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# THE BOCA BEACH REPORT

November 2008

*Privileged  
information about  
your real estate*

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*This publication is not a solicitation but is an information service from this real estate office.*

## Trading In A Home

Builders of homes in tracts for sale on speculation often have a larger inventory than they would like. They must be a little more creative in their thinking about selling the "product" for sale than a homeowner who has just one home for sale at one time.

When we think about a trade-in, the automobile comes to mind. Everyone is familiar with the transaction. Keep that in mind, for the trade of a home is not too different.

When a homeowner wants to move to a new home but does not have the cash needed to make the purchase, a trade-in agreement can help to use the equity in his present home to provide a down payment. The other party in the trade (usually a builder) takes the homeowner's property as an aid to selling the home.

There are three kinds of trade-in agreements - outright, contingent, and guaranteed.

The **Outright Trade-In**. With this agreement, the builder buys the

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## Retirees - Tap The Wealth Hidden In A Home

There are retired people all over the country who are receiving a retirement income that is less than they would like. Many of these couples own a home that is free and clear of loans or nearly so. They often struggle along on a very small income when they literally have untapped wealth all around them in their home every day. There are ways of using this home equity for additional income monthly for life.

### Parents Sell To Children

Here is a transaction that we heard about recently. It was a solution that a tax planner proposed for an older couple and their children.

The retired parents needed cash so the tax planner suggested that the children buy their home from them on an installment basis and then lease it back to them at fair market

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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
- Selling a home or second home
- Purchasing or selling investment property
- Checking on current value of my property
- Long Distance Relocation
- Other \_\_\_\_\_
- Please contact me between these hours \_\_\_\_\_

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.

### *Trading In A Home ... (continued from page one)*

homeowner's home outright. The homeowner now has the cash for the down payment on the new home. From the homeowner's point of view, this is the closest to an exchange, since the sale of the old home and the purchase of the new home are completed at the same time.

Builders may make use of the outright trade when they are prepared to carry an inventory of houses and are familiar with the financial arrangements that have to be made.

#### **The Contingent Trade-In.**

This works like the combination of an option agreement on the old home and a conditional sale of the new one. Both of the contracts of sale are executed at the same time,

but the contract for the sale of the new house is conditioned upon resale of the old house within a designated period, such as 90 days. If no resale can be made by the builder before the end of that period, both of the contracts are canceled. This transaction requires no capital investment by the builder, and requires that both parties be willing to tie up the properties for the option period. The builder might limit his obligation to keep the property available by a provision that the conditional contract can be terminated at any time with a 10 day notice.

The contingent trade-in can be a good tool for a builder who has a number of unsold new houses in his inventory.

#### **The Guaranteed Trade-In.**

This may be the most used

trade-in arrangement, since it combines the best features of the other two. The builder has a limited time to sell the present home at an agreed-upon price. If he sells within that time, the homeowner receives the entire price the builder received. If the house is not sold, the builder buys the house at the agreed-upon price which is somewhat lower than what a third party might be willing to pay.

With this plan, the homeowner is assured of a minimum price for the old home by the time that he must take title to the new one. The builder only assumes a conditional obligation, which, in most cases, he will not be called upon to fulfill. ▲

## Retires – Tap the Wealth ...*(continued from page one)*

rent. The parent's gain will probably be sheltered from tax by the \$500,000 exclusion for home-sale profits available to persons in the 1997 tax law.

The transaction can be structured so that the installment payment is higher than the rental payments the parents make, giving them extra cash income each month. The children can afford to funnel the extra money to the parents because of the possible tax benefits received from the property.

There is an extra bonus because the parents' estate tax liability is cut because the house is removed from the estate.

Another suggested strategy had the parents giving the house in trust while retaining the right to live in it. This could be possibly done at a

low gift-tax cost, and it removes the house and any future appreciation on it from the parents' taxable estate.

### Reverse Mortgages

The Federal National Mortgage Association, known as Fannie Mae, is now offering "reverse mortgages," which enable senior citizen homeowners to convert the equity in their homes into income.

The "Home Keeper Mortgage" is available to over 80% of older Americans who own their home, according to a spokesman for Fannie Mae.

"With staying in one's own home a major goal for older homeowners, the Home Keeper Mortgage can provide crucial funds for a senior who may wish to remain financially independent," he added.

The reverse mortgage is an adjustable-rate loan that allows seniors to borrow against the value of their home. The amount available

depends on the number of borrowers, their ages and the value of their homes.

The funds are available for most personal financial needs, such as health care, home repair or a monthly income supplement. The difference between this and a traditional home equity loan is repayment would not be due until the borrower died, moved, sold the property or transferred title to another individual.

A borrower also could not be forced to sell or vacate the property to pay off the loan, even if the total of mortgage payments plus interest exceeded the value of the home.

If these types of ideas could fit your situation, be sure to discuss it with your own tax planner and attorney before taking any action. ♣

## Do You Want To Know Your Home's Value?

How much is your home worth? You know exactly how much you paid when you purchased it. If you have lived there long, the possible present value may be questionable in your mind. If some of your neighbors with similar sized homes have sold over the years, you certainly knew their asking price and maybe even the final selling price for some. It is so critical to get the right asking price when a home is listed that you need the most expert assistance.

When we meet with you to market your home, we introduce you right away to a priceless document - the **comparative market analysis (CMA)**. It shows you in black

and white exactly what homes like yours have sold for and what your competition is. Together, we will use the CMA, among other tools, to determine an asking price for your home and compare it to others which are on the market. In this way, we determine the highest possible asking price.

With a CMA we can give information such as number of bedrooms and baths, approximate square footage, size of major rooms, amenities such as fireplaces and pools, age of the home, property taxes.

In order to estimate a selling price accurately, the CMA must include homes that are currently for sale and those which have recently sold. We can go back in time as long ago as a year or a month or as recently as a week ago. The more

recent, the more exact. The CMA covers similar homes like areas as narrow as one or two streets surrounding your home, or as broad as an entire subdivision, or several subdivisions. These comparisons will give the agent and the owner a price per square foot of homes sold that will help them to set the best asking price.

The CMA is also a buying tool. When the listing agent furnishes a copy to the agent of an interested buyer, it can give that buyer confidence that the price that is being asked is right. The buyer can use it to find reasons to either choose or eliminate the home. With enough information, a favorable decision can be made, quickly. ♣

# 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	ADOM	List Price Range	PC
2150	Aegean	8	0	0.0%	0	SOLD OUT	0
2070	Athena	4	0	0.0%	0	SOLD OUT	0
2066	Ocean Reef Towers	55	6	10.9%	365	525K to 999K	0
2000	Brighton	39	2	5.1%	445	990K to 1.39	0
<b>S/T</b>	<b>North Beach</b>	<b>106</b>	<b>8</b>	<b>7.6%</b>	<b>385</b>	<b>817.1K</b>	<b>0</b>

## 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	ADOM	List Price Range	PC
250	Marbella	155	5	3.2%	132	669K to 950K	4
310	Boea Mar	38	4	10.5%	452	299K to 635K	0
350	Beresford	53	3	5.7%	441	1M to 1.85M	0
400	Excelsior, The	27	4	14.8%	294	3.4M to 5.95M	0
500&550	Chalfonte, The	378	21	5.6%	282	475K to 2.75M	1
600	Sabal Shores	125	3	2.4%	163	650K to 1.299M	0
700	Sabal Point	67	1	1.5%	665	850K	0
750	Sabal Ridge	31	2	6.5%	233	1.395M to 1.795M	1
800	Presidential Place	42	1	2.4%	525	4.15M	0
<b>S/T</b>	<b>Boca Beach</b>	<b>916</b>	<b>44</b>	<b>4.8%</b>	<b>296</b>	<b>1.287M</b>	<b>6</b>

## South Beach

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

Address	Condo Name	TA	AA	%A	ADOM	List Price Range	PC
1180	Cloister del Mar	96	6	6.3%	231	399.9K to 599K	0
1200	Cloister Beach Towers	128	4	3.1%	213	485K to 499K	1
1400&1500	Addison, The	169	9	5.3%	356	975K to 2.2M	1
1800	Placide, The	54	2	3.7%	231	699.9K to 1.525M	0
2000	Whitehall	164	10	6.1%	347	345K to 849.9K	1
2494	Aragon, The	41	5	12.2%	162	2.15M to 5.9M	0
2500	Luxuria, The	24	3	12.5%	393	5.7M to 6.8M	1
2600	Stratford Arms	120	7	5.8%	358	829K to 1.114M	0
2800	Whitehall South	256	13	5.1%	118	548K to 3.2M	0
3000	Three Thousand South	80	6	7.5%	130	569K to 799K	0
<b>S/T</b>	<b>South Beach</b>	<b>1132</b>	<b>65</b>	<b>5.7%</b>	<b>249</b>	<b>1.327M</b>	<b>4</b>

<b>Totals</b>	<b>Boca's Oceanfront</b>	<b>2154</b>	<b>117</b>	<b>5.4%</b>	<b>276</b>	<b>1.278M</b>	<b>10</b>
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### Key:

**TA** = Total Number of Apartments in Development \* **AA** = Number of Apartments Available For Sale  
**%A** = Percent of Apartments in Development For Sale \* **ADOM** = Average Number of Days on Market per Listing  
**PC** = Number of Apartments SOLD and Pending Closing

This information is compiled from RMLS, Inc., on September 23, 2008. 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.