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THE BOCA BEACH REPORT

August 2015

*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.

Professional Inspection For A New Home

Real estate agents usually recommend that a buyer of a home hire a professional inspector when they make the offer on the property. The contract can be worded that the offer is contingent on the result of the inspection. Wording can be added spelling out who will pay for any things that must be corrected in the home.

How many deficiencies do you think are found by inspectors that have been there since the home was built? Some in almost all homes, very many in a few homes.

A New Home May Have Imperfections

Have you ever bought a new home directly from the builder? You may have thought there could be no more of a problem-free situation than owning a new home with all new appliances, new windows and crack-free walls.

Unfortunately, no new home is perfect, no matter the price. The general contractor hires sub-contractors to do much of the work. Different crews are in and out, doing their part of the work. Deliberate cutting corners are rare, but mistakes are inevitable, some small, and some large.

What does the City or County

Building Inspector do in the periodic inspections while a house is being built? Their job is to make sure that the house being built conforms to building codes. They do not pay any attention to the quality.

Building A Home? Hire An Inspector Early

The same inspector who might be hired to inspect an existing home can be hired to do inspections five or six times during construction of your new custom home. This inspector can be involved from the start.

In the negotiations with the builder for the contract for the construction, bring up the subject of the inspector and his/her role in the project. The inspector will assist both the owner and the contractor during the construction. If the builder balks at having an inspector around periodically, you may want to do business with another builder.

The inspector will add \$1,000 to \$1,500 to the price of the construction, but the completed home should be as perfect as possible.

If you do not know an inspector in your area try www.ashi.org, which is the web site of the American Society of Home Inspectors. ❖

We'll Help With Your Real Estate Investment

Buying an investment home is a great idea while prices are down. Interest rates are as low as they have been for years. In short, opportunities are great for investing. Some of our clients have asked about real estate instead of returning to the stock market. Now is the best time before interest rates increase again.

When you own a home, you are already an experienced real estate investor.

As real estate professionals, we advise our clients who are ready to begin to invest in real estate properties to use that first-hand experience. We advise these clients to parlay their involvement, thoughts, and reactions concerning their own residence into a strategy for making money from investments in land and buildings. Specifically, an investor might consider the following investment possibilities:

- Multi-family houses, usually two to six families. The new investor might live in one of

the units.

- Single-family houses to rent or to fix up.
- Old houses to remodel and convert into small apartment units.
- Small apartment buildings, preferably under six or so units.
- Mixed commercial and residential property such as a shoe repair or hardware store downstairs and a rental unit or two upstairs.
- A local condominium apartment building to rent.
- A vacation condo unit or house at a resort. If you own one, buy another.

THE KEY: Each of the foregoing investments involves a basic human need: living arrangements. That offers the beginner a chance to get his/her feet wet in an area about which he/she already has ideas. Our advice will have helped steer you, the beginner-investor, into "comfortable" situations. ❖

Professional Experience In Real Estate

Experience only comes from working in an occupation or profession for a long period of time. Every one of hundreds of transactions in real estate is different. This means the "experienced" practitioner in real estate has learned many things about property and people that are not taught in books.

When you make the decision to buy or sell a home or other real estate, you want the quickest, trouble-free transaction at the most favorable price. Your search starts in earnest when an expert real estate professional represents you exclusively. Here is why I can do the best job for you.

- My recommendation for a selling price will be "on the money" to save time in the sale. Often a seller will realize more on the sale than he/she would have without professional representation. For a buyer, I also can advise on the reasonable price for each home available on the market.
- In addition to values of properties, I can answer any question about taxes, costs and services that can affect your transaction.
- My experience with many buyers and

sellers can help a buyer determine how much home can be purchased with existing resources and can show some financing methods that might be unique.

- When I represent you, your precious time is saved. Instead of spending hours or days doing research, ask me. I will have instant answers to many of your questions, plus know where the answers are to any others.
- I'll soak up the stress that comes with a purchase or sale. Instead of you being overwhelmed with details, I'll take care of them.
- When you are a seller, I'll show the home to its best advantage. Prospects will be advised of all aspects of the property, protecting you from any later objections.
- For a buyer, I'll show a variety of homes suited to your needs, and can suggest simple changes that could make a certain home a good choice.
- I know and cooperate closely with all of the other real estate professionals in our market area. These contacts with friends "in the business" can often produce a buyer or seller for us in record time. ❖

Reporting The Tax On The Sale Of A Home

Since the 1997 tax law changes reporting the tax on selling a home is easier. If you are married, you can exclude up to \$500,000 of the profit from the sale. If you are single, you can exclude up to \$250,000. If the gain on the sale is less than \$250,000, say \$200,000, you can only exclude up to that amount.

Rules are simple: besides selling your house for a profit, you must have owned and lived in the house for two out of five years before the sale. This is not a one-time exclusion either: you can use this exclusion every time you sell a house, as long as you haven't sold another house in the last two years. If you're married, you have to meet additional requirements to take the \$500,000 exclusion:

- You must file a joint return.
- You or your spouse, or both of you must own the house.
- You and your spouse must have lived in the house.

Even if you don't meet the ownership and use tests there are also exceptions where you may be able to take the exclusion. You may be able to take a partial exclusion even if you can't take the whole exclusion.

Married couples can face some complicated situations when selling a home these days. Here's how to deal with them:

- Suppose you are filing a joint return, but were not sharing the residence you sold with your spouse, you can claim an exclusion of up to \$250,000. Your spouse can also claim a

\$250,000 exclusion on the sale of another owned home that served as his or her residence.

- If only one of the couple meets the requirements for ownership and use, you and your spouse can take separate \$250,000 exclusions. For example: One spouse moves to take a job in another state, making the couple ineligible to claim the full \$500,000 exclusion. The spouse who remains in the home can exclude up to \$250,000 when the house is sold, while the out-of-state spouse can take a partial exclusion, based on the length of time they lived in the house.

- When you marry someone who has used the exclusion within the last two years, you are limited to a maximum exclusion of \$250,000. But after two years have passed since either of you claimed the exclusion, you can exclude \$500,000 of gain on your joint return the next time you sell a house if both of you meet the ownership and use requirements.

This exclusion applies only to your principal residence, which is the home where you spend most of your time. Your vacation home used only seasonally does not qualify. While the residence can be a variety of types, a mobile home, trailer, houseboat, condominium, or stock you hold in a cooperative apartment. An investment in a retirement home does not qualify if you do not receive a legal interest in the property.

Be sure and check with your tax advisor before reporting exclusions or taxes on a capital gain on the sale of a home. ❖

Seller Financing

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 best possible return. ❖

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	Price Range	Average	PC
2150	Aegean	8	0	0.0%	0	SOLD OUT	N/A	0
2070	Athena	4	0	0.0%	0	SOLD OUT	N/A	0
2066	Ocean Reef Towers	55	2	3.6%	259	620K to 799K	710K	1
2000	Brighton	39	0	0.0%	0	SOLD OUT	N/A	0
S/T	North Beach	106	2	1.9%	259		710K	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	Price Range	Average	PC
250	Marbella	155	2	1.3%	82	749K to 849K	799K	0
310	Boca Mar	38	0	0.0%	0	SOLD OUT	N/A	0
350	Beresford	53	1	1.9%	132	\$1.099M	1.099M	0
400	Excelsior, The	27	3	11.1%	119	1.9M to 4.95M	3.267M	0
500&550	Chalfonte, The	378	4	1.1%	103	775K to 949K	862K	5
600	Sabal Shores	125	3	2.4%	120	549K to 649K	582K	1
700	Sabal Point	67	0	0.0%	0	SOLD OUT	N/A	0
750	Sabal Ridge	31	0	0.0%	0	SOLD OUT	N/A	0
800	Presidential Place	42	1	2.4%	68	5.25	5.25M	0
1000	One Thousand Ocean	52	4	7.7%	220	4.099M to 9.95M	6.234M	0
S/T	Boca Beach	968	18	1.9%	132		2.660M	6

South Beach

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

Address	Condo Name	TA	AA	%A	ADOM	Price Range	Average	PC
1180	Cloister del Mar	96	2	2.1%	100	520K to 675K	598K	0
1200	Cloister Beach	128	0	0.0%	0	SOLD OUT	N/A	2
11400&1500	Addison, The	169	1	0.6%	222	2.55M	2.55M	3
1800	Placide, The	54	2	3.7%	139	839K to 1.15M	995K	0
2000	Whitehall	164	1	0.4%	132	749K	749K	1
2494	Aragon, The	41	3	7.3%	100	2.499M to 5.25M	3,748M	0
2500	Luxuria, The	24	3	12.5%	177	4.995M to 9.95M	6.813M	0
2600	Stratford Arms	120	0	0.0%	0	SOLD OUT	N/A	0
2800	Whitehall South	256	2	0.4%	134	695K to 1.049K	872K	1
3000	3000 South	80	3	3.8%	76	649K to 1.49M	963K	1
S/T	South Beach	1132	17	1.5%	127		2.518M	8

Totals	Aug, 2015	2206	37	1.7%	136		2.489M	15
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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 FlexMLS on July 14, 2015. This representation is based in whole or in part on data supplied by FlexMLS. FlexMLS does not guarantee or is not in any way responsible for its accuracy. Data maintained by FlexMLS may not reflect all real estate activity in the market.