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THE BOCA BEACH REPORT

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*Privileged
information about
your real estate*

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solicitation but is an
information service from
this real estate office.*

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Make A Really Thorough Investigation Before You Buy

Many people have heard the advice of checking out the new home at all hours before finalizing the purchase. If you have looked at homes only on week-ends, make sure that you check out the neighborhood on week days. You may find that area that is so serene on Saturdays and Sundays is anything but that during the week.

If you have looked only during the week, check out the week-ends. The home might be located on a direct route to a recreation area and have traffic that only happens on days off.

Drive To Work

If you drive to and from work daily, be sure to

drive to the new location early enough to be there at the time you would leave for work in the morning. The quiet streets and surrounding highways may turn into an ugly traffic mess during the commute hours.

Your Vacation Home

The commute is different from a vacation home. You might use the second home for a summer or winter vacation, and the rest of the year as a weekend retreat. Think about the end-of-weekend getaway. Is the location convenient to highways that lead home or will you be in a slow bumper-to-bumper creep getting out of town. ♣

Happy Holidays! Time For A Second Home

The greatest gift you can give yourself is an investment in the future.

People are still 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).

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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.

- Purchasing a home or second home Long distance Relocation
 Selling a home or second home Other _____
 Purchasing or selling Investment Property Please contact me between these hours _____
 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.

Happy Holidays!...*(Continued)*

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 **\$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 professional 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



(Continued)

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 investments 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.

10. Since rental houses are investment properties like any apartment or business property, the owner can combine them using any or all equities at any time for a tax-deferred exchange into other investment properties. ♣

Check Your Closing Documents When You Buy Or Sell

We all make mistakes. I do. You do. We all do. That is why we always recommend that all closing papers for a real estate transaction be carefully checked and re-computed.

There may be errors in addition or subtraction. There may be errors in the information that was reported to the person that is drawing the closing documents. If you are the seller, was your last mortgage payment reported correctly? Is there a refund coming to you on your prepaid insurance policy?

When you purchase or sell a property, the columns of figures on the charges and credits prepared by the attorney, escrow company or title company go on for pages. They can be intimidating.

Further, they might not be all correct. Take your time and question anything you do not understand fully. It's your money.

Professional real estate agents will help a buyer or seller check the closing papers when a property changes ownership. The terms and conditions of the sale were spelled out in advance. The buyer's loan papers were also worked out carefully with the lender, spelling out the terms of the loan.

Make sure the figures are correct when signing the documents.

- The monthly payments. The total amount of the indebtedness and the term in months of the loan.

- Per diem figures for utilities, taxes, and/or interest.

- Rents, security deposits, and/or interest on deposits that have not yet been transferred.

- Any charge for utility bills that have already been paid.

- Any charge for loan fees that have been paid in advance.

- Look for contractors, attorney, appraiser, or some other party to the contract who has not yet been paid.

It is much easier to correct any error or omission before signing and before the closing than to try to get something corrected at a later date, perhaps from a new address across the country. ♣

Boca BEACHFRONT Availability

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	List Price Range	PC
2150	Aegean	8	0	0.0%	TEMPORARILY SOLD OUT	0
2070	Athena	4	0	0.0%	TEMPORARILY SOLD OUT	0
2066	Ocean Reef Towers	55	3	5.5%	750K to 1.19M	0
2000	Brighton	39	3	7.7%	1.35M to 1.799M	0

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	List Price Range	PC
250	Marbella	155	12	7.7%	799K to 2.9M	0
310	Boca Mar	38	3	7.9%	589K to 649.9K	0
350	Beresford	53	2	3.8%	999.999K to 1.15M	0
400	Excelsior, The	27	9	33.3%	2.995M to 7.495M	0
500-550	Chalfonte, The	378	10	2.6%	594.9K to 2.75M	0
600	Sabal Shores	125	7	5.6%	495K to 1.499M	0
700	Sabal Point	67	0	0.0%	TEMPORARILY SOLD OUT	0
750	Sabal Ridge	31	0	0.0%	TEMPORARILY SOLD OUT	0
800	Presidential Place	42	2	4.8%	3.75M to 3.875M	0

South Beach

(South of the Boca Inlet on South OCEAN Blvd. - Listed from North to South)

Address	Condo Name	TA	AA	%A	List Price Range	PC
1180	Cloister del Mar	96	3	3.1%	469K to 689.999K	1
1200	Cloister Beach Towers	128	9	7.0%	574.5K to 849.9K	1
1400-1500	Addison, The	169	14	8.3%	1.295M to 2.65M	1
1800	Placide, The	54	4	7.4%	790K to 1.15M	1
2000	Whitehall	164	8	4.9%	649.9K to 1.995M	0
2494	Aragon, The	41	6	14.6%	2.5M to 5.5M	0
2500	Luxuria, The	24	4	16.7%	4.95M to 11.5M	1
2600	Stratford Arms	120	9	7.5%	995K to 1.295M	0
2800	Whitehall South	256	17	6.6%	649K to 1.499M	1
3000	Three Thousand South	80	2	2.5%	725K to 988.5K	0
TOTALS:		2154	128	5.9%		6

Key:

TA = Total Number of Apartments in Development * AA = Number of Apartments Available For Sale
 %A = Percent of Apartments in Development For Sale * PC = Number of Apartments SOLD and Pending Closing

This information is compiled from RMLS, Inc., on October 20, 2006. This representation is based in whole or in part on data supplied by the RMLS, Inc. RMLS, Inc. does not guarantee or is not in any way responsible for its accuracy. Data maintained by RMLS may not reflect all real estate activity in the market.