



Paul Flakus

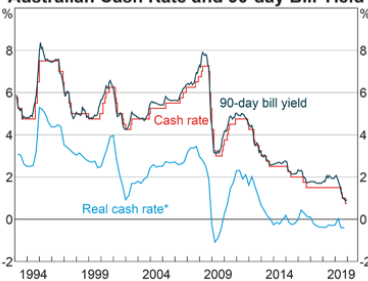
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## HIGHLIGHTS

- Bush Fires - Special Message
- First Home Loan Deposit Scheme
- VEDA/Credit Score & Comprehensive Credit Reporting (CCR)
- Business Loans : Secured or Unsecured
- Responsible Lending
- Commercial Real Estate Finance
- Self Employed Borrowers
- Identity Theft
- Estate Wills & Powers of Attorney
- How Flakus & Associates Can Help You
- Professional Services

Australian Cash Rate and 90-day Bill Yield



\* Calculated using average of year-ended weighted median inflation and year-ended trimmed mean inflation

Sources: ABS; ASX; RBA

**Finance for homes now one of the lowest in 60 years**

*Firstly, we would like to express our sympathy to all those affected directly and indirectly by the recent bushfires in Victoria and elsewhere in Australia.*

*Secondly, a big thank you to all the hard working volunteer firefighters and other emergency workers who tirelessly put their community and neighbours above anything else. We salute you.*

**THIS YEAR, FLAKUS & ASSOCIATES IS CELEBRATING 25 YEARS OF EXCELLENT FINANCE BROKING SERVICES!**

**THANK YOU**

## FIRST HOME LOAN DEPOSIT SCHEME

The Federal Government's First Home Loan Deposit Scheme (FHLDS) came into effect 1<sup>st</sup> January 2020. Below is a summary of points from the scheme for eligible home loan borrowers :-

- If you have saved 5% of the purchase price the government can guarantee the remaining 15% of the deposit. Therefore no need for lenders mortgage insurance (LMI) thereby borrowing up to 95%. A Cost saving to the borrower/s
- Scheme is limited to 10,000 borrowers per year
- Loan payments must be on a Principal and Interest basis
- Eligible borrowers can't be earning more than \$125,000 a year or combined \$200,000 for couples.
- Must be Australian citizens
- Need to be a first home borrower (if you own an investment property then NOT eligible)
- Various property types permitted including apartments, townhouses, house and land package and existing homes
- Couples must be married or in de-facto relationships
- Property value caps. Each State has various Caps. Contact Paul for an update
- Other government schemes available - these include First Home Owner Grants and Stamp Duty concessions. These are State based.
- Majority of lenders are taking part in the scheme

**If you wish to discuss your options, eligibility and how Paul can help you with this scheme, contact us today.**

## VEDA/CREDIT SCORE AND COMPREHENSIVE CREDIT REPORTING (CCR)

Recently, there is much brouhaha over personal credit scores and credit checks.

If you are seeking credit online or directly with a bank, a credit check is conducted and your enquiry is recorded. This results in a 'hit' on your file. The more 'hits' are recorded on your Veda Credit file, the higher the possibility of your score being reduced.

Most lenders scrutinise an applicant's credit file and if they note that an applicant has been seeking finance aggressively, it may have an adverse effect on their decision.

This reporting is known as **Negative Reporting** as it does not provide the lender with any details of current loans, limits and repayment history.

**Comprehensive Credit Reporting** (also referred to as **Positive Reporting**)

Australia is now moving towards a Positive Credit Reporting System. This new system will provide lenders with more information on the applicant's credit history.

The Positive Reporting System (CCR) will provide the lender with :-

- List of all credit accounts such as real property mortgages, credit cards and auto loans
- Date each account was opened and closed
- Latest Credit Limit
- Loan terms and repayment types
- Repayment history for up to 24 months

It should be mentioned that for open credit accounts (including credit cards) that may result in a mismatch in the information provided in a loan application and the CCR, the lender will need to complete a serviceability assessment on all credit limits.

Therefore, it is important to disclose all information from the outset to enable a complete assessment.

If there are unused credit cards, the applicant should consider either cancelling or reducing the credit limits as this may affect the overall serviceability of any new finance.

The new CCR will enable the lender to make a more informed decision based on the applicant's true current financial position.

A professional finance broker should conduct a credit check prior to any application and address any issues prior to submission.

**Talk to Paul today who is able to complete this report for you and is very experienced to help you mitigate any issues to ensure a higher rate of success in your application.**

### BUSINESS LOANS : Secured or Unsecured?

Many small business owners utilise the equity in their family home to finance their business requirements but did you know that **there are now many more options available for small business owners?**

Unsecured or partially secured loans from banks usually take far longer to process as the banks will require applicants to supply the last 2 years' financial statements, bank statements and ATO Portals among a range of many other requirements to assess the risk and evaluate the health and viability of the business.

**Flakus and Associates has access to specialist business cash flow lenders whose appetite in this space is growing.**

Generally, these loans range from five thousand (\$5,000) to several hundred thousand dollars and are given on an unsecured basis.

These loans can be approved in a very short time frame. Some purposes of this type of funding could be for day-to-day business operations, tax payments and staff costs, other expenses etc.

**Contact Paul today if you or your business is keen to explore this type of business cash flow lending.**

### RESPONSIBLE LENDING

A major buzz phrase that emerged from the 2019 Hayne Royal Commission was the term "Responsible Lending Practices". As a result, banks are constantly reviewing their mortgage credit policy to ensure they continue to apply 'responsible lending practices' in assessing a customer's ability to service existing and proposed debts.

Finance and mortgage brokers strive to fully digest the borrowers' needs and their financial situation to ensure that the borrowers not only meet their current and proposed financial commitments, but that the proposed loans are **NOT Unsuitable** for the borrower.

It is important to note that whilst lenders are offering attractive interest rates, it still comes down to the lender's credit assessment. Applicants are too often enticed and 'blinded' by lower interest rates and become disappointed if the application does not meet the lender's credit criteria.

**Talk to Paul today so that you get a better perspective on your needs and what the lenders can provide for you.**

## COMMERCIAL REAL ESTATE FINANCE

### Considering purchasing a commercial property?

This is a growing investment portfolio for owner-occupiers, investors and Self-Managed Superfund owners.

While commercial mortgages may seem similar to residential mortgages, they require more specialised knowledge and limits. Most commercial loan terms range from 15 to 30 years and lending on the property lies between 60% to 75%.

Rates on commercial property loans are higher than normal residential home loans.

Taking a commercial loan from a major bank usually involves the borrower transferring all of their business banking to that institution which can be extremely onerous.

Also, financial institutions focus on the financial health of the business, rather than just the mortgagor, therefore requiring additional financial statements to assess the transaction.

**Flakus and Associates has access to specialist commercial funders who are mainly non-banks and they have better eligibility requirements, fewer loan covenants, longer loan terms and able to lend up to 75% of the commercial property valuation.**

**Plus, they also lend to Self-Managed SuperFunds which major financial institutions resigned from several years ago. If you are in the market for this type of loans, do contact Paul today discuss your options.**



## SELF EMPLOYED BORROWERS

Many applicants who are self employed are often refused finance or worse still, it all becomes too hard and complicated, so they opt out of borrowing due to their overall business structures and excessive application requirements.

Some lenders assess the borrower's financial capability utilising the latest financial accounts and require the last 2 years' of financial accounts as a guide to ascertain the performance of the business. Other smaller lenders utilise the average of the last 2 years' financial accounts and whilst the previous year could be lower than the current year, the borrower may be stymied by this requirement.

When issues with the economy arise or events like the Royal Commission occur, the default position of the banks would be to turn away anything that is too difficult or seem to be risky. Also, as the application process is automated, the personal connection between the borrower and the lending person at the bank becomes all but non-existent. Again, this is why an experienced finance broker is the crucial link to assist the borrower through the entire process in this very popular and large employment segment.

**If you are self-employed and would like to explore your options please do not hesitate to contact Paul who can provide you with a smoother and less stressful process for your personal and professional finance needs.**

## IDENTITY THEFT

No one is immune from identity theft. Identity theft occurs when someone steals your personal information and uses it for their own financial gain. Examples include gaining access to your bank accounts, credit cards, applying for loans in your name and hacking your super funds.

How to avoid identity theft :-

- Secure your mail box with a lock and check regularly
- Obtain a Post Office (PO) Box
- Shred or destroy your personal papers prior to disposal
- Cover the key pad when using ATMs or EFTPOS terminals
- Update your anti-viruses and security software on your computers and mobiles
- Avoid using public wireless "hot spots" to do your internet banking

## ESTATE WILLS & POWERS OF ATTORNEY

As part of a finance broker's Client Needs Analysis, Wills, Estate Planning and Powers of Attorney is a crucial topic to be raised in discussions. Often, prospective borrowers do not have a will in place, or it could be outdated, especially if personal circumstances have changed since the writing of the Will.

Younger borrowers, whether single, married or in de-facto relationships, often do not have a Will or Power of Attorney in place. Also, deciding when to step in to assist ageing parents with financial matters can be challenging, especially if the parents are having difficulties managing money and personal affairs. With ageing parents now residing longer in their family homes instead of relocating to residential care, they require ongoing family support.

The growing Home Care Services industry enables ageing parents to remain in their family home longer. This can provide peace of mind as children and parents navigate critical life decisions together.

Paul has associates who can assist with Wills / Estate Planning / Powers of Attorney and Home Care Services - Talk to us today if you need to explore your options.

## HOW FLAKUS & ASSOCIATES CAN HELP YOU

### REAL ESTATE VALUATIONS

Thinking of purchasing a property or just wanting to re-assess the value of your property? Engage the services of an experienced, proven and trustworthy property valuer. Our associates provide valuation services for commercial, residential and industrial properties in specialised locations and industries.

### COMMERCIAL PROPERTY FINANCE

Available for clients who wish to purchase commercial properties for investment or their own owner-occupied business(es). There are a number of lending options available for this type of security and Paul has access to various mainstream and non-mainstream lenders and options.

### SELF MANAGED SUPERFUND LOANS

Lenders in this space is very limited. However, Paul has access to various funders for lending in this sector both for commercial and residential properties.

### BUSINESS FINANCE

Includes equipment finance, debtor finance, import finance and cashflow funding. Business finance is still difficult to obtain and moving your business banking from one bank to another can be a ghastly experience and take many months and focus away from your business. Lenders also tend to occasionally review their industry risks and sometimes withdraw facilities if they consider the industry has become too risky. This may present a refinance opportunity so contact Paul today to discuss your options.

### EQUIPMENT FINANCE

Includes motor vehicle, trucks, trailers, excavators, caravans, forklifts, office fit-outs, phone systems, audio and any IT equipment, medical equipment, jet skis, helicopter, boats and machinery. This is a highly specialised area and require many years of experience to successfully acquire finance for business clients to purchase equipment. There are various lenders in the market today who are not necessarily mainstream banks who only do Equipment Finance, and thereby able to provide attractive terms and excellent approval turnaround times.

## CALL US TODAY 1300 FLAKUS

### PROFESSIONAL SERVICES

Services Required	Paul Recommends	Contact Details
Tax and Accounting	Craig J. Allen, Craig Allen & Associates	Tel : 03 9558 3716
Quantity Surveyors	Bradley Beer, Director BMT Tax Depreciation	Tel : 03 9654 2233 Mob : 0413 271 777
Accounting Services	Michelle Frey Hermann & Associates	Tel : 03 9589 3521
Law and Legal Services	Amanda Black, Quayles Law Agents	Tel : 03 9670 9000
	Joanne Simmonds LLB, Director Beaumaris Law Legal Practitioners	Tel : 03 9589 3205
Insurance Services	Richard Alford, Managing Director HWA Insurance Brokers	Tel : 03 9559 3302 Mob : 0403 338 306
Design and marketing	David Cheah, Abacus Mind	Mob : 0403 979 986
Property Conveyancing services	Colleen Buck Cheltenham Conveyancing Services	Tel : 03 9585 6222 Mob : 0416 246 617
Financial Planning, Superannuation and Risk Products	Ian Henry Brenton Henry	Tel : 03 9521 0303 Mob : 0408 571 757 0433 923 669
Property and Advisory Advocacy	WPB Property Greville Pabst	Tel : 1300 302 581 Mob : 0419 326 361

### Quotes & Wise Sayings

“Many people take no care of their money till they come to the end of it, and others do just the same with their time.”

Johann W v Goethe

“Don’t think money does everything or you are going to end up doing everything for money.”

Voltaire

“Money often costs too much.”

Ralph Waldo Emerson

“The problem is not that people are taxed too little, the problem is that government spends too much.”

Ronald Reagan



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