



Richard L. Dusik
President



FLORIDA BEACH REALTY
and Financial Services, Inc.

1515 N Federal Hwy, Suite 300, Boca Raton, FL 33432-1994 (USA)
Bus: 561.391.9196 • TOLL FREE: 800.817.6957 • Fax: 561.391.0219
Website: www.FloridaBeachRealty.com • E-mail: RLD@FloridaBeachRealty.com

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THE BOCA BEACH REPORT

August 2008

*Privileged
information about
your real estate*

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

Seller Financing—A Marketing Strategy

Seller Financing

Here is a way to increase the chance of selling a home in a slow market. With the banks tightening up on loan qualifications, seller financing is becoming more important. The seller can assist the buyer by acting as the lender, financing all or part of the sale. The term given to such seller financing is carry back financing. Literally, the seller is carrying back part or all of the financing on the property instead of the buyer financing with a bank or savings and loan.

When the property is free and clear of loans, seller financing is no problem. If there is a small institutional loan still on the property, it must be assumable and allow additional financing. The agent must ascertain this when property is listed.

Seller financing is a vital part of any successful sales program. If the seller is aware of all of the benefits, it can cut the sales time of a property by expanding the market. Many more buyers would be able to purchase the property.

Many sellers of real estate do not need all of the money that will come from a sale. Often the seller must go out and look for a place to invest the proceeds, to get the

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Your Home Investment And Wealth

Houses Are A Top Investment

With the values of homes going down, this may be the best opportunity to invest in a home, or a rental home, in decades.

Homeowners may struggle and save to buy their first home. Many of them then dream about the time when the mortgage is paid off and there are no more payments. Wouldn't it be great if at the time you pay off the mortgage on your home, you also paid off two or

three other homes? Someday you could sell them for a good price or keep them for rental income in retirement.

You can do just that. Just save a bit more, buy another home as a rental, and the dream can come true. After the down payment, the monthly rent can pay off the loan every month.

Rather than buy apartment units as a rental property, it could be wiser to invest in a small house, condo or townhouse, or more than one, if possible.

There are reasons for this demand for

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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.

Seller Financing ... (continued)

best possible return.

Benefits to the Seller:

- Even though mortgage money is relatively cheap and plentiful, some people who would be excellent buyers cannot qualify under institutional lender standards.
- Some properties just don't meet institutional standards.
- A good amount of money from the sale is invested in a note that is extremely safe, secured by the real estate that the seller knows well, the property that was sold. This gives the seller a substantial monthly income.
- This investment, in addition to being safe, will pay a much higher interest rate than is paid in other investment vehicles. When current institutional mortgage rates are at 9%, the seller can have the proceeds from the sale invested at that rate, rather than 3% at a bank.
- By taking a small down payment, and carrying the loan, the seller may be able to defer taxes because of qualifying for an installment sale. (Internal Revenue Code, Section 453.)
- Makes a sale at the top price. When a buyer is able to get excel-

lent terms, usually there is less haggling over the price.

- The transaction may be lightning fast. With no lengthy loan qualification at a lender, the buyer can be ready to close immediately.

Benefits To The Buyer

Some of the benefit mentioned above, such as the speed of the closing will also apply to the buyer. Here are others:

- Buyer can save cash paid to purchase the home. Seller may accept a lower down payment than required by an institutional lender. Buyer will save a substantial amount by completely avoiding loan origination fees (points) that can amount to thousands of dollars.
 - Although the buyer may be paying the seller a higher interest rate than the seller can get at a savings account at a bank, the interest rate may be lower than the buyer would have to pay on a bank loan.
 - Seller will not charge the buyer an appraisal fee and a variety of additional costs and fees normally charged by lending institutions.
- Often an older seller has a free and clear home and would be more than happy to get the benefits of a carry back loan, but no one asks.

Vacation Homes and Other Solutions

Institutional lenders can often get troublesome on certain properties. Vacation homes can be one that is on their problem list. Others include: 1) Land, improvement ratio, e.g. house on 15 acres. 2) Old house without concrete foundation. 3) Zoning, e.g., a single family home on a lot zoned commercial or other non-conforming zoning. 4) Many, many others.

All can be a problem that can be solved instantly with carry back financing.

Planning

When a home goes on the market, the owner and broker will usually discuss a marketing plan. This usually consists of the agent responding in terms of advertising, signs, explaining the referral system, holding the home "open" and wide exposure through the multiple listing service. These are the things expected of any real estate office.

Further, an explanation is given regarding the efforts that the owner should provide: painting, cleaning, making repairs, gardening, etc. Owner financing, one of the most important marketing strategies should be discussed at this time. ♣

Your Home Investment and Wealth ...*(continued from page one)*

small houses and condos. Here are some of them:

1. There has been a trend for young people to stay single longer and wait to get married.

2. There is an increase in the numbers of nontraditional households (single parent, singles-not-married, married two-income, no children) that should create a demand for smaller houses, condos and townhouses.

3. The elderly people who have increased dramatically in numbers will have a major impact on the market for real estate for many decades to come. Many of these will try to remain close to family and friends. The convenience and good locations of many houses and condos will make them desirable to this group.

4. As the baby boom population ages, the country will need more housing that will be of the type that older Americans will prefer,

usually the small house, condo or townhouse.

Your Net Worth

Along with all of other benefits of owning a home are the benefits of wealth that accrue to the homeowners. The net worth of the people who own a home is on average much higher than those who rent property. (Net worth is your "bottom line" after subtracting debts from assets.)

The figures come from Harvard's Joint Center For Housing Studies and show that the average homeowner had a net worth of \$250,000. Renters had a median net worth of \$8,700. The wide difference is startling.

The reason that may come to mind first is that people who buy homes were wealthier in the first place. True, but even among people with similar incomes the difference is considerable. For example, renters with annual incomes of \$60,000 or more had a net worth of \$50,700. Comparable homeowners had a net worth of more than \$300,000.

After the home is purchased, payments on the loan each month reduce the mortgage. Houses have a record of increases in value. The combination will do wonders for the net worth of the homeowners, even if they have no cash savings.

When wealth builds up in equity over the years, it can usually be tapped and used by owners by the use of refinance or home equity loans.

The study did not include owners who own a second or third home, but certainly the wealth of these owners would be much higher than the average owner.

Owning a rental home or homes automatically adjusts for inflation. Real estate goes up in value while other types of investments may not.

Give me a call when you want to get started in investment homes! ♣

Secure Your Home While You Are Away

Many homeowners are not going far on vacation this year. But when you are leaving your home or vacation home for a short or long time, the thought of security against intruders may come to mind. Most homeowners do not have an elaborate security system, so must depend on other means to discourage burglars.

Remember, just going to work daily leaves the home as unprotected as it is while you are on vacation. While we are making suggestions about vacations, think about overnight and during-the-day absences.

According to police experts, there is very little that you can do to ensure that a determined professional burglar will be unable to break into a home. However, you can improve your odds and at least discourage spur-of-the-moment robbers.

The first thing to do is take steps so that it is not obvious to passersby that you are on vacation. Since burglars do not want to attract attention, make entry as difficult as possible, and maybe they will go on to an easier target. Here are some steps to take:

- Leave your blinds in their usual position, have the lawn mowed, and ask a friend to check the yard to remove any accumulated circulars that might indicate that you are away.
- Suspend mail and newspaper deliveries.
- Lower the sound of your telephone bell; there is usually a switch on the phone. If you have an answering machine, the message should not indicate that you are away from the house. "We can't get to the phone right now" might merely indicate that you are just outside.
- Purchase several inexpensive

timers to turn the lights on and off at appropriate times. Also consider connecting a television or radio to a timer.

- Equip doors with double-cylinder locks and install a slide bolt or lock on sliding doors. Lock the windows.
- Consider investing in a burglar alarm and/or motion detector.
- Remove any spare keys hidden outside the home.
- Put your valuables in a safe deposit box.

In some areas, police or sheriff departments will inspect your home and offer more specific advice for foiling break-ins. One suggestion they often make: Well-designed outdoor lighting can play a big role in burglary prevention. ♣

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	7	12.7%	257	535K to 999K	0
2000	Brighton	39	2	5.1%	360	1.25 to 1.39	0
S/T	North Beach	106	9	8.5%	280	863.6K	0

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	8	5.2%	175	549K to 950K	2
310	Boca Mar	38	6	15.8%	316	299K to 635K	0
350	Beresford	53	3	5.7%	352	1M to 1.85M	0
400	Excelsior, The	27	4	14.8%	210	3.4M to 5.95M	0
500&550	Chalfonte, The	378	19	5.0%	230	475K to 2.75M	0
600	Sabal Shores	125	7	5.6%	225	370K to 1.65M	0
700	Sabal Point	67	1	1.5%	576	850K	0
750	Sabal Ridge	31	4	12.9%	154	1.19M to 1.795M	0
800	Presidential Place	42	1	2.4%	447	4.15M	0
S/T	Boca Beach	916	53	5.8%	241	1.220M	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	5	5.2%	229	448K to 599K	0
1200	Cloister Beach Towers	128	5	3.9%	226	485K to 549.9K	0
1400&1500	Addison, The	169	11	6.5%	313	1.025M to 2.25M	0
1800	Placide, The	54	2	3.7%	142	749.9K to 1.525M	0
2000	Whitehall	164	8	4.9%	303	345K to 849.9K	1
2494	Aragon, The	41	5	12.2%	75	2.15M to 5.9M	0
2500	Luxuria, The	24	3	12.5%	304	5.7M to 5.8M	1
2600	Stratford Arms	120	8	6.7%	256	829K to 1.295M	1
2800	Whitehall South	256	15	5.9%	226	548K to 3.2M	3
3000	Three Thousand South	80	6	7.5%	207	499K to 880K	1
S/T	South Beach	1132	68	6.0%	241	1.319M	7
Totals	Boca's Oceanfront	2154	130	6.0%	244	1.247M	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 June 26, 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.