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THE BOCA BEACH REPORT

December 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.

Reverse Mortgage – Is It for You?

There are constant commercials on television for reverse mortgages for older Americans

Are these a good deal? Look at this scenario: Retirement plans have taken a beating during recent years. Many people who have been looking forward to retirement have had to delay the date. Some who have retired already have found that they must go back to work, if they can find a job. A few of these people have taken advantage of the mortgage plan where the bank pays the owner instead of the owner paying the bank.

The reverse mortgage is a special kind of home loan that lets a homeowner convert a portion of the equity in the home into cash. The equity built up over years of home mortgage payments can be paid to the owner. But unlike a traditional home equity loan or second mortgage, no repayment is required until the borrower(s) no longer use the home as their principal residence.

What’s the difference between a reverse mortgage and a bank home equity loan?

With a second mortgage, or a home equity line of credit, you must have sufficient income versus debt ratio to qualify for the loan, and you are required to make monthly mortgage payments. The reverse mortgage **pays you**, and is available regardless of your current income. The amount you can borrow depends on your age, the current interest rate, and the appraised value of your home or FHA’s mortgage limits for your area, whichever is less. Generally, the more valuable your home is, the older you are, the lower the interest, the more you can borrow. You don’t make payments, because the loan is not due as long as the house is your principal residence. Like all homeowners, you are still required to pay your real estate taxes and other conventional payments like utilities, but with a Reverse Mortgage, you cannot be foreclosed or forced to vacate your house because you “missed your



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mortgage payment.”

Who can qualify for a reverse mortgage?

To be eligible for a reverse mortgage, a homeowner must be 62 years of age or older; own their home outright, or have a low mortgage balance that can be paid off at the closing with proceeds from the reverse loan; and they must live in the home. They are further required to receive consumer information from approved counseling sources prior to obtaining the loan.

What types of homes are eligible?

The home must be a single family dwelling or a two-to-four unit property that you own and occupy. Townhouses, detached homes, units in condominiums and some manufactured homes are eligible.

Can the lender take my home away if I outlive the loan?

No! You do not need to repay the loan as long as you or one of the borrowers continues to live in the house and keeps the taxes and insurance current. You can never owe more than your home's value.

Will I still have an estate that I can leave to my heirs?

When you sell your home or no longer use it for your primary residence, you or your estate will repay the cash you received from the reverse mortgage, plus interest and other fees, to the

lender. The remaining equity in your home, if any, belongs to you or to your heirs. None of your other assets will be affected by the Reverse Mortgage loan. This debt will never be passed along to the estate or heirs.

How much money can I get from my home?

The amount you can borrow depends on your age, the current interest rate, and the appraised value of your home or FHA's mortgage limits for your area, whichever is less. Generally, the more valuable your home is and the older you are, the lower the interest and the more you can borrow.

How do I receive my payments?

You have five options:

- Tenure - equal monthly payments as long as at least one borrower lives and continues to occupy the property as a principal residence.
- Term - equal monthly payments for a fixed period of months selected.
- Line of Credit - unscheduled payments or in installments, at times and in amounts of borrower's choosing until the line of credit is exhausted.
- Modified Tenure - combination of line of credit with monthly payments for as long as the borrower remains in the home.
- Modified Term - combination of line of credit with monthly payments for a fixed period of months selected by the borrower. ❖

A Quick Appraisal

If you are going to make a real estate transaction, you want it to be as quick and smooth as possible. A big help is to get familiar with the value of your home if you are a seller and the values of the homes in your target area if you are buying.

With prices stabilizing in some places and increasing in others it is difficult to be accurate. Some banks have an electronic page on their web site for an estimate of value. The more information they add about sale prices in the computers, the more accurate their appraisal. Enter the address – get an instant estimate. It is usually very close. Close enough, in some cases, for the bank to use it for equity loans without a formal appraisal. Try it – it is a good place to start. A friend recently

reported that he just applied for a refinance of a first mortgage and the banker said there would be no appraisal fee since the electronic estimate showed a large equity.

No buyer wants to pay more than a property is worth. A seller must list a property near its market value in order to sell in a reasonable time. If it is far overpriced, no one will look at it and agents will be unlikely to show it.

Here is the definition of market value, to be used by loan examiners, according to the statement by federal regulators:

The most probable cash sale price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting ➡

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prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- *Buyer and seller are typically motivated (i.e., motivated by self-interest).*
- *Both parties are well-informed or well-advised and acting in what they consider their own self interest.*
- *A reasonable time is allowed for exposure in the open market.*
- *Payment is made in terms of cash in US dollars or in terms of financial arrangements*

comparable thereto.

- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.*

One of the reasons that buyers and sellers should have an experienced agent representing them is that a good agent can help them with prices and values. Using the guidelines that are commonly used in real estate, the experienced agent can show by comparable sales of similar properties what market values should be.

The exact value is important. Call me. ❖

Selling Your Home – Help Us By Being Away

When we list your home, we go over a short list of ways that you, the owner, can help us market your home. Most of these have to do with the appearance of the home and yard, to make the property as nice-looking as possible to any prospective buyer.

One of the most important on the list is not pertaining to the physical property but to you. When I or one of my cooperating agents shows the property, make yourself scarce—get out of the way and let me do my job. Believe me, the owner is not any help to the agent. Here are a few reasons why:

1. You make the buyer uncomfortable.

If you can recall how you felt when you were shopping for the home before you bought it, think about it. If the owner was there, you may have felt somewhat intimidated or reluctant to spend much time in the home. When it is only the agent and the buyers, the buyers are relaxed and will give your home their full attention and consideration. If the buyer has a minor objection to the home, he often will not voice it in front of the seller, and purchase another home.

2. The buyer makes you uncomfortable.

Sellers are always anxious. They are unsure of the price, and the length of time it has taken or will take to sell. Buyers are always critical even if they instantly like the home. There is no need to hear their criticisms of the color scheme or their redecorating plans. An

experienced agent can detect some of these comments as “closing” signs, meaning they have decided on this home.

3. Sellers might say the wrong thing.

Have you had a little disagreement with a neighbor? You might find yourself telling the buyer. Is the swimming pool too expensive to maintain in your opinion? This buyer might have a swimming pool like yours at the top of his “want” list. Schools close by? Maybe they have no children. Anything you say might be a “deal-killer”. Discussing your motivation for selling can give them a reason to make a low offer.

4. We’ll sell the home quicker

We want to show the home when you are not there. This is the same at a weekend open house or a private showing. The one-on-one frank conversations that we can have with prospective buyers just cannot happen in front of the seller. When we call ahead for an appointment to show the home at a certain time, it is your signal to get out. This is the main reason for the call.

Occasionally, an agent from another office may be driving by with a prospective buyer who sees the for-sale sign and asks to see the home. Without any appointment, he may just knock on the door. The “perfect seller” will open the door and say, “Come on in, we were just leaving.” And leave. ❖

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	5	9.1%	116	679K to 1.675M	1.035M	0
2000	Brighton	39	1	2.6%	102	2.25M	2.25M	0
S/T	North Beach	106	6	5.7%	114		1.238M	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	Price Range	Average	PC
250	Marbella	155	3	1.9%	55	875K to 1.1M	953K	0
310	Boca Mar	38	2	5.3%	43	485K to 495K	490K	0
350	Beresford	53	1	1.9%	260	\$1.099M	1.099M	1
400	Excelsior, The	27	3	11.1%	202	2.95M to 5.995M	4.632M	0
500&550	Chalfonte, The	378	6	1.6%	63	499K to 1.05M	774K	3
600	Sabal Shores	125	4	3.2%	99	619K to 995K	704K	0
700	Sabal Point	67	1	1.5%	29	1.05M	1.05M	1
750	Sabal Ridge	31	1	3.2%	11	1.995M	1.995M	0
800	Presidential Place	42	1	2.4%	58	5.75M	5.75M	0
1000	One Thousand Ocean	52	4	7.7%	279	3.995M to 6.585M	5.341M	0
S/T	Boca Beach	968	19	2.0%	127		2.129M	5

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	3	3.1%	46	659K to 799K	712K	1
1200	Cloister Beach	128	3	2.3%	56	499K to 675K	590K	0
11400&1500	Addison, The	169	2	1.2%	26	2.375M to 2.495	2.435M	1
1800	Placide, The	54	6	11.1%	105	835K to 1.695M	1.228M	0
2000	Whitehall	164	4	2.4%	41	599K to 729K	692K	0
2494	Aragon, The	41	3	7.3%	228	2.499M to 5.25M	3,748M	0
2500	Luxuria, The	24	1	4.2%	116	9.95M	9.95M	1
2600	Stratford Arms	120	2	1.7%	28	995K to 1.3M	1.148M	0
2800	Ocean Towers	256	4	1.6%	33	795K to 990K	869K	1
3000	3000 South	80	4	5.0%	125	599K to 1.375M	857K	0
S/T	South Beach	1132	32	2.8%	82		1.541M	4

Totals	Dec. 2015	2206	64	2.9%	100		1.751M	9
Totals	Dec. 2014	2206	58	2.6%	113		1.470M	17

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 November 19, 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.