

# THE BLACK ROCK DIGEST



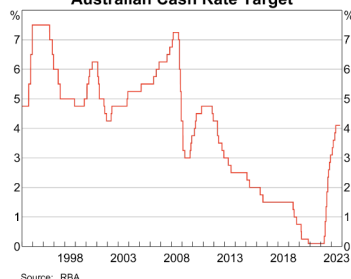
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## HIGHLIGHTS

- Christmas Greetings
- The Year So Far
- Business Finance
- Commercial Property Update
- Equipment Finance
- Estates and Wills
- Self-Managed Superannuation Lending
- Property Jargon
- How Flakus & Associates Can Help You
- Professional Services

Australian Cash Rate Target



**Wishing everyone a safe and joyous Festive Season  
and best wishes for the 2024 year.  
Many thanks for supporting Flakus & Associates  
over the past year.**

## THE YEAR SO FAR

The Reserve Bank (RBA) has recently announced changes to their monthly meeting program. From February 2024, the RBA will have 8 per meetings per annum as opposed to the current 11.

At its December meeting, the RBA left the Overnight Cash rate at the current level of 4.35%. The next RBA meeting is in February 2024.

A current home loan interest rate for a standard variable home loan up to 80% loan to security ratio (with discounts) is 6.44%. Comparing to July 2019, the variable home loan rate then was 4.94% with the RBA Cash rate at 1.00%.

The Australian Prudential Regulation Authority (APRA) has announced the 3% serviceability buffer for home loans will remain, citing “the potential for further interest rate rises, high inflation and risks in the labour market”. However, various lenders have begun adopting a lending buffer of 1% for customers seeking to refinance their home loans. **CONDITIONS APPLY.**

In addition to the “serviceability buffer”, lenders have also revised their household expenses monthly (HEM) to align with borrowers’ annual incomes. The increase in serviceability buffer and HEM’s has certainly had an effect on the borrowers’ targeted loan amount and their capacity to service a loan. HEM is made up of 9 categories (Food, alcoholic beverages and tobacco, clothing and footwear, furnishings and household equipment, health, transport, recreation and culture, hotels, cafes and restaurants, miscellaneous goods and services). Household spending was 4.9% higher compared to a year ago, according to figures released by Australian Bureau of Statistics (ABS) as at September 2023.

Financial institutions are encouraging customers to utilise the tap-and-go system, which enables the lender to see your spending habits. Therefore, when applying for a loan, it is imperative that your discretionary and non-discretionary expenses are clearly identified.

A recent media report has shown that finance/mortgage brokers now account for 71.5% of new loans introduced to banks, and this percentage is expected to increase over the coming years. Some major banks are focused on reducing the number of their finance brokers due to low volumes of submissions. Finance/mortgage brokers provide a valuable service where they source a range of various home loan products that are “Best Suited to the Client” and meet a lender’s criteria.

Whilst media hype is centered around increased home loan rates and “shopping around for the best deal”, now is the time to contact **Flakus and Associates** to explore the best options currently available to you. Additionally, your finance broker can help determine if you meet the lender’s serviceability criteria.

**Contact Paul today on 0417 567 747.**

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

### BUSINESS FINANCE

Much is still being discussed about the Australian economy centering around skills shortages, soaring costs, rising interest rates and dampened consumer confidence, all creating a challenging environment for small businesses.

For small business operators, it is important to act quickly to help to combat some of these issues.

Below are some warning signs that a small business owner should be monitoring carefully :-

1. Poor Cash Flow
2. Compliance Obligations
3. Poor sales growth
4. Excess Stock
5. Staff

To assist business with Cash Flow funding, **Flakus and Associates** has recently successfully obtained Cash Flow finance for several clients to enable them to cope with their daily operational needs.

This type of funding is accessible via FinTech lenders and can be turned around within 7 days.

Most business owners are far too busy to deal with the banks. Plus, bank business hours are not usually convenient, and sometimes are less discreetly conducted.

Engaging the services of a professional finance broker with flexible hours certainly enables the finance broker to become the conduit between the client and the lender, helping to steer the navigation of the process in a discreet, professional and effective manner.

**Flakus and Associates** is well versed in business finance having recently successfully assisted clients with :-

1. Obtaining business finance, whether that be purchasing an established business ( including franchises)
2. Refinancing of existing facilities
3. Restructuring with current financiers
4. Paying taxation arrears
5. Meeting your business finance requirements.

**Contact us today for more information.**

### EQUIPMENT FINANCE

Previously, I have noticed that clients who have ordered motor vehicles or other new equipment over the past 18 months were still awaiting delivery.

With these long delivery times, some pre-orders end up being cancelled, and the client has been “pushed up” the line by the suppliers for their purchases.

The situation has now reversed, with goods and supplies becoming more widely available, with shorter delivery times and clients no longer having to purchase equipment that may already be 12-18 months “old” when they finally arrive.

With this reversal, perhaps it is time for your business to consider purchasing equipment to renew or upgrade your business.

**Contact Paul for any equipment finance requirements.**

### COMMERCIAL PROPERTY UPDATE

With new commercial property developments becoming more attractive for investors and owner occupiers, lenders are increasingly more keen to finance any worthwhile commercial property transaction.

The property could be any of the following :-

- Industrial/warehouse
- Offices
- Retail shops with residence
- Boarding houses
- Childcare Buildings
- Medical buildings

**Lease Doc** : This is a loan option where a lender may provide funding based on the lease of a commercial property.

However, loan terms and conditions may apply. Loan documentation is not onerous when compared to a fully documented commercial application.

The Victorian State Government recently abolished the stamp duty for commercial and industrial properties, replacing it with a Property Tax.

From 1<sup>st</sup> July 2024, commercial and industrial properties will transition to the new Property Tax system as they are sold. The new system features a new annual property tax that is payable for 10 years after the transition date.

This arrangement however, will not apply to the current owner, or any other commercial or industrial property being purchased by the middle of 2024.

The Annual Property Tax, which will replace the stamp duty, is set at a flat rate of 1 percent of the property's unimproved land value.

In addition, the government will also reduce the tax-free threshold for land tax from \$300,000 to \$50,000 from 1<sup>st</sup> January 2024.

Owners who pay land tax will also incur a temporary fixed rate charge commencing at \$500 for properties up to \$100,000 in value, and \$975 for owners up to \$300,000 in value.

**Contact Paul at Flakus & Associates to discuss your financial position or any other future commercial property finance requirements you may be considering to explore and discover your options.**

## ESTATE AND WILLS

This topic is becoming more and more prevalent.

Dying intestate (without a will) may cause a myriad of issues for the next-of-kin. Additionally, if you die without a single living relative, your “unwilled” estate may be disbursed in ways you would have not anticipated or expected.

With more younger and middle-aged borrowers seeking debt, it is worthwhile that they consider preparing a Will. Whilst this may be considered as a “to do later job”, the borrowers need to understand and consider the fallout of not doing it in the event of a mishap, and what impact this would have on the family unit and relatives.

If you die without a spouse or partner, everything you own (with exceptions such as super) forms your estate, and what you do with it in your Will is up to you. Super does not automatically form a part of your estate, and does not necessarily go to the beneficiaries according to your Will. Your superannuation funds are held in trust by the super funds, whose trustees decide where it should go. You should ensure that you have executed a “binding death nomination form” so that your superfund is aware of where your super funds are to be distributed in the event of your death.

Also, consider if there is a need for a Testamentary Trust. Ensure that this is discussed with your lawyer, especially if there are “blended families”, or parents who had ‘gifted’ their children funds for house purchases or any other worthwhile acquisitions.

When preparing a Will, make sure that your Accountant, Lawyer and Executors all receive a copy of the Will.

Borrowers should always have Medical and Financial Powers of Attorney executed, and kept in a safe place for peace of mind.

If you have a current Will, maybe it’s time to review and update it as there may have been recent life changes that may have a future impact. Be forewarned, you do not wish to be caught out with an passé Will.

**Contact Paul to discuss this as Paul has associates who can guide and assist with estate and wills.**

## SELF-MANAGED SUPERANNUATION LENDING

**Funding for SMSF( self managed super funds) are back.**

There are now several second tier lenders who have entered this space.

Their products and services are very competitive. Some of these lenders have Off-set accounts, Re-Draw facilities (subject to SISA conditions) and minimum post net assets.

Whilst this form of lending for both residential and commercial properties is not for everyone, it is imperative to understand that this is a valid option if you are contemplating purchasing and borrowing in a SMSF.

You should obtain Financial and Legal advice from a qualified and experienced professional. **Flakus & Associates** can assist. **Contact us today.**

## PROPERTY JARGON

The real estate world is full of jargon.

Summarised below are some keywords and phrases that may assist you :-

**Appraisal** : The Agent’s assessment of a value. It’s not a True Valuation.

**Caveat** : A notice a buyer often puts on a property to secure their interest prior to settlement. Also, there could already be caveats on the property. You need to be aware of this.

**Cooling off** : A period of time buyers have to change their minds for Private sales. This is not applicable to Auctions.

**Equity** : This is the difference between what the home is worth and the borrowing amount.

**Easement** : A right of someone else over a part of the property. For example, water authority’s right to access to sewerage infrastructure.

**Fittings** : Known as Chattels, items likely to be taken by the owner. Ensure that you list what you want to be included in the purchase. For example, curtains, pool equipment, garden shed, dishwasher etc in the sale contract.

**Fixtures** : Built-in features that will be included in the purchase. Examples include oven, light fittings,

**Overlay** : From heritage to bushfire and flood . Overlays set controls for the property and can impact plans and any future developments.

**STCA** : Subject to Council Approval. Commonly used when Agents speculate on the development potential of a property.

**Auction** : Public sale in which buyers trade different offers until it is sold. Or Passes IN below the sellers reserve. Auctions are UNCONDITIONAL.

Be mindful of “Online” auctions as you do not see the other people bidding. Remember always to SET YOUR LIMIT.

**Passes IN** : Property that did not sell at Auction. Remember, if you negotiate after Auction, Auction rules still apply.

Remember, any Offers submitted within 3 Business days Prior and After an Auction and your Offer is successful, Auction rules APPLY and NO Cooling Off period applies.

**Underbidder** : The party with the second highest bid at an auction.



## HOW FLAKUS & ASSOCIATES CAN HELP YOU

<b>REAL ESTATE VALUATIONS</b>	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.
<b>COMMERCIAL PROPERTY FINANCE</b>	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.
<b>SELF MANAGED SUPERFUND LOANS</b>	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.
<b>BUSINESS FINANCE</b>	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.
<b>EQUIPMENT FINANCE</b>	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

"Rich people believe 'I create my life'. Poor people believe 'Life happens to me'."

*T. Harv Eker*

"The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have little."

*Franklin D Roosevelt*

"Investing should be more like watching paint dry or watching grass grow. If you want excitement, take \$800 and go to Las Vegas."

*Paul Samuelson*

"Money moves from those who do not manage it to those who do."

*Dave Ramsey*

"Money won't create success, the freedom to make it will."

*Nelson Mandela*



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