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THE BOCA BEACH REPORT

Buy A Rental Home As A Holiday Gift For Yourself

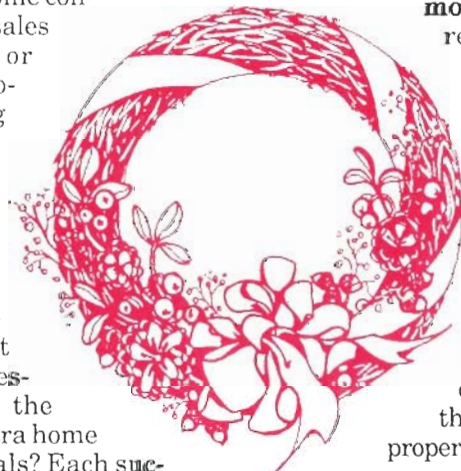
Real estate is more than booming. It is fabulous! The greatest gift you can give yourself is an investment in the future.

Reports coming in today say that this current real estate boom has led to more home construction and resales than in twenty or thirty years. People are buying homes. In addition, many own a second home. If you already own the home you live in, is it time to buy another? Why not start on a program of estate building by the purchase of an extra home or homes for rentals? Each successive investment gets easier.

Your Down Payment

Compared to investments such as the stock market, the amount of

capital required can be remarkably small. The leverage is better, with down payments still as low as 10% or 15% of the value. You may be able to make an investment in a significant property with just a down payment in the \$20,000 to \$30,000 range (or even less). Someone else, either a lender or maybe the seller of the property will put up the rest of the investment capital. Real estate is always the perfect place for the use of OPM (other people's money). Usually the rents will cover most of the expense.



Capital Gains

If there is any increase in value in real estate, the potential for big gains on a leveraged (OPM) investment can be significant. An increase in value affects the whole value of the property, not just your equity.

Suppose you have invested a \$30,000 down payment in a \$300,000 property (or properties) that increases in value by only 20%. The \$300,000 total value just increases to

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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.

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

Name _____

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.

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\$360,000. That **20%** increase in value of the property made your equity increase to **\$90,000.** That is a **200%** increase in equity.

Picture the profit on this transaction if the property went up **50%** in value to **\$450,000.**

Look For The Right Location

What should you look for?

A neighborhood where most homes are occupied by the owners. You will probably be able to get higher rents in an area where the other houses are owner-occupied. Owner-occupied houses will usually be better maintained and the neighborhood will be more stable. If you own a second home in a resort, check out that area. Resort areas bring in high rental amounts and usually have excellent property managers.

In the area of your primary home, be aware of the location of schools, churches, shopping - **just as you would if you were purchasing the property for your own residence.** The person you sell to later will be doing the same. Make sure of the zoning of the neighborhood and any adjoining areas. Be sure you do not have any sudden surprises after you make your purchase. (We will make sure that this will not happen when we help you with the purchase.)

Other Benefits

There are many more benefits from investments in single-family homes. Many profes-

sional investors specialize in houses and have never owned any other type of income property:

1. It is usually the easiest property to qualify for a high ratio loan. It is not unusual to have 80% or 90% loans on homes, even when not owner-occupied. Remember the example of leverage when property increased by only 20%.

2. Refinancing any income property already owned can be a good source of tax-free cash. Any house owned for any length of time can probably be utilized to borrow against to acquire cash to buy another property. Later, when you can refinance both houses again, your investments can multiply!

3. There is little risk, if you have chosen the right property and neighborhood. Can you think of any less risk in investing than owning a home in a good neighborhood?

4. The negotiation can be easier than dealing with professional investors of income property. When you purchase a home, you are usually dealing with a seller who is not a professional investor, but just the owner of a house.

5. The owner of a rented single-family home has all of the tax benefits of depreciation.

6. Tenants who rent single-family homes or vacation homes are more stable people and better credit risks than occupants of apartment properties.

7. Down payments are low compared to invest- ➔

(Continued)

ments in apartment properties, since you only purchase one unit at a time. In the single family house, you are purchasing one house, one unit, rather than two or more units.

8. Like the purchase, when you sell the home, the buyer will usually be buying the property as a home. The sale transaction is very simple since you will not be dealing with a professional investor.

9. If you own more than one investment home,

your investments are scattered and are separate properties. Later, when you sell, you can then have the choice of paying the income tax on the gain in whatever year you choose. By selling only one, two or a few houses in any one tax year, the gains can be spread out for years to fit into a long-term plan to minimize income taxes. You can move from one to another, live in each long enough to qualify for the \$250,000 or \$500,000 exemption from capital gains taxes, and retire very rich. ♣

We're The Best At Selling Homes

There is a big difference between real estate offices and the way that properties that are listed are promoted. The agent's marketing plan has two main objectives. The prospective buyer must be persuaded to go out and see the property—then he must “see” it through your eyes, with its true potential fully realized. Other brokers must also see the home as “special” so their clients will appreciate it, when they show it. A well-conceived descriptive sales package or report on the property can achieve both of these aims.

Assembling all of the data that prospects need and presenting it in a handy and attractive form can expedite the entire process of negotiation as well as the ultimate sale. Besides speeding up the communications process, the “package” also provides the seller with a means of getting his information to a wider range of buyers in a more effective manner.

The Benefits Of The Package

A well-prepared sales package serves essentially five marketing purposes:

- Helps the seller's agent identify and reach prospective buyers or lessees.
- Provides an agent and his/her associates with an attractive and effective way of presenting the property.
- Gives the buyer, in one neat package, all the information needed to decide whether or not to buy.
- Provides dollars and cents demonstrations that will support the seller's price.
- If the property is other than residential, it

provides information on the property's potential for development.

Included In The File

The following information should be of interest to a prospective buyer and should be preassembled in a handy, attractive form.

Physical Features:

- Legal description of property.
- Plot plan showing survey boundaries and dimensions, access streets, sidewalks, buildings, structures, parking areas, easements, etc.
- Description of topography and surroundings.
- Topographic map, if available.
- Photographs of the property, including an aerial view.
- Soil Analysis report, if applicable.
- For an existing building, a statement of its physical condition, copies of floor plans, gross and net square footage.

Other Attributes:

- Statement of present ownership.
- List of any encumbrances.
- Statement of present zoning status.
- Proximity to highways, public transportation, residential areas, schools, houses of worship, shopping, sources of employment, etc.

All of this can be done in multiple copies in folders so that each prospective buyer who shows a serious interest can take a copy for further study. ♣