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THE BOCA BEACH REPORT

July 2010

*Privileged
information about
your real estate*

In This Issue

- How To Manage A Rental Vacation Home
- Make An Older Home Shine Without Spending Big Money
 - Facts About Appraisals And Values
 - News From Our Area

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

How To Manage A Rental Vacation Home

Second homes are a great investment residential real estate! After you buy one in a seasonal resort, you find that the expenses of that ownership go on for the whole twelve months of the year. During the year you only use the home for part of that time. Many owners have solved the expense problem by renting the property part of the year. If you rent it, you can use a management firm or manage it yourself.

When You Hire A Management Firm

Whether you choose a local Realtor’s management office or a large firm spe-

cializing in management of hundreds to thousands of properties, you should get the same professional attention. A company’s past performance and depth of experience are important considerations when selecting a property management organization. Interviewing a management company’s clients, tenants, vendors and others in the real estate community, and inspecting properties being managed by the organization gives a good indication of the organization’s management experience, effectiveness, methods and style.

The Small Firm. A local Realtor with a good reputation can do an excellent job as your rental agent. The firm will advertise widely and build up a clientele of repeat guests who are known to them. The smaller organization with limited rentals available can handle

(continued on page two)

Make An Older Home Shine Without Spending Big Money

An older home may be going on the market for sale. In another area, a buyer may have just purchased a used home that needs attention. Each may completely remodel or rebuild the home to make it like new. Or, there are some fairly inexpensive fix-ups that can make the older home look almost new. Some of these may need some professional help, but most can be done by the homeowner.

The Kitchen: If you want a complete professional renovation, you may

need about \$100,000. However, you might be able to make it look almost new with a do-it-yourself job. Paint the cabinets with good quality paint. You can replace the countertops with pre-made sections from a building supply house. Install a new sink, range, refrigerator and dishwasher. Add a water purifier near the new sink faucet. Install a new hardwood floor. Add a spice rack.

Redo the Bathrooms: You can replace the old style sink with a modern pedestal

(continued on page two)



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.

How To Manage ... (continued from page one)

them professionally and efficiently.

The Large Management Company. The large company does the same basic job of management as the smaller firm. There may be advantages as the bigger firm managing many houses and condos will have a large staff for maintenance and cleaning which could mean a quick turnover in readying a property for a new rental.

Some large rental and management companies have an office open 24 hours like the front desk of a hotel. A "vacancy" sign out front invites guests with no reservations during slack seasons. Guests are sent out to the home or condo with keys and a map or escorted out by maintenance personnel.

The Contract

The Rental Management Agreement has many provisions. Here are some of the most common:

- The agreement is usually an exclusive agreement which stipulates that owners may not personally rent the unit. However, owners may reserve the condo or home for a certain number of days per season.
- The revenue split is usually 50% - 50% split between agent and owner, although some may be

40% - 60%. Turnover of tenants many times a month is expensive. Credit card fees are usually paid by rental agent and travel agent; commissions charged to owners.

- The agent's expense covers all that are associated with renter occupancy, replacement of missing table place setting items, front office operations, reservations, group reservations, marketing and sales programs, key control, minor maintenance and monthly accounting.
- Owner expense includes utilities, major maintenance, replacement due to normal wear and tear, annual cleaning and upgrade. Owner must obtain public liability insurance and proof of insurance must be provided to agent.

These are the major items on the list. There will be others, many depending on the specific location of the property being managed.

Manage It Yourself

If the owner just rents the home occasionally to friends and relatives, the management might be quite simple and can be done at home. If the home is rented more often, professional management must be considered. Professional management, as we have shown, consists of proper maintenance, administration of a budget and bill payments. If the owner lives away from the rented property, the smallest detail can be difficult for him but not for a Realtor. ♣

Make An Older Home Shine ...

(continued from page one)

sink or a full vanity. If you add a vanity with drawers for storage, you can remove the old medicine cabinet from the wall. This leaves room for a full-wall-width mirror that will make the room look twice as big. Install heated towel racks.

A built-in ironing board concealed in a glide drawer of a base cabinet in the laundry room

Replace The Front Door: When you walk up to a home, you see the front door first. Replacing it with a new door will change the appearance of the front of the home.

Replace downspouts and gutters: The new vinyl gutters are efficient and look great.

A workbench and/or shelving (including over the car roof) in a garage.

A curving walkway, ideally with patterned brick or other decorative treatment, to replace an old concrete walk.

These changes, along with the obvious ones, new carpets and painting, can transform an older home without breaking your budget. ♣

Facts About Appraisals And Values

Prices of homes have leveled from the steep declines of last year. In some areas, prices have gone up. When the public is questioned about the state of residential real estate today, a high percentage (23%) say they are ready to buy as soon as prices drop "a little more". We are very close to a recovery in real estate. If those "buyers" become convinced that prices are stabilized, the boom will begin.

Anything to do with original financing or refinancing real estate usually leads to a professional appraisal. About the only way to avoid an appraisal is to pay all cash and own a home free and clear of loans.

When you watch the traveling "antiques" programs on TV, you see demonstrations of appraisals in action. The idea is nearly the same in real estate valuations, but in real estate there is no "snap judgment" like on TV. Even when the appraiser is quite familiar with the area and houses nearby, every step of the appraisal is taken. There are never "snap judgments" with a professional appraiser.

Each parcel of real estate is unique, and the appraiser uses his or her general expertise and specific research to arrive at an opinion of current value.

Since appraisals are not an everyday experience for most consumers, they have some misconceptions about how the appraiser arrives at the value. Here are some facts and myths:

Myth: The primary purpose of an appraisal is to protect the buyer so that he pays only what the property is worth.

Fact: While the finished appraisal gives valuable information to the buyer and the seller, the appraiser's primary job is to protect the lender. The lender insists on the appraisal. Lenders do not want to own overpriced property any more than they take pleasure in lending money to irresponsible borrowers. That is why the appraisal must be completed before the lender approves of the buyer's loan.

Myth: The Appraiser uses a price per square foot formula to figure out how much each home is worth. (This is like the cost of building it again.)

Fact: There are many factors that go into the appraisal. For instance, the location of the house, its proximity to desirable schools and other public facilities, the size and shape of the lot, the square footage and condition of the structure itself. Recent sales prices of comparable properties in the area are taken into consideration.

Myth: Getting the home in spotless condition before the appraiser arrives can improve a home's valuation.

Fact: Appraisers aren't interested in how clean the home may be. They do look at the overall condition of the home for signs of neglect like cracked walls, worn or torn carpets, chipped paint, broken windows, damaging flooring and inoperable appliances.

Myth: It is not difficult to learn to be an appraiser. Anyone can call himself/herself an appraiser, get a clipboard and start in.

Fact: States are required by federal law to establish minimum standards and licensing practices for real estate appraisers. In some states, trainees must take several college-level courses, pass an examination and complete 2,000 hours of supervised experience.

Myth: Appraisers report only to the lender and do not have to reveal home defects to buyers.

Fact: It depends on the type of loan. If the mortgage will be insured by the Federal Housing Administration (FHA), the appraiser must survey the physical condition of the home and disclose potential problems to the buyer. If it is for a non-FHA mortgage, no such obligation exists. The person paying for the appraisal can request a copy.

Myth: If the home is appraised, no home inspection is needed. The appraisal is identical to a home inspection.

Fact: An appraisal is not a substitute for a professional home inspection. The appraiser is there to form an opinion of the property's value for the lender, while the inspector works for the buyer to inform the buyer of the condition of the home and its major components.

Myth: If the appraiser's value of the home does not "come in high enough" and is lower than the purchase price in the contract, the buyer will not be able to purchase the home.

Fact: It is true that this can make the transaction difficult, but the transaction can sometimes survive a "low" appraisal if the buyer and seller renegotiate the purchase price, or if the buyer makes a larger down payment. A separate escrow account could be set up to make repairs that will increase the value of the home.

Occasionally, an appraiser will reconsider his or her opinion if compelling evidence supports a higher valuation. ▲

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	8	14.6%	383	299K to 992K	0
2000	Brighton	39	3	7.7%	283	1.2M to 1.5M	1
S/T	North Beach	106	11	10.4%	356	850.7K	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	ADOM	List Price Range	PC
250	Marbella	155	12	7.7%	199	565K to 1.975M	0
310	Boca Mar	38	0	0.0%	0	SOLD OUT	0
350	Beresford	53	3	5.7%	483	1.199M to 1.75M	0
400	Excelsior, The	27	4	14.8%	340	3.7M to 5.995M	0
500&550	Chalfonte, The	378	9	2.4%	162	359K to 1.199M	7
600	Sabal Shores	125	6	4.8%	161	369K to 699.9K	1
700	Sabal Point	67	3	4.5%	200	499K to 869K	0
750	Sabal Ridge	31	1	3.2%	90	1.3M	2
800	Presidential Place	42	3	7.1%	261	2.795M to 4.25M	0
S/T	Boca Beach	916	41	4.5%	222	1.382M	10

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	5	5.2%	261	325K to 474.9K	1
1200	Cloister Beach Towers	128	4	3.1%	34	329K to 439K	2
1400&1500	Addison, The	169	15	8.9%	254	840K to 2.899M	2
1800	Placide, The	54	3	5.5%	45	819K to 980K	0
2000	Whitehall	164	9	5.5%	236	279K to 569.9K	4
2494	Aragon, The	41	5	12.2%	126	1.99M to 6.95M	1
2500	Luxuria, The	24	2	8.3%	22	3.999M to 5.85M	0
2600	Stratford Arms	120	7	5.8%	156	650K to 795K	1
2800	Whitehall South	256	9	3.5%	240	479K to 2.89M	2
3000	Three Thousand South	80	5	6.3%	80	550K to 649.7K	0
S/T	South Beach	1132	64	5.7%	129	1.262M	13

Totals Boca's Oceanfront 2154 116 5.4% 186 1.265M 24

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 May 25, 2010. 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.