

THE BLACK ROCK DIGEST



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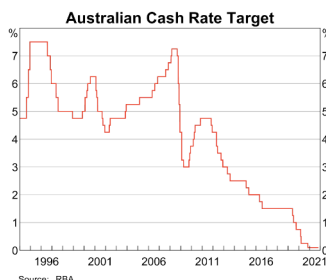


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HIGHLIGHTS

- Happy New Year
- The Year So Far
- Testimonial
- The A-Z of Real Estate Idioms Pt 1
- Commercial Real Estate Finance
- Business Finance
- Estate Wills
- Home Loan Interest Rates
Descending Even Lower and Cash
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- Lenders Mortgage Insurance (LMI)
vs Parental Guarantee
- Property Contracts
- How Flakus & Associates Can
Help You
- Professional Services



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

Paul & his team wish all our clients, friends & their families

*Merry Christmas
& Happy New Year*



THE YEAR SO FAR

The Reserve Bank of Australia (RBA) has kept the bank's interchange rate at a record low of 0.10 %. The commentary released by the RBA states that they are not intending to increase the 'cash rate' over the next few years. Therefore, they are retaining the Cash Rate at the low level.

TESTIMONIAL

In choosing a bank/broker to assist us with finance, we wanted someone who understood our unique situation of being first home-buyers relocating interstate, and who wanted to purchase a property as soon as possible once we 'hit the ground'.

Through a family friend, we were introduced to Paul.

Paul was exceptional to deal with throughout every stage of the process. He helped guide us through each stressful step of our journey, helped to manage our expectations with regular communication, and assisted with insights into a number of potential properties that were really helpful in our decision-making. (He even provided some free counseling at times, haha!)

We felt like we were in good hands the whole time and felt confident throughout the entire process.

As first-home buyers undertaking this stressful process, it meant everything to us to feel like we were understood, and that we knew where things were at throughout each stage of the process. It helped to take some of the stress out of the situation and allowed us to concentrate on other things.

Thank you Paul, and we hope you and your family have a terrific holiday season!

Julian & Dominica

PAUL FLAKUS - Your First Port of Call for all your Finance Options

THE A-Z OF THE REAL ESTATE IDIOM'S PART 1

Buying a new home can be daunting and is often made harder with the real estate jargon.

Here are some of "Buzz" words that you should be aware of :-

Blank Canvas : It's stuffed

City glimpses : You could see the city if you stand on a ladder or squint.

Compact : Tiny

Cosy : Small, you can't swing a cat

Functional kitchen : Still in original state and needs full renovation

Ripe for renovation : Property is only worth its land value

Cooling Off period : Legal term. Time given to prospective buyer to consider their impending purchase. *This clause does NOT apply to an Auction Purchase.*

EOI : Expression of Interest. Generally, a private sale campaign where agents ask buyers to place their interest and offers by a specific date.

Highest and Best : Where the agent advises there is ONE opportunity to make your "highest and best offer" to secure the property.

Turnkey : A property that is ready to move into immediately with no further work required.

Unconditional Offer : Not subject to any other condition such as finance, building and pest inspections.

Remember that ALL AUCTION SALES ARE UNCONDITIONAL.

FIRST TIME BUYER TIPS

FOMO (fear of missing out) trap : Auctions are very competitive. The last thing you want is to exceed your budget in fear of missing out. Stick to your finance limit, needs and want list.

Pre Approval Offer : Many think that obtaining a Pre-approval for a home loan secures the loan. Incorrect. Pre-approvals only assess your desirability as a borrower based on your income, financial history and ability to make loan payments. The amount is only an estimate.

Non-negotiables List : A common phrase used is, "it has to tick all the boxes". There is no such thing as the perfect house. Be prepared to compromise. Some points to consider include location, internal lighting, practicality. Inspect the property several times i.e at night, during weekends and daytime. Talk to neighbors about the property.

You will be surprised what is disclosed. Check the parking at night in the street.

Market Influences : This refers to pricing increases and/or slowing of real estate stock. Recent property sales have been a vendor's windfall. Higher price tags are common due to a lack of supply. The more properties come onto the market, the more choices the buyer will have.

Remember, what goes up must come down.

Beware of the additional expenses and costs when purchasing a property that you will need to factor into your budget.

Some additional costs include :

- Lenders mortgage insurance
- Your legal fees
- Disbursements for purchase (these include adjustments for water, owners corporation fees, search fees, council rates etc.)
- Building and pest reports
- Removalists costs
- Building Insurance

Contact Paul today if you need more information.

ESTATE AND WILLS

As a young borrower, you should consider preparing a Will. Whilst this may be considered as "to-do later job", borrowers need to consider the fallout in the event of a mishap, and what impact this will have on the family. Also, borrowers should always have Powers of Attorney executed to protect their assets should circumstances change.

Contact us to discuss we have associates who could assist with estate and wills.

BUSINESS FINANCE

Flakus and Associates are well versed in business finance having successfully assisted clients to obtain business finance for purchasing, re-financing or restructuring.

Contact Paul today discuss your current business position, or any future business equipment finance you may be considering.

COMMERCIAL REAL ESTATE FINANCE

Considering purchasing a commercial property?

This is a growing type of investment for owner-occupiers, investors and those with a Self-Managed Superfund.

Rates on commercial property loans are currently very competitive and lenders are eager to fund clients wishing to purchase or re-finance commercial properties which could be factory/warehouses, commercial property or similar. Most commercial loan terms range from 15 to 30 years, and lending on the commercial property sits between 60 to 80% of property value. Taking a commercial loan from a major bank usually involves the borrower transferring their entire business banking relationship to that institution, which can be extremely onerous.

Contact Paul today to discuss your current or future commercial finance requirements.

HOME LOAN INTEREST RATES DESCENDING EVEN LOWER and CASH BACK OFFERINGS

With the RBA cash rate still at a record 0.10% as of 2nd November 2021, lenders are still offering variable interest rates at very competitive levels.

Over the past few weeks, we have seen lenders increase their Fixed Interest Rates for periods ranging from 2 to 5 years. However, some have compensated this increase with a slight reduction in their Variable Interest Rates, depending on the Loan to security ratio (LVR). Some lenders are even offering generous “cash backs” for existing borrowers to switch lenders. Most “cash back” are for customers re-financing as opposed to first home buyers. Re-financiers targeting “cash back” need to consider the competitive interest rate and costs such as fees. Is the “cash back” amount that is going to be paid more than the extra interest over time?

Whilst lending institutions are still lending, the lending criteria and policies have changed over the past months and are constantly under review. A recent change has been the increase to their serviceability models. Their “assessment criteria” with serviceability criteria commences at 5.35% upwards. The “Assessment criteria” is what the lenders use as a minimum to gauge the applicant’s capacity to meet loan repayments should interest rates rise.

If you are considering re-financing or purchasing a new property for investment or owner-occupied, contact Paul today to discuss all your available options.

LENDERS MORTGAGE INSURANCE (LMI) vs PARENTAL GUARANTEE

WHAT IS LMI?

Lenders Mortgage Insurance (LMI) was introduced by the Federal Government in 1965 to transfer the risk from the lender to the insurers. Without a 20% deposit, home buyers are usually required to take out LMI. Self-employed borrowers and non-residents may need to consider LMI, usually determined by the lenders on a case by case basis. LMI is required if borrowers are seeking a residential loan in excess of 80% of the value of the property, and the cost to the borrower can be hefty. Many borrowers mistakenly believe that the LMI is designed to protect them if they default on their loan, thereby enabling them to retain their house. However, LMI actually protects the lender if the borrower defaults on their loan.

THE RETURN OF THE PARENTAL GUARANTEE (FAMILY SUPPORT)

Recently, lenders have re-introduced the parental guarantee, up to 15% of the purchase cost, to assist their children to enter the real estate market for owner-occupied properties without the need for LMI. The total loan which is split into 2 loans is assessed on the borrower’s capacity to repay the total combined loan. More young buyers are caging their parents for assistance. This has become increasingly prevalent as increasing property prices have pushed the deposit required beyond the reach of many. Usually, the bank of mum-and-dad “gifts” the funds to get the loan under 80%, thereby avoiding the LMI. However, there are numerous pitfalls with this and all parties need to be fully aware of the pros and cons of this form of parental assistance.

For further information regarding LMI or parental assistance, contact Paul on 0417 567 747 today.

PROPERTY CONTRACTS

In a rapidly moving real estate market, it’s tempting to overlook or cut corners when reviewing a contract. Not every purchaser is familiar with what’s in a contract.

Beware of being caught up in a possible “bidding war” to secure the property you are targeting. It is paramount that you engage the services of a solicitor or conveyancer to carefully peruse the contract prior to placing an “Offer” or signing. Perhaps, you may need to see if your legal representative will accept a financial retainer to review any property contract that you’re keen on to ensure that the right property is secured. Most professionals will be pleased to assist in this regard.

Some of the points to look out for include works that have been completed without council approvals, such as pool fencing, illegal cladding, Owners-Corporation special levies, Owners-Corporation minutes of most recent meeting, and so on. When purchasing a property, employ the old adage, Caveat Emptor : “Let the buyer beware”

For further details on engaging solicitors or conveyancers, do not hesitate to contact Paul today.

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.

PROFESSIONAL SERVICES

Services Required	Paul Recommends	Contact Details
Tax and Accounting	Craig J. Allen, Craig Allen & Associates	Tel : 03 9558 7316
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, Wills, etc	Keith Hoban or Dita Kaye D & K Legal	Mob : 0497 650 790
	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 Mob : 0433 923 669
Property and Advisory Advocacy	WPB Property Greville Pabst	Tel : 1300 302 581 Mob : 0419 326 361

Quotes & Wise Sayings

"If you're in the luckiest one per cent of humanity, you owe it to the rest of humanity to think about the other 99 per cent."

Warren Buffet

"As much money and life as you could want! The two things most human beings would choose above all - the trouble is, humans do have a knack of choosing precisely those things that are worst for them."

JK Rowling

"Money cannot buy peace of mind. It cannot heal ruptured relationships, or build meaning into a life that has none."

Richard M. DeVos

"Life becomes a dilemma when you are living a purposeless and goalless life"

Sunday Adelaja



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