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THE BOCA BEACH REPORT

Condo Living Can Be Attractive

People invest in condominiums for many reasons. Many times these dwelling units are more affordable than single-family homes. Because of this, they are attractive alternatives for first-time or low-income buyers.

When an owner has limited time, the maintenance and repair responsibilities taken care of in the fees is attractive. Many condominiums are located in highly desirable resorts, golf course communities or vacation centers. Usually there are swimming pools, recreation rooms, tennis courts or other amenities.

Like home buying or renting, there are pros and cons about condo living. Here are some questions to consider if you're thinking about buying a condominium as a full time residence or a vacation home:

Do you like Neighbors?

Unlike single family homes, condominium residents share

walls, floors/ceilings, hallways, entrances and parking areas with their neighbors, like apartments. Thinking of other people's privacy and right to the quiet enjoyment of their homes is part of the arrangement. In a condo, neighbors appreciate efforts to keep down the volume, walk softly, close your doors quietly and limit your vacuuming to reasonable hours. If you're a noisy neighbor, you won't get along.

The Association Has Rules

Condominium owners are bound by the association's covenants, conditions and



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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.

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|--|--|
| <input type="checkbox"/> Purchasing a home or second home | <input type="checkbox"/> Long distance Relocation |
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If your property is now listed with a broker, please disregard this offer. We will cooperate with other brokers.

(Continued)

restrictions (CC&Rs). These are legal documents that cover everything from special assessments and the election of the association's officers to the allocation of parking spaces and the use of recreational facilities. If an owner fails to follow the rules, he can be fined, and most associations have the power to attach a lien to an owner's property if the fines or assessments aren't paid. If you are a team player and are willing to follow the rules and regulations, you can be happy living in a condominium.

The Owners Have Joint Financial Responsibility

A single-family homeowner does not need to consult neighbors about financial decisions with respect to their own property. Condominium owners must agree on a variety of maintenance and repair matters. Should an older roof, unreliable security gate or ancient water heater be replaced this year or next year? Should a special assessment be collected for an emergency repair or extra service? How much money should be spent on landscaping? How often should the garbage be collected? If you relish the opportunity to make responsible decisions along with others, condo living might be a good choice for you.

The Board Of Directors And Management Company

Some condominium owners never volunteer for anything. Usually, being part of the condo

community means you might be expected to take your turn at serving on the board of directors, joining a special committee, getting estimates for repairs or taking responsibility for other tasks that benefit the group as a whole. Many large condo complexes hire a real estate management company to handle most of these decisions, so the board has little to do. *

Facts About Moving America On The Move

If you are thinking about buying or selling your home this year, you are not alone. Here are what some of your neighbors in America are doing:

- One fifth of all Americans, an estimated 43 million people move each year. (U.S. Census Bureau)
- An estimated 13 million children up to age 19 move each year. (U.S. Census Bureau)
- The average American moves 11 times in a lifetime. (U.S. Census Bureau)
- Almost all moves occur between the beginning of May and Labor Day. (American Movers Conference)
- Approximately 45 percent of all moves are corporate relocations, 45 percent are personal moves, and 10 percent are military or government relocations. (American Movers Conference)

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Borrowing Your Way To Wealth

When they buy real estate, many property owners start counting the months and years until the property is paid off. They feel that owning real estate free and clear of loans is the road to wealth.

Others that we have met also count those days and months—but only to get to the day that they can borrow more money on their real estate.

Build Wealth By Borrowing

Take advantage of the low interest rates.

A way to raise money to invest in real estate is to use property you already own, borrowing against the appreciation in your equity can provide the down payment on another piece of property as a rental. Eventually, you will be able to borrow against the second property also, and so on and so on as you build up a large portfolio. The original property you refinance could be your home or any other property already owned.

Example: A few years ago you bought a small apartment (or a home) for \$200,000—with a \$50,000 down payment and a \$150,000 mortgage. Over the years, the property's value has appreciated to \$350,000, while you have paid down the mortgage to \$100,000. You want to hold onto the property. The payments have all come out of the rental income.

What happens if you spot another rental property that you want to buy? Just because you don't have the cash to make a down payment does not mean you have to sell the first building or forgo buying

the second building.

Your solution: Refinance the first building. What you should have left after paying off the first mortgage should leave you with enough to make a substantial down payment on the new building.

Try to get a new mortgage of, say, \$250,000 on the first building. After paying off the first mortgage of \$100,000, you should have a \$150,000 cash balance left to make the down payment on the new property. Of course, your rental income on the second building, after interest and amortization, should help cover the added interest payments on the first building. If it doesn't, you probably shouldn't buy the second building.

Your depreciation deductions will continue to shelter income from the rental buildings. As your renters pay off the mortgages, you'll again be building equity. And since history shows that, except in rare instances, real estate doesn't fall in value and, in fact, usually rises, you could be on your way to another refinancing of your investments, giving you the leverage to buy even more property.

Some owners have done this over and over, acquiring ten or fifteen properties. It gets easier as time goes by because they are able to borrow against several properties rather than just one. They end up with many times the equity that they would have had if they just had the original property free and clear of loans.

Want to start this kind of investment program. Call me to get started. *

Your Home Insurance Update

Your home insurance should cover what it would cost to replace or rebuild your home if it is damaged or destroyed. That is why it is important to update your insurance policy when you make any home improvements.

What if the replacement cost of your home was originally \$420,000 and you made a \$60,000 addition. You would need additional insurance coverage. In fact, you might need more insurance than you think. If you

haven't recently reviewed your original policy, you may find that you are not fully covered on even pre-improvement replacement costs. If you are not, you'll want to increase your coverage by more than the \$60,000 for the improvement that you are now making.

Remember also to increase your personal coverage if you add new furnishings to the new addition. *