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THE BOCA BEACH REPORT

July 2008

*Privileged
information about
your real estate*

In This Issue

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This publication is not a solicitation but is an information service from this real estate office.

Help In Managing An Investment Vacation Home

Second homes are about the hottest thing in residential real estate! After you buy one, you find that the expenses of that ownership go on for the whole twelve months of the year. During the year you only use the home for part of that time. Many owners have solved the expense problem by renting the property part of the year. If you rent it, you can use a management firm or manage it yourself.

Whether you choose a local Realtor's management office or a large firm

specializing in management of hundreds to thousands of properties, you should get the same professional attention. A company's past performance and depth of experience are important considerations when selecting a property management organization. Interviewing a management company's clients, tenants, vendors and others in the real estate community, and inspecting properties being managed by the organization gives a good indication of the organiza-

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Facts About Appraisals

Anything to do with original financing or refinancing real estate usually leads to a professional appraisal. About the only way to avoid an appraisal is to pay all cash and own a home free and clear of loans.

When you watch the traveling "antiques" programs on TV, you see demonstrations of appraisals in action. The idea is nearly the same in real estate valuations, but in real estate there is no "snap judgment" like on TV. Even when the appraiser is quite familiar with the

area and houses nearby, every step of the appraisal is taken. There are never "snap judgments" with a professional appraiser.

Each parcel of real estate is unique, and the appraiser uses his or her general expertise and specific research to arrive at an opinion of current value.

Since appraisals are not an everyday experience for most consumers, they have some misconceptions about how the appraiser arrives at the value. Here are some facts and myths:

Myth: The primary purpose of an ap-

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Please Clip and Mail or Call Me for More Information

As your real estate professional, I am available to assist you in your planning. Simply complete and return the following request for information or contact me today for immediate assistance:

- Purchasing a home or second home Long distance Relocation
 Selling a home or second home Other _____
 Purchasing or selling Investment Property Please contact me between these hours _____
 Checking on current value of my property

Name _____

Address _____

City _____ State _____ Zip _____ Phone _____

E-mail: _____

If your property is now listed with a broker, please disregard this offer. We will cooperate with other brokers.

Vacation Homes ... (continued)

tion's management experience, effectiveness, methods and style.

The Small Firm. A local Realtor with an excellent reputation can do a great job as your rental agent. The firm will advertise widely and build up a clientele of repeat guests who are known to them. The smaller organization with limited rentals available can handle them professionally and efficiently.

The Large Management Company. The large company does the same basic job of management as the smaller firm. There may be advantages as the bigger firm managing many houses and condos will have a large staff for maintenance and cleaning which could mean a quick turnover in readying a property for a new rental.

Some large rental and management companies have an office open 24 hours like the front desk of a hotel. A "vacancy" sign out front invites guests

with no reservations during slack seasons. Guests are sent out to the home or condo with keys and a map or escorted out by maintenance personnel.

The Contract

The Rental Management Agreement has many provisions. Here are some of the most common:

- The agreement is usually an exclusive agreement which stipulates that owners may not personally rent the unit. However, owners may reserve the condo or home for a certain number of days per season.
- The revenue split is usually 50% - 50% split between agent and owner, although some may be 40% - 60%. Turnover of tenants many times a month is expensive. Credit card fees are usually paid by rental agent and travel agent; commissions charged to owners.
- The agent's expense covers all that are associated with renter occupancy, replacement of missing table place setting items, front office operations, reservations, group reservations, marketing and sales programs, key control, minor maintenance and

monthly accounting.

- Owner expense includes utilities, major maintenance, replacement due to normal wear and tear, annual cleaning and upgrade. Owner must obtain public liability insurance and proof of insurance must be provided to agent.

These are the major items on the list. There will be others, many depending on the specific location of the property being managed.

Manage It Yourself

If the owner just rents the home occasionally to friends and relatives, the management might be quite simple and can be done at home. If the home is rented more often, professional management must be considered. Professional management, as we have shown, consists of proper maintenance, administration of a budget and bill payments. If the owner lives away from the rented property, the smallest detail can be difficult for him but not for a Realtor. 🏠

Facts About Appraisals ...*(cont. from page one)*

appraisal is to protect the buyer so that he pays only what the property is worth.

Fact: While the finished appraisal gives valuable information to the buyer and the seller, the appraiser's primary job is to protect the lender. The lender insists on the appraisal. Lenders do not want to own overpriced property any more than they take pleasure in lending money to irresponsible borrowers. That is why the appraisal must be completed before the lender approves of the buyer's loan.

Myth: The Appraiser uses a price per square foot formula to figure out how much each home is worth. (This is like the cost of building it again.)

Fact: There are many factors that go into the appraisal. For instance, the location of the house, its proximity to desirable schools and other public facilities, the size and shape of the lot, the square footage and condition of the structure itself. Recent sales prices of comparable properties in the area are taken into consideration.

Myth: Getting the home in spotless condition before the

appraiser arrives can improve a home's valuation.

Fact: Appraisers aren't interested in how clean the home may be. They do look at the overall condition of the home for signs of neglect like cracked walls, worn or torn carpets, chipped paint, broken windows, damaged flooring and inoperable appliances.

Myth: It is not difficult to learn to be an appraiser. Anyone can call himself/herself an appraiser, get a clipboard and start in.

Fact: States are required by federal law to establish minimum standards and licensing practices for real estate appraisers. In some states, trainees must take several college-level courses, pass an examination and complete 2,000 hours of supervised experience.

Myth: Appraisers report only to the lender and do not have to reveal home defects to buyers.

Fact: It depends on the type of loan. If the mortgage will be insured by the Federal Housing Administration (FHA), the appraiser must survey the physical condition of the home and disclose potential problems to the buyer. If it is for a non-FHA mortgage, no such obligation exists. The person paying for the appraisal can request a copy.

Myth: If the home is appraised, no home inspection is needed. The appraisal is identical to a home inspection.

Fact: An appraisal is not a substitute for a professional home inspection. The appraiser is there to form an opinion of the property's value for the lender, while the inspector works for the buyer to inform the buyer of the condition of the home and its major components.

Myth: If the appraiser's value of the home does not "come in high enough" and is lower than the purchase price in the contract, the buyer will not be able to purchase the home.

Fact: It is true that this can make the transaction difficult, but the transaction can sometimes survive a "low" appraisal if the buyer and seller renegotiate the purchase price, or if the buyer makes a larger down payment. A separate escrow account could be set up to make repairs that will increase the value of the home.

Occasionally, an appraiser will reconsider his or her opinion if compelling evidence supports a higher valuation. ♣

Upgrade Your Home – On A Budget

Home builders are in the business of selling homes, lots of homes. They must keep up on all of the new things that will appeal to buyers and help sell the homes that they build. They are constantly looking for the minor things that cost little that will add sales appeal to their (inventory) homes. Trade magazines for builders often publish lists of things that cost less than \$500, but might help move the home. Some of them can help you modernize.

Here are a few suggestions that builders have on their lists:

- Lift-top window seats to use for toy storage or as a clothes hamper.
- Heated towel racks.
- Planters for a deck or hallway.
- A workbench and/or shelving (including over the car roof) in a garage.
- A vertical wine rack utilizing a strip of unused wall – you may need no more than 7 or 8 inches in a relatively cool place (not next to the refrigerator).
- Countertop bins.
- Transom windows above and below cabinets to bring natural light into a dark kitchen.

- A curving walkway, ideally with patterned brick or other decorative treatment, to replace an old concrete walk.
- A water purifier near the sink faucet.
- An ironing board concealed in the glide drawer of a base cabinet in the laundry room or dressing area.
- Accent lighting to highlight exterior landscaping.

The most overlooked inexpensive investment is revamped lighting in dark areas. A bright, well lighted home has the most appeal to visitors. ♣

Boca BEACHFRONT Availability

The following is a summary of the available and pending residences located on the East (BEACH) side of OCEAN Blvd. (A1A) in Boca Raton. 0.1% to 3.9% is Low Inventory * 4.0% to 6.9% is Balanced Inventory * 7.0% to 9.9% is High Inventory * 10.0% + is Excessive Inventory

North Beach

(North of Palmetto Park Road on North OCEAN Blvd. - Listed from North to South)

| Address | Condo Name | TA | AA | %A | ADOM | List Price Range | PC |
|------------|--------------------|------------|----------|-------------|------------|------------------|----------|
| 2150 | Aegean | 8 | 0 | 0.0% | 0 | SOLD OUT | 0 |
| 2070 | Athena | 4 | 0 | 0.0% | 0 | SOLD OUT | 0 |
| 2066 | Ocean Reef Towers | 55 | 6 | 10.9% | 244 | 549K to 999K | 1 |
| 2000 | Brighton | 39 | 2 | 5.1% | 332 | 1.25 to 1.39 | 0 |
| S/T | North Beach | 106 | 8 | 7.6% | 266 | 904.6K | 1 |

Boca Beach

(South of Palmetto Park Road to the Boca Inlet on South OCEAN Blvd. - Listed from North to South.)

| Address | Condo Name | TA | AA | %A | ADOM | List Price Range | PC |
|------------|--------------------|------------|-----------|-------------|------------|------------------|----------|
| 250 | Marbella | 155 | 6 | 3.9% | 203 | 669K to 950K | 2 |
| 310 | Boca Mar | 38 | 5 | 13.2% | 345 | 299K to 635K | 0 |
| 350 | Beresford | 53 | 3 | 5.7% | 324 | 1M to 1.95M | 0 |
| 400 | Excelsior, The | 27 | 2 | 7.4% | 275 | 4.25M to 5.95M | 0 |
| 500&550 | Chalfonte, The | 378 | 19 | 5.0% | 209 | 475K to 2.75M | 0 |
| 600 | Sabal Shores | 125 | 7 | 5.6% | 197 | 370K to 1.65M | 0 |
| 700 | Sabal Point | 67 | 1 | 1.5% | 548 | 850K | 0 |
| 750 | Sabal Ridge | 31 | 4 | 12.9% | 126 | 1.19M to 2.95M | 0 |
| 800 | Presidential Place | 42 | 2 | 7.1% | 292 | 3.45M to 4.15M | 0 |
| S/T | Boca Beach | 916 | 49 | 5.4% | 234 | 1.201M | 2 |

South Beach

(South of the Boca Inlet on South OCEAN Blvd. - Listed from North to South)

| Address | Condo Name | TA | AA | %A | ADOM | List Price Range | PC |
|---------------|--------------------------|-------------|------------|-------------|------------|------------------|----------|
| 1180 | Cloister del Mar | 96 | 6 | 6.3% | 231 | 439K to 699K | 1 |
| 1200 | Cloister Beach Towers | 128 | 6 | 4.7% | 215 | 487.5K to 789K | 0 |
| 1400&1500 | Addison, The | 169 | 12 | 7.1% | 271 | 1.025M to 2.25M | 1 |
| 1800 | Placide, The | 54 | 3 | 5.5% | 116 | 679K to 1.525M | 0 |
| 2000 | Whitehall | 164 | 8 | 4.9% | 313 | 399K to 849.9K | 1 |
| 2494 | Aragon, The | 41 | 3 | 7.3% | 79 | 2.15M to 4.795M | 0 |
| 2500 | Luxuria, The | 24 | 3 | 12.5% | 276 | 5.7M to 5.8M | 1 |
| 2600 | Stratford Arms | 120 | 7 | 5.8% | 263 | 829K to 1.295M | 1 |
| 2800 | Whitehall South | 256 | 18 | 7.0% | 202 | 565K to 3.2M | 1 |
| 3000 | Three Thousand South | 80 | 7 | 8.8% | 161 | 499K to 880K | 0 |
| S/T | South Beach | 1132 | 73 | 6.5% | 224 | 1.201M | 6 |
| Totals | Boca's Oceanfront | 2154 | 130 | 6.0% | 230 | 1.183M | 9 |

Key:

TA = Total Number of Apartments in Development * AA = Number of Apartments Available For Sale
 %A = Percent of Apartments in Development For Sale * ADOM = Average Number of Days on Market per Listing
 PC = Number of Apartments SOLD and Pending Closing

This information is compiled from RMLS, Inc., on April 25, 2008. This representation is based in whole or in part on data supplied by the RMLS, Inc. RMLS, Inc. does not guarantee or is not in any way responsible for its accuracy. Data maintained by RMLS may not reflect all real estate activity in the market.