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# THE BOCA BEACH REPORT

## Energy-Efficient Windows In Your Home

You can see right through the windows in your home, but don’t overlook them when it comes energy savings.

Near the top of any list about saving energy in your home is a recommendation for double-pane windows. Look for double-pane windows that have high-performance glass. That helps reduce heat loss in the winter and heat gain in the summer.

If you’re buying a new home or considering replacement windows you should look into these windows. According to the U.S. Department of Energy inefficient windows can account for 10 to 25 percent of your heating bill. The Department notes that during the summer, “sunny windows can make your air conditioner work two to three times harder”.

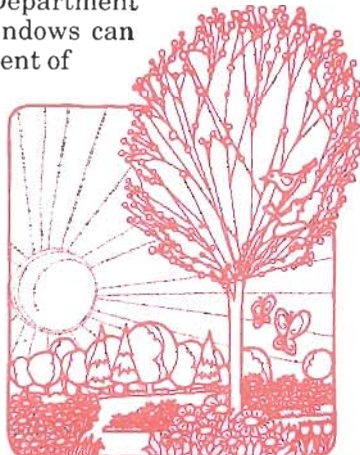
The Energy Department recommends looking for double-pane windows which

are low-e coated or solar control spectrally selective.

The “low-e” stands for “low-emissivity.” Emissivity is the measurement of how much heat is emitted from any object by radiation. This can show how much of the sunshine coming in windows gets spread throughout your room, or how much of your home’s heat is lost to the outside. Low-e coatings on a window reduce that flow and keep warm air inside during winter and cool air inside during summer.

The infrared portion accounts for most solar heating, It can be blocked by “spectrally selective coatings”. Blocking the infrared portion allows the sun to shine in without heating up your house. These coatings are great for people in hot climates, but you should avoid them if you live in the colder parts of the country.

We’re writing primarily about ➡



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If your property is now listed with a broker, please disregard this offer. We will cooperate with other brokers.

(Continued)

energy savings, but the right windows can improve your home life in a number of other ways. Here are other benefits derived from efficient windows: improved comfort, less condensation, increased light and view, reduced fading of fabrics.

### How are windows rated?

The source is the National Fenestration Rating Council. The NFRC is a non-profit, public/private organization that provides ratings on window, door and skylight products. It includes manufacturers, suppliers, builders, architects and designers, utilities and government agencies. Windows certified by the NFRC carry a label that provides the information you need to make to compare windows.

Here are the four ratings on the label:

1. The "U-factor" tells you how well a window keeps heat inside a building. The U-value of 0.35 or below is recommended for colder climates. The lower the U-value, the better the insulation.
2. Solar heat gain, shows a window's ability to block

warming caused by sunlight. Look for the rating expressed as a number between 0 and 1. The lower the number, the better the window is at blocking the sun's heat. It's recommended that windows in hot climates have a low rating, while south-facing windows in cold climates should have a high rating.

3. Visible light "transmittance," shows how much light gets through the product. The higher the number, the more light is transmitted.

4. Air leakage, also known as heat loss and gain through cracks in the window. The Energy Department recommends you select windows with a rating of 0.3 cubic feet per minute or less.

Also recommended by **The Environmental Protection Agency**: look for the **Energy Star** label on windows. Manufacturers and retailers who participate in the government program agree to promote energy-efficient products.

In one release the EPA stated: "If all residential windows in the U.S. were replaced with **Energy Star** qualifying models, the nation would save \$7 billion in energy costs over the next 15 years." ♣

## Help Your Children Get A Mortgage

**Y**our kids are all grown up and are ready to take a big step, buying a home. And they need your help. There are two basic ways to help your kids: Give them money or co-sign their mortgage. Let's look at these options.

When you make a financial gift, it demands just a little due diligence on everyone's part. The typical requirements are that the gift comes from a family member, and not an outsider. This is because a

family member is more likely to "give" funds while strangers give what usually turns out to be a "loan". A loan is a debt that must be reported to lenders and something which must be eventually repaid. A loan with monthly payments can affect the borrower's debt ratios and ability to repay the mortgage on time.

Another qualification is that the borrowers need to have money saved up from their own accounts. This ➡

is usually anywhere from 3- to 5-percent of the purchase price. When the price of the new home is \$100,000 the borrowers will need to document that they have \$3,000 to \$5,000 saved up in an account that they've had for a while. This money can be used for the down payment or closing costs, but they'll still need to be verified for most conventional and government loans. However, if the gift represents 20 percent of the sales price, the borrowers typically need to have nothing at all in terms of money in the bank.

When giving the funds, be upfront with the lender. The lender would like to see a signed Gift Affidavit. This form is signed by the family member giving the money stating that they have the ability to give such funds and they are giving the money with no expectation of getting it back. In other words, it's not a loan.

Perhaps more often, parents help by co-signing the mortgage. This way, you agree that if the home buyers default on their mortgage you will make the payments on time. When you do this, there are a couple of things you need to know.

So even though you co-sign on the mortgage to help others qualify, the buyer must still qualify for the monthly payments. Their debt ratios must be within certain parameters. Even though a lender will use your income to help children qualify, the lender also wants to see a reasonable debt load for the primary home buyer.

Also, remember that when you co-sign the mortgage it will appear on your credit report, and may be counted against you when you apply for future credit of your own.

Some lenders, but not all, will waive a co-signed debt when considering a loan application, but only if you can provide canceled checks from the primary borrowers from the twelve months.

There are ways to provide children with up to \$10,000 from retirement funds. The rules here, and with other big gifts, can be tricky, so speak with a tax adviser before making a withdrawal.

So when the kids call for help you can say "yes", but before you, do make sure you're aware of all the implications. ♣

## The Counter-Offer May Control A Sale

**Y**ou signed a written offer to purchase a home. You're a serious buyer. The seller said "no," so now what do you do?

If the buyer and seller were not represented by real estate agents, a "for sale by owner", the refusal will end the possible sale. The "buyer" looks for another home. He is not encouraged to make another offer.

This is another situation where the experienced real estate agents are necessary. A serious buyer for any real estate is often difficult to get. Once an offer is made, negotiation between buyer and seller must continue. If negotiation continues, eventually a satisfactory sale will happen. Both buyer and seller must give a little on terms. The brokers will help keep the negotiation going.

In this example, what could have been done differently to produce a better result? Let's review the bargaining process.

The seller is under no obligation to accept an offer if it is different than the asking price and terms. An "offer" is an "offer" — it's not a "contract." Sellers are free to look at, and accept, any other offers.

This buyer may be a hard negotiator and the first offer may be low in price or terms — with the intention of "seeing if the price is firm". If it is, he expects a counter-offer to narrow the difference. If the seller just says, "no" it puts a crimp in negotiations.

No matter how far from the asking price and terms the original offer might be, the seller should make a counter-offer to keep the negotiation going. If he/she is very firm on the price, maybe a small change in the terms would help, like taking part of the price in a note.

Remember, when any change is made in the original offer, it negates that offer. A "counter-offer" is really a new offer, this time from the seller to the buyer. Even though the buyer and seller might agree to some or even most of the terms of a purchase/sale offer, any change effectively creates a counter-offer. In other words, all previous bets are off and the parties are back to square one in the negotiation process. The buyer can walk away.

Think about terms in advance when selling. What are you willing to give on? Here are some strategies.

### What Is Your Bottom Line?

Here is a hypothetical case. First, as the seller, the price is the most important, (although you may have a bottom line price that is lower than the asking price). Second, you want a quick sale and closing. Third, you want the buyer to pay most of the closing costs. If you got one of the three items would that be enough? Two of three? Must you get all three? If you got your price, usually the top priority, but not the other two items, would you go ahead with the sale?

The choice here is to determine what is important, what's a "must" and what isn't.

### Let Your Agent Know

Explain your position to your agent. The broker can then look at current market conditions and suggest the best approach to take on the basis of price, terms and negotiating tactics.

While counter-offers are designed to let the other party know you're still in the negotiating game, they represent some risk to both buyer and seller. A counter-offer is a new offer, and a new offer may not interest an owner or a buyer. Sensing what to ask, and when to back off, are both part of the bargaining process. ♣