- ☑ **Fund documents**
  The SMSF trust deed, the holding (bare) trust deed and the corporate trustee's company documents.
- ☑ **Fund financials**
  Usually the last one to two years of SMSF financial statements, tax returns and audit reports.
- ☑ **Contribution evidence**
  Recent payslips or super statements showing the members' contributions.
- ☑ **Identification**
  ID for each member and director, for the lender's identity and credit checks.
- ☑ **The property**
  The contract of sale, showing the holding trustee as purchaser, and the valuation.
- ☑ **The lease**
  A signed lease on commercial terms at market rent, plus a rental appraisal if needed.
- ☑ **Your business**
  If your business is the tenant, its recent tax returns and BAS may be needed.
- ☑ **Advice and setup**
  Confirmation from your advisers that the structure is in place before the contract is signed.

IMPORTANT

Do not sign first and fix the buyer later

Signing the contract in your own name, or before the trust and trustee company are set up, can cause legal, lending and duty problems, including the risk of paying duty twice. Get your solicitor's instructions on the correct order before you sign anything.[5]

09

Already have an SMSF loan?

An SMSF loan can sit in the background for years. It's worth reviewing when a fixed rate or interest-only period is ending, when rent or contributions change, or when it simply hasn't been looked at for a while.

Loans set up before 10 August 2026, including residential ones, can generally still be refinanced for the same property. Often the best first step is asking your current lender for a better rate, because switching costs can outweigh a slightly lower rate elsewhere. Compare options over the same loan term and include every cost.[3]

10

Next steps

01 **Talk to your advisers**

A financial adviser authorised to advise on SMSFs can check whether the strategy suits you. Your accountant can review tax and fund matters.

02 **Check the lending side early**

Before you look seriously at properties, find out what your fund could borrow and what lenders will require. This is where I can help.

03 **Set up the structure**

Your solicitor sets up the trustee company and holding trust, and confirms the correct purchaser and signing order.

04 **Then sign and apply**

Once the structure is in place and the finance is lined up, you can sign the contract and move to approval and settlement.

Thinking about property in your SMSF?

Send me your fund balance, the property you have in mind and a picture of your business. I'll talk you through the lending side, compare suitable SMSF lenders and work alongside your accountant, solicitor and financial adviser.

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General information only. This guide does not consider your objectives, financial situation or needs and is not personal financial, tax or legal advice. An SMSF and borrowing to invest are not suitable for everyone. Obtain advice from appropriately qualified professionals before establishing a fund, moving super, signing a contract or changing an SMSF borrowing. Lender policies and laws can change, and all loans are subject to lender approval. Natalie Hawkes is Credit Representative 479789 of Australian Finance Group Ltd, Australian Credit Licence 389087.

SOURCES · CHECKED 7 NOVEMBER 2026

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3. ATO: Changes to LRBAs for property from 10 August
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