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THE BOCA BEACH REPORT

November 2017

*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.

Compare – Refinance Or Equity Line

Rather than move to a larger home, you may have decided to add on and remodel your present home. Your banker suggests that it would be best financially to use an equity line of credit to make the improvements and refinance the first mortgage later. That may sound like some of the costs of borrowing might be duplicated.

Maybe not. The costs to set up the equity line may be quite low. Some banks have no fees at all for the equity line. The lender’s suggestion may be a good one.

Here’s why:

Let’s say the improvements will cost about \$75,000. Your mortgage balance is now down to \$150,000. The home should be worth approximately \$500,000 when the remodeling is done. By using the equity line for paying “as you go” you pay interest just on the outstanding balance each month. If you financed the whole \$75,000 up front, the interest would be on the total amount.

Here’s an example. The contractor bills you just \$14,000 at the end of the first month. Your payments and interest are based on that amount only. If you had borrowed the entire \$75,000 with a traditional second mortgage or refinanced the first loan you would be paying interest on that

full amount. The line of credit gives you the flexibility to borrow only what you need, when it is needed.

If you had refinanced the existing mortgage into one new, larger loan, the amount of the loan would have been based on the property’s value before the improvements, not the value after. It is possible you could be short of money.

Also, getting all of the money up front by refinancing the existing mortgage could require private mortgage insurance since you might need a loan that exceeded 80% of the property’s current value. This would increase your monthly payment.

So, there is homework to do with the lender. You must get the costs of the equity line, then the total estimated costs to refinance once improvements are completed. Then compare. If those costs using the equity line do not save significantly, then do the refinance at the beginning. There could be a saving.

While you are working with the lender initially, it might be a good idea to get a commitment on the final refinancing when the work is completed.

As is always recommended, obtaining financing counsel initially from more than one lender can give you the best idea of options and related costs. ❖

The Holiday Season Is A Wonderful Home Selling Time

Good things happen when you list your home for sale during the holidays. You'll never have a better time to sell. Everything is in the seller's favor!

The holiday season is the busiest and most frantic time of the year! The question is: Should you put off listing the home or take it off the market if it is already listed?

Here are some of the reasons we have heard to wait until after the holidays to list your home:

- If the home goes off the market, you will save the trouble of "showings".
- If it was to sell during this period, you could be faced with packing and moving in the busiest time of the year.
- Maybe fewer people will be looking. Anyway the showings will be way down in December, right? Maybe you should wait until January.

The Very Best Time To List

The holiday season is a wonderful selling period, maybe the best of the year! The house certainly cannot sell if it is off the market, and a sale is the goal, isn't it? Let us handle it.

Sure, fewer people will be looking. But they are the most precious buyers. Motivated buyers, the ones who really want to buy, often are able to take time off during the season. Real estate agents like the holidays because only the buyers and sellers who need to buy or sell (the most motivated) are in the market. The "just looking" people don't have the time.

Here Are Some Of The Reasons

When someone receives a job transfer, particularly a promotion, there is usually no choice of when to make the move. Even the majority of

transferring families who have children must move during the school year. These may be the most motivated buyers in the market. They often want to get a property into an escrow so the children can start school in January. A purchase during the holidays is perfect for them.

- Some other sellers in your area will choose to take their home off the market. With a lower inventory of homes for sale and motivated buyers looking, your chance for a quick sale may be better than during another time of the year.
- Our experience over the years is that there is no slow down in sales during the holiday season. If this might be a truly "slow" selling season, why is the "summer vacation" season, when many people are out of town, considered a prime sales period?
- Buyers who have no children, or have grown children may do their shopping after the so-called summer real estate season. They often feel that the decreased activity might make negotiations easier.
- Is there any other time of the year that your home looks more warm and inviting? We all decorate and spend time making our homes the most beautiful that we can, not for potential buyers, but for family and friends.
- Don't worry about having to move on December 24th or on New Years day. The buyer won't want to move then either. Choosing the home and getting the contract accepted is the usual motivation of any buyer. As in any other season, the closing will usually be set 30 to 60 days away. Possession of the home and closings are always negotiable. ❖

Getting Your Home Or Second Home Winter Ready

Whether homeowners live in a temperate climate in the city or by the beach or in a colder area, more of you are owners of second homes in mountain areas. Up to 20% of owners now own a vacation home somewhere. At ski resorts, ice, snow and wind can have devastating consequences on the coziest of homes. Last winter alone there was over \$1.5 billion dollars in insured losses due to burst pipes, frozen gutters and other weather-related disasters.

Don't wait for the snow to fall to get ready for severe

winter weather, A little time and effort in late Autumn can prevent the heartache of burst pipes and other disasters when a severe winter brings snow, freezing temperatures and arctic winds.

Here are suggestions for precautions homeowners can easily do (Some can apply to your primary home):

- **Check Insulation.** Look at insulation in attics, basements and crawl spaces. Add extra if it is



(continued)

packed down. If heat escapes through the roof it can cause snow or ice to melt up there. The water then re-freezes causing more snow and ice to build up. This can collapse a roof, and can cause ice damming. Well-insulated basements and crawl spaces will help protect pipes from freezing.

- **Maintain Gutters.** Remove leaves, sticks and other debris from gutters, so melting snow and ice can move freely. This will usually prevent ice damming - a condition where water is unable to properly drain. You also might install gutter guards. Available in most hardware and home stores, gutter guards are screens that prevent debris from entering the gutter in the first place.

- **Check The Thermostat.** The temperature in the home should be at least 65 degrees. Since the temperature inside the walls where the pipes are located is substantially colder than the walls themselves, a temperature lower than 65 degrees may not keep the pipes from freezing.

- **Check Your Heat Sources.** The proper maintenance of furnaces, fireplaces and wood-burning stoves can prevent fire and smoke damage. Have all of them serviced at least once a year. Make sure that smoke and carbon monoxide detectors are working properly.

- **Trim Trees.** Ice, snow and wind could cause weak

trees or branches to break - damaging homes, cars, even people.

- **Maintain Pipes.** Wrap pipes with insulating tape and insulate unfinished rooms such as garages that may have exposed pipes. Also, repair cracks and leaks.

- **Know The Plumbing.** Can you shut the water off? Learn the location of the shut-off valve. Know where your pipes are located. If your pipes freeze, time is of the essence. The quicker you can shut off the water or direct your plumber to the problem, the better chance you have to prevent the pipes from bursting.

- **Be Careful If Home Is Not Occupied.** If this is a second home, be sure to turn off the water and drain the system. If the home was built in the last 20 years, the shut-off valve may automatically drain the pipes. Have a plumber check for you. You might also hire someone to check on your home on a regular basis. If there is a problem, it can be fixed quickly.

Your insurance policy is probably adequate, but check it. Standard homeowners policies usually cover winter-related disasters such as burst pipes, ice dams, wind damage caused by weight of ice or snow.

Damage to homes caused by flooding is usually excluded from most standard homeowner policies. Flood insurance is available from the National Flood Insurance Program. ❖

Real Estate—What Is Your Plan

Anyone that owns just one parcel of real estate is an “investor” in property. When we talk about investments, what we really mean is profit - an increase in our capital at the least risk for the highest return. But, always remember, there is a risk. That is why the returns are so high!

The increase can come in various ways. An increase in value is still one of the best ways of making money in real estate investments. Here are a few basic ideas to keep in mind when dealing in real estate; a few of the things the professionals are doing:

1. Buying and upgrading houses and income property. This is one of the primary ideas. Upgrading a property by making it more valuable to someone else, then selling it, or maybe refinancing it and holding it.
2. Investing in real estate paper without a direct real estate purchase. Buying mortgages, contracts, leases. By purchasing these instruments at a discount whenever possible, an investor can get a very high percentage return on the investment with only a small amount of risk.
3. Making a tax deferred exchange of business or investment real estate rather than just selling and making a taxable profit. Putting off paying taxes keeps those dollars working until a later year.

4. Borrowing money on property already owned. You can borrow on property owned without incurring a tax liability in that year.

5. Investing in land. Splitting properties that are large into a number of smaller parcels. Buying wholesale and selling at retail!

Each owner has his/her own idea of the type of real estate investment plan that would be the most desirable.

Some feel that a real estate investment is a highly leveraged residential income property. Others want the income property, but want no residential income. They only want a leased commercial property. A retail store, a bank, grocery store or an office building would be the only investment or tenant worth considering.

Among those preferring residential property, some investors would only consider single family homes or duplexes as investments. Some investors own dozens of them.

What is your plan? There are many ideas and plans used by investors in property to make profits. We have been exposed to most of them and know them. We use them for ourselves in our own estate planning and in the planning for our clients. ❖

Oceanfront In BOCA

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	0	0.0%	0	SOLD OUT	N/A	1
2000	Brighton	39	1	2.6%	115	1.199M	1.199M	0
S/T	North Beach	106	1	0.9%	115		1.199M	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	4	2.6%	51	879K to 1.5M	1.118M	0
310	Boca Mar	38	1	2.6%	56	650K	650K	0
350	Beresford	53	1	1.9%	13	1.295M	1.295M	0
400	Excelsior, The	27	2	7.4%	625	2.95M to 5.495M	4.223M	0
500&550	Chalfonte, The	378	4	1.1%	33	829K to 1.050M	943K	0
600	Sabal Shores	125	8	6.4%	298	499K to 1.165M	775K	2
700	Sabal Point	67	2	3.0%	162	975K to 1.06M	1.018M	1
750	Sabal Ridge	31	1	3.2%	12	2.25M	2.25M	0
800	Presidential Place	42	4	9.5%	188	3.895M to 5.499M	4.324M	0
1000	One Thousand Ocean	52	7	13.5%	101	4.175M to 7.4M	5.777M	0
S/T	Boca Beach	968	34	3.5%	172		2.554M	3

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%	123	499K to 550K	525K	1
1200	Cloister Beach	128	6	4.7%	220	450K to 525K	495K	1
1400&1500	Addison, The	169	7	4.1%	299	1.295M to 2.775M	1.949M	1
1800	Placide, The	54	0	0.0%	0	SOLD OUT	N/A	0
2000	Whitehall	164	7	4.3%	184	725K to 999K	820K	1
2494	Aragon, The	41	1	2.4%	307	2.65M	2.65M	0
2500	Luxuria, The	24	3	12.5%	155	5.495M to 7.45M	6.378M	0
2600	Stratford Arms	120	0	0.0%	0	SOLD OUT	N/A	1
2800	Ocean Towers	256	5	2.0%	28	749K to 2.1M	1.212M	1
3000	3000 South	80	4	5.0%	100	695K to 1.5M	1.026M	0
S/T	South Beach	1132	35	3.1%	179		1.582M	6

Totals	Nov. 2017	2206	70	3.2%	174		2.049M	10
Totals	Nov. 2016	2206	72	3.3%	124		1.684M	7
Totals	Nov. 2015	2206	45	2.0%	108		2.206M	15

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 BeachesMLS on October 16, 2017. This representation is based in whole or in part on data supplied by BeachesMLS. BeachesMLS does not guarantee or is not in any way responsible for its accuracy. Data maintained by BeachesMLS may not reflect all real estate activity in the market.