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# THE BOCA BEACH REPORT

September 2007

*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

- Do You Know How Much Your Home Is Worth?
- How Close Is Your Mortgage To Pay-Off?
- Professional Help For Buyers And Sellers
  - News From Our Area

## Do You Know How Much Your Home Is Worth?

If a buyer or a seller is making any decision about the purchase, sale, lease or any other transaction of any real estate, the most important thing is knowing the value of the property. Any owner needs this information for personal planning. The government must also know value before any changes can be made in zoning, community planning or taxation.

**Do you know the value of your home now? There is a need for constant knowledge of value by any owner of property held for investment purposes (and your home is an investment, isn't it?). Present value is important and an estimate of the**

**future value of the property is just as important.**

Estimating value of real estate can be difficult, and though knowledgeable professionals can make educated estimates of value, the final amount is known only when a sale takes place. The closest we can get, usually is by the appraisal from a professional appraiser. This specialist can give a fairly accurate approximation of a property's value.

When we refer to “Market Value” we have to remember that it is not necessarily the same as **market price**. Market price represents the actual dollar amount put on a property by

*(Continued on page two)*

## How Close Is Your Mortgage To Pay-Off?

Owning a home free of debt is an important goal for many homeowners. This may be an excellent goal for older people, but may be a big mistake for many others.

Some financial advisors give the advice of staying in debt on your home in order to keep other investments working for you.

One advisor says his own mortgage is a low-cost, tax-deductible loan that allows him to use the money for profitable investments.

The ultimate mortgage for keeping money circulating with the minimum cost is the interest-only mortgage. As the name says, nothing needs to be paid to reduce the principal, just a monthly payment of the interest.

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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.

### *Do You Know Worth... (Continued)*

a buyer at the time of a transaction. This might be higher or lower than the value an individual appraiser might place on the property. This difference might be due to differences of opinion. It could be that the property, to this particular buyer or seller, has a greater or lesser value because of some special consideration, such as financing that the buyer can obtain or the need of a seller to raise cash quickly.

#### **When Do You Need A Professional Appraisal?**

The owner or a prospective buyer can order an appraisal at any time, but there are times when it is almost always required. Here are some of the recommended times to get an appraisal:

- To determine whether a proposed purchase or sale is at a fair price. The value fixed by the appraiser may strongly

affect the final price, but the financing and tax aspects of the overall transaction may be such that a buyer could be willing to take less for the property.

- Appraisals of each of the properties in a planned exchange should be made. A good estimate of value on each will assist everyone involved to establish equities in the exchange.
- Always when a new institutional loan is required for a new buyer. Often, the lender will appraise the property conservatively and lower than the new buyer. This is always understandable when the buyer may be prepared to put up only 10% of the value, and the lender is being asked to put up all or most of the balance of the purchase price.
- Before entering into a long-term lease, both the lessor and lessee each may need an accurate idea of the value. This might be a basis for negotiation by either, to determine if the proposed lease

is for a fair rental amount.

- What if a renovation or modernization of an older building is being planned? The appraisal may be requested to be made on the basis of the property, as it will be when the renovation is completed. The purpose of the appraisal would be to determine if the additional income would be sufficient to amortize the capital investment and also return a profit to the owner.

- For insurance purposes. It may be important to establish replacement costs, less the physical depreciation, to determine how much fire and casualty insurance should be purchased to adequately cover the property. An appraisal may also be needed to establish proof of loss or to establish the basis for settlement in cases of partial or total loss under insurance contracts.

- For condemnation purposes. To estimate damages that are ➤

### Do You Know Worth...(Continued from page two)

adequate, but not in excess of fair compensation, when negotiating a condemnation award, or seeking the determination of fair compensation for a condemned property in court.

- For local tax purposes. To make a proper assessment for local real estate taxes, or to review and contest an assessment to reduce real estate taxes.
- Income tax liability. It may be necessary to appraise a property to determine the liability for income taxes in a taxable exchange, or in a liquidation of a corporation owning real estate.
- For estate tax purposes. To determine inheritance and estate tax liability when real estate was owned by a decedent at the time of his or her death.

• For gift tax purposes. To determine the tax liability when real estate is the taxable gift.

- As a basis for offering investors an interest in real estate through syndication or participation in a corporation or real estate investment trust.

#### Market Value Vs. Market Price

While value does not need a transaction to exist (you can value something too much to sell it), price does.

Price is the **amount of money paid** for something.

Most of us have heard the old expression, "*You can name the price on your property, if I can name the terms.*" There is a world of difference between an

all-cash sale and a "no money down and carry-back loan with low interest".

Market price is simply the amount paid or contracted for in a particular transaction. As such, it may or may not be governed by prudent acts of the parties, unique financing agreements, or open market conditions. Using some of the creative financing ideas of recent years has demonstrated the truism that the terms and conditions of a transaction determine the price. Sophisticated market appraisals should include these factors on properties used as a recent comparable sale as surely as they do the differences in location, size, or quality of the improvements. ♣

### How Close Is...(Continued from page one)

The loan usually has a 10-year due date. While many lenders do not offer these terms, some do. Usually they are adjustable rate loans that are often limited to high-income borrowers with high mortgages.

Prudent investors who think that they can invest and get returns

higher than the interest-only payments are taking out these loans. On a \$1 million mortgage, interest-only at 6%, the monthly payments are \$5,000.00. Many investors feel that making more than that profit with \$1 million in capital is not difficult.

Capital in high ranges like that

from a home is quite rare, but many owners today are easily getting equity loans of \$100,000 or more for investments in other real estate. Their feeling is that break-even investment in real estate is a great deal. In a few years, inflation and loan reduction will make them wealthy. ♣

## Professional Help For Buyers And Sellers

While our firm may have the listings on most of the homes in your area, a few may be listed with other real estate offices. If you are interested in knowing any information on any home for sale in the neighborhood, I have the information at my fingertips. No need to contact a whole list

of different agents.

If you want to know the asking price of any home in the area, just call me, and give me the address. If you have several homes in the area on your list, save time by only calling me at this office. There

is no need to contact all of the offices on the signs; I have all the information on everything on the market.

If you are interested in seeing any home that is for sale, I can show any of them. Just let me know the time and place! ♣

# 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	6	10.9%	699K to 1.169M	1
2000	Brighton	39	4	10.3%	1.595M to 1.850M	1

## 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	7	4.5%	650K to 1.05M	0
310	Boca Mar	38	2	5.3%	635K to 649.9K	0
350	Beresford	53	5	9.4%	875K to 2.25M	0
400	Excelsior, The	27	2	7.4%	2.996M to 4.495M	2
500&550	Chalfonte, The	378	24	6.4%	475K to 2.75M	0
600	Sabal Shores	125	6	6.4%	399K to 1.999M	2
700	Sabal Point	67	2	3.0%	599K to 850K	0
750	Sabal Ridge	31	1	3.2%	1.45M	0
800	Presidential Place	42	3	7.1%	3.55M to 4.575M	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	6	6.3%	435 K to 619K	0
1200	Cloister Beach Towers	128	6	4.7%	399K to 899K	0
1400&1500	Addison, The	169	15	8.9%	1.25M to 2.495M	2
1800	Placide, The	54	3	5.6%	699K to 1.475M	1
2000	Whitehall	164	9	5.5%	549K to 993.5K	0
2494	Aragon, The	41	4	9.6%	2.595M to 5.6M	1
2500	Luxuria, The	24	3	12.5%	4.75M to 5.8M	0
2600	Stratford Arms	120	7	5.8%	850K to 1.115M	0
2800	Whitehall South	256	8	3.1%	599K to 1.399M	2
3000	Three Thousand South	80	4	5.0%	599K to 1.095M	0
<b>TOTALS:</b>		<b>2154</b>	<b>127</b>	<b>5.9%</b>		<b>12</b>

### 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 July 18, 2007. 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.