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THE BOCA BEACH REPORT

What's New In New Homes – 2004

Are you happy with your present Home? If you have had it for a few years, take a look at a builder's open house today. You will find changes. The average new homes are larger and more luxurious, bigger and better.

Here are some of the ways that newly built homes are changing:

- The single-family home has increased in size to about 3,200 square feet from the average of 2,300 square feet of the home built in 1988. Interiors have opened up with fewer walls, larger rooms, better lighting. With open plans, space is used more efficiently, with multi-purpose rooms and better organized storage areas.

- A master bedroom on the ground floor and another master bedroom on the upper level are common in medium and upper priced homes because home owners want to provide guests with the same accommodations as their master bedroom. Often, there are fireplaces in both master bedrooms. The floor plans allow the owner's master bedroom to be located separately from the rest of the bedrooms. Closets continue to increase in size and number, with walk-in closets standard features in most homes.



- The single story home was preferred from the 1960s until recently. Few of them will be built in the future. Now the two-story home dominates. Some even have full basements.

- Media rooms are common. Some large volume builders are now including them in all of their homes. Architects believe that they will become a standard feature in most price ranges.

- Kitchens have the latest built-in microwave ovens, dishwashers and ranges. There are larger counter space areas, center islands, and a walk-in pantry as standard features. Large windows and skylights will increase the natural lighting. Kitchen size has increased in proportion to the size of the home.

- The luxury bath is a must. The bathrooms have a tub with whirlpool and a separate shower. Bidets are installed more often. Bathrooms are increasingly stylish and opulent with high quality flooring, marble vanities and linen closets. The size of the bathroom, which has increased significantly

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Privileged information about your real estate

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

In This Issue

- What's New In New Homes – 2004
- Be Smarter Than Your Banker!
 - Smart Negotiations Can Save You Thousands
- NEWS FROM OUR AREA

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.

- | | |
|--|---|
| <input type="checkbox"/> Purchasing a home or second home
<input type="checkbox"/> Selling a home or second home
<input type="checkbox"/> Purchasing or selling Investment Property
<input type="checkbox"/> Checking on current value of my property | <input type="checkbox"/> Long distance Relocation
<input type="checkbox"/> Other _____
<input type="checkbox"/> Please contact me between these hours _____ |
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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.

(Continued)

during the past 25 years, is not likely to increase further.

- Fireplaces, two car garages with automatic doors, security systems, skylights are common in all the homes.
- There is increased energy-efficiency. Improved insulation is with roofs at R-100, walls R-40, and glass in windows R-15. Sun rooms will continue to grow in popularity.
- Exercise rooms or areas are quite commonplace.
- With telecommuting and self employment, home offices are almost a must. This may be more com-

mon in medium and upper priced homes in major metropolitan areas where traffic is a problem. Many of these home offices are now primary work sites.

- Automation, "smart" systems, and electronic products are standard in the new homes. These can provide energy use control, as well as management, convenience, with computer controlled appliances. New security products allow you to see who is at the front door or back door from anywhere in the home, or even when you are away.
- The two-story entry foyer is a standard feature in the luxury market and in the semi-luxury as well. Nine-foot ceilings will be common, replacing older eight-foot ceilings. ♣

Be Smarter Than Your Banker!

You do not need to be a rocket scientist to figure out how to pay an additional amount on your mortgage each month or at intervals during the year. Most lenders put additional lines on the property owner's payment coupon for the owner to enter amounts in addition to the monthly payment.

For simplicity, let's say the payment for each \$100,000.00 on your loan at 6% interest, 30-years, principal and interest is \$600.00 each month. If the term were 15 years, the payment would be \$844.00 per \$100,000, only a \$244.00 increase over the 30-year term. This is not too large of a monthly increase to cut 15 years off of the loan! You have decided to pay the additional \$244.00 each month on the principal to do that. On a line on the usual

payment coupon, under that amount you can enter an amount on the line that says, "Additional Principal". You enter \$244.00 on that line and make your check out for \$844.00. Doing this each month (or when you can) will pay off the loan years sooner and save many thousands of dollars in interest. Fifteen years savings of \$600 a month per \$100,000.00 on a loan is \$108,000.00. (The additional cost of \$244.00 a month to you totals only \$43,920.00.)

It does not have to be a fixed amount, or even each month. Anything extra you can pay on the principal will reduce the term, probably for years.

If there is no place on the coupon to enter the additional amount, write a short note to enclose with your payment, instructing the lender how to apply the additional payment.

The Bank's Plan

One of the largest banks in the country recently sent notices to all of their mortgage customers with a plan ➡

for increasing payments. If the customer agreed to the plan, the bank would give that customer a one-time credit (a gift) of \$25.00 toward their current monthly amount due. Here is the plan:

- The bank changes your payment schedule to a bi-weekly payment of 1/2 of the previous monthly payment. In the example above, the customer would pay one-half of the \$600 (\$300.00) every two weeks instead of \$600.00 once a month.

As we all know, there are 52 weeks in a year. If an owner pays half a month's payment every two weeks, that is 26 payments. This is equal to making 13 month's payments in twelve months. Not a bad idea. This will certainly shorten the length of the loan, and save much interest. But wait, there is more!

- The bank will change the terms of the loan in exchange for a one-time payment from the borrower of \$295.00. Then they will charge that borrower an additional fee of \$5.42 each month for the life of the loan.

For this "service" during the first year, the extra charges will be \$295 plus \$65.04 ($\$5.42 \times 12 = \65.04) for a total of \$360.04. Each year after that, the additional charges are \$65.04. But remember, they will give the borrower a one-time gift of \$25.00 for signing the agreement!

The bank's plan is an interest-saver, of course. (And an incredible money maker for the bank.) But why not add one-twelfth of your payment to each check you send each month and save the extra bank charges.

The bank that made this proposal to the borrowers does have a line on the payment coupon for "Additional Principal". So they will do it either way.

If you would like to figure the payments several ways, here is a Web site to help you:

<http://realestate.yahoo.com/realestate/> (Click on Financing). ♣

Smart Negotiations Can Save You Thousands

When a purchase contract is written, the selling price is the first thing on which both buyer and seller look at. This is always the way, but the price isn't the only factor that determines the net bottom line for both the buyer and the seller. Who does the contract say pays for all of the transaction costs? What if the buyer is offering to pay near to the asking price, but is asking for all of the furniture to be included?

Here are some other bottom-line points that can change the transaction:

1. As we mentioned above, how much are the estimated transaction costs and who will pay for what?

The transaction costs can amount to thousands of dollars. It may be customary for either the buyer or the seller to pay for certain items, but all of them are negotiable. Here are some: The broker's commission. The home inspection. Escrow or attorney's fees. A termite inspection. Transfer taxes and recording fees. An owner's title insurance policy and a title search.

2. How much money is the buyer putting up as a deposit? When? Who has the money?

The deposit that is paid when the offer is signed can be as little as \$100.00 or the full downpayment of thousands. This is an indication of whether the buyer is serious about completing the transaction. The seller wants the largest amount of money and wants it placed in an escrow account. Beware of a promissory note instead of money – it is just paper, not money.

3. Is the buyer financing with a new mortgage? What are the terms?

Few buyers pay all cash. Most need financing and a mortgage escape clause is a must for them. Buyers must have this contingency, as they can be legally obligated to purchase the home even if they can't obtain financing. Usually this contingency says the buyer will obtain a loan "at a certain rate of interest" within a specified time period. The seller's broker can advise the seller if these terms are reasonable in the current market conditions.

4. What personal property is the buyer asking for?

In most places, anything that's permanently affixed to or installed in the home is real property. Anything else is the seller's personal property. There is room for confusion here. Built-in appliances are usually real property but can be a problem if the seller removes them right before closing. It is best if the buyer carefully lists anything that is expected to stay. An expensive chandelier or window coverings are typical. Be specific – seller might substitute for an expensive item. The seller can counter-offer and remove something from the list that was not intended to be included.

5. What happens if buyer or seller breaches the contract?

When both the buyer and seller have agreed to the terms, it is a binding legal document. Unless an unmet contingency automatically kills the contract, a buyer who fails to perform can lose the deposit money. A seller who backs out can be sued for "specific performance," which can force the sale of the home to the buyer. Some contracts specify that disputes can be settled in small-claims court or presented for arbitration or mediation.

When we represent you as buyer or seller in a transaction, we will go over the small print in the standard contract, and all the written terms, so that you'll know what to expect and be prepared to negotiate all the possible variations to get you the best terms. ♣