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## ADVICE CERTIFICATE A ROADBLOCK TO SMSF PROPERTY

By [Chris Kennedy](#) on 25 July 2011 [2 comments](#)

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A certificate of advice from a financial adviser or accountant has been identified as a potential major sticking point for clients looking to borrow to invest in a property within a self-managed super fund (SMSF).



Often major lenders will look for a signoff from a financial adviser or accountant, but in many cases the adviser's dealer group won't allow its advisers to sign off on more onerous certificates, even when the adviser is comfortable with it, according to [Multiport](#) service development manager Ben Thomas (pictured).

The major difficulty with this is that the problem won't emerge until very late in the purchase process, often just two or three weeks before settlement and once most of the other paperwork is done, Thomas said.

SMSF loans director Craig Morgan said that when people encountered this problem in the final week before settlement, advisers and accountants were signing the advice certificates against their better judgement because their clients were being threatened with penalty interest if the deal didn't go through.

But with the licensee carrying the risk, they are effectively the one signing off on the document, and now that they're becoming aware of what the advisers are signing there is some discomfort, Morgan said.

"We're seeing a bit of a collision course between the banks and the AFSLs [Australian Financial Services Licensees] because the AFSLs won't have the same comfort levels as a suburban planner in looking after the client," he said.

"The way some of the banks have drafted [the advice certificates], they're exposing themselves horrifically. They're being asked to go outside the boundaries of what their [professional indemnity insurance] would cover," he said.

Thomas pointed out that there is no standard advice form. Each bank will generate its own and, while some are fairly innocuous, it creates a potential sting in the tail and is a point for advisers to be aware of early in the process.