

THE BLACK ROCK DIGEST



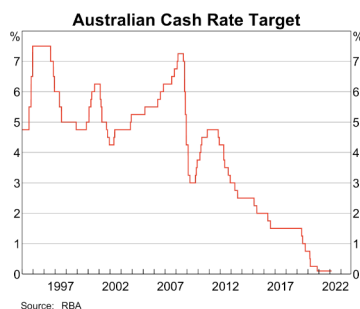
Issue 62 Autumn Edition March 2022



Paul Flakus
 Australian Credit License No : 379603
Founder, Flakus & Associates
 Unit 5, 120 Talinga Road,
 Cheltenham VIC 3192
 T 03 - 9583 0119
 M 0417 567 747
www.flakus.com.au

HIGHLIGHTS

- The Year So Far
- Home Loan Interest Rates Increasing
- Testimonial
- Commercial Real Estate Finance
- Estate and Wills
- Business Finance
- Seniors Update
- Buy Now Pay Later (BNPL)
- The A-Z of Real Estate Idioms Part 2
- How Flakus & Associates Can Help You
- Professional Services



Finance for homes now one of the lowest in 60 years

THE YEAR SO FAR

Welcome to 2022

The Reserve Bank of Australia (RBA) has kept the bank's interchange rate at a record low of 0.10% and their commentary states that they are reviewing the 'cash rate' closely. Financial Institutions have steadily increased their Fixed Interest Rates for terms 1- to 5-years since December 2021 and have been on the move upward weekly.

Presently, various lenders have extremely attractive variable rates based on the Loan to Security Ratio. The lower the loan to security value, the more competitive the rate. Current marketing shows that the Banks are providing substantial "cashbacks" on refinancing to new lenders. "Cash Backs" range from \$2,000 to \$4,000 and the usual Terms and Conditions (T and Cs) apply. This is all still subject to the lender's credit assessment.

HOME LOAN INTEREST RATES INCREASING

As previously mentioned financiers have increased their Fixed Interest Rates for home loans between 1 to 5 years. Here is a comparison of Owner Occupied Fixed rates :-

	March 2020	March 2022
1 Year	2.44%	2.74%
2 Year	2.44%	2.99%
3 Year	2.44%	3.39%
4 Year	3.14%	3.69%
5 Year	3.14%	3.94%

Source CBA and does not include any package discounts

Whilst lending institutions are still lending, the lending criteria and policies have constantly changed over the past months and are constantly under review. The most recent change has been the increase to their serviceability models. Their "assessment criteria" with serviceability criteria commences at 5.35% upward. The "Assessment Criteria" is what the lenders utilize as a minimum to gauge the applicants capacity to meet loan repayments should interest rates rise.

If you are considering refinancing or purchasing a new property for investment or owner occupied, contact Paul to discuss all the options.

TESTIMONIAL

A financial broker who would be able to give me valuable advice and walk me through everything I needed to secure my first home are the most important qualities I would seek in choosing my broker - and Paul fit all these to a 'T'! I came to know Paul through my mother, who highly recommended him because she had used him previously. I found him to be very patient and gave me all the time in the world when assessing properties and which ones were worth putting in offers for. He helped me stay aligned to my long term goals and was always available. With Paul's help, I got into the property market, for which I am incredibly grateful. Thank you Paul, I couldn't have done it without you!

Kathryn Thomason

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

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 (SMSF).

Recently, I have had many existing and new clients contact our office seeking finance for this type of asset. Interest rates on commercial property loans are currently very competitive and lenders are eager to fund clients wishing to purchase or refinance commercial properties which include factories, warehouses, commercial properties or similar assets. Lenders are particular keen on these asset types.

Whilst finance for a commercial property for a Superfund asset may be daunting, we have access to several funders who are interested to fund for SMSF in commercial properties at competitive rates and fees. Most commercial loan terms range from 15- to 30-years and lending on commercial property currently sits between 60% to 80% of asset valuation. Taking a commercial loan from a major bank usually involves the borrower transferring all their business banking relationship to that institution which can be extremely onerous, unlike specialist lenders who provide more accessibility and flexibility.

Contact Paul today on 0417 567 747 to discuss any current or future commercial finance requirements you may be considering.

ESTATE AND WILLS

Dying intestate (without a will) can create huge problems for the next-of-kin.

With more borrowers seeking debt regardless of whether they are young or middle aged, it is worthwhile that they consider preparing a Will. Whilst many may consider this a "to do later job", borrowers need to consider the fall-out in the event of a mishap and what impact this will have on the family unit.

When preparing a Will, make sure that your Accountant, Lawyer and Executors all receive a copy of the Will. Also, borrowers should always have Powers of Attorney executed.

Recently, a client of ours sadly passed away. The survivor, his spouse, was grateful that we had highly recommended a Will and Life insurance prior to purchasing their new home and loan. As a result, his spouse now has no debt and a lump sum to assist with her future. What greater peace of mind would that be in your grief should the unexpected and undesired happen suddenly in your life?

Contact Paul to discuss this as Paul has associates who would assist in this regard with estate and wills.

BUSINESS FINANCE

Flakus and Associates is well versed in business finance having successfully assisted clients with obtaining business finance, whether purchasing an established business (including franchises), refinancing or restructuring their current business and other commercial finance needs. Whilst most major lenders offer business finance predominantly focusing on business operations and financial data for the past 2-3 years, and the ability to repay the debt over a time frame and what security is on offer to the lender, the most critical challenge facing a business owner is almost always TIME.

Most business owners are far too busy to deal with the bank. Engaging the services of a professional finance broker enables the finance broker to become the conduit between client and lender and the navigator of this extremely tedious and time-consuming process. In addition, depending on the type of the business, there are now newly created Fintech lenders who specialise in the SME market which offer solutions that massively reduce red tape, administration and provide savvy solutions perfect for today's small businesses.

Contact Paul to discuss your current business financial position or any future business and equipment finance requirements you may be considering.

SENIORS UPDATE

This may be helpful for people to do by the time they are 60 :-

1. Know how long your savings will last
2. Clear all debts and pay off your mortgage (don't use superfunds to pay out the home loan and/or other bad debts)
3. Lower your living costs
4. Draw Up a Will and have a good Estate Plan
5. Keep your advisors close, i.e accountant, lawyer, financial advisor
6. Maximize the value of your family home (explore the options of selling, downsizing and funding your retirement through the proceeds)
7. Look into retirement living options
8. Understand Aged Care options
9. Simplify your family and/or corporate structures
10. Prepare for your next generation. Being asked to fund your grandchildren's education or your children's lifestyle can be a difficult request to decline. Do your best to ensure that your children are responsible and have jobs that produce incomes that cover their own expenses. Many mature children now rely on parents' inheritance to help with home deposits or have them provide parental guarantees.

THE A-Z OF REAL ESTATE IDIOMS PART 2

Buying a home can be a daunting experience and is often made harder with the real estate jargon that is thrown about.

Here are some of the “Buzz” words that you should be aware of :-

Appraisal : This is prepared by a real estate agent and used as a guide to pricing a property for sale and rent. Not to be confused with a Valuation (which is completed by a licensed valuer).

Body Corporate : Now known as Owners Corporation. This group is responsible for managing the common property (shared driveways, carparks, lifts, corridors, gardens) of strata titled properties eg. units, townhouses and apartments.

Buyers Advocate : A real estate professional who assists purchasers to locate the right property for them at the lowest price. Buyers Advocates are becoming more popular, (thanks to ‘The Block’) as they can take the stress out of an emotional purchase.

On the market : When the property being sold has reached the vendor’s reserve price at Auction, the property will be sold to the highest bidder.

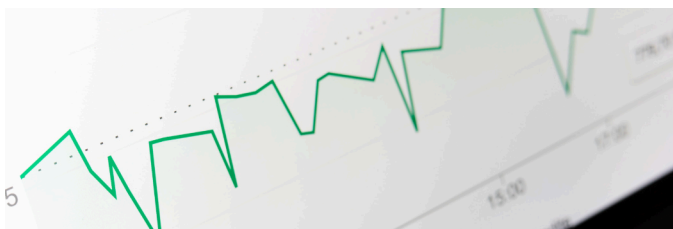
Off market : When a property is for sale, but not officially or publicly listed or advertised. Purchases are usually completed via Buyers Advocates or purchasers directly.

FIRST TIME BUYER TIPS

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

Pre Approval Offer : Many people think that obtaining a Pre-Approval for a home loan secures the loan. This is 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 and is not a done deal.

Market Influences : This refers to pricing increases and lack or slowing of real estate stock. Over the last 18 to 24 months, property sales have been a vendor’s windfall. Higher price tags came about due to a lack of supply. The more properties that come onto the market, the more choices the buyer will have with price variation.



BEWARE OF ADDITIONAL EXPENSES

There are many costs that you will need to factor into your budget when purchasing a property. Here is a list of some additional costs:

Lenders mortgage insurance (LMI) : If the loan is above 80% of the property value, some lenders require LMI subject to the policy of the day.

Your legal fees

Disbursements for purchase : This could include adjustments for water, owner’s corporation fees, search fees, council rates etc

Building and pest reports

Removalists costs

Building Insurance

Property Contracts : In a rapidly moving real estate market it is tempting to overlook or cut corners when reviewing a contract and not all purchasers are familiar with what’s actually in a contract.

Beware of being caught up in a possible “bidding war” to secure the property : 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 for reviewing any property contracts that you’re investigating to ensure the right property is secured. Most will be pleased to assist in this regard.

Employ an old adage, Caveat Emptor - “Let the buyer beware”

Contact Paul today on 0417 567 747 to discuss any current or future commercial finance requirements you may be considering.

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	Greville Pabst	Mob : 0419 326 361

Quotes & Wise Sayings

“Money is only a tool. It will take you wherever you wish, but it will not replace you as the driver.”

Ayn Rand

“When money realises that it is in good hands, it wants to stay and multiply in those hands.”

Idowu Koyenikan

“If you’re in the luckiest one percent of humanity, you owe it to the rest of humanity to think about the other 99 percent”

Warren Buffet

“Money has never made a man happy, nor will it, there is nothing in its nature to produce happiness. The more of it one has, the more one wants.”

Benjamin Franklin

“A man always has two reasons for what he does - a good one, and a real one.”

JP Morgan



Paul Flakus
 Australian Credit License No : 379603
 Founder, Flakus & Associates
 Unit 5, 120 Talinga Road,
 Cheltenham VIC 3192
 T 03 - 9583 0119
 M 0417 567 747
www.flakus.com.au