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THE BOCA BEACH REPORT

January 2011

*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.*

Negotiating For The Right Property

There are many homes available in the current market. Finding the right property may be the easiest part of the real estate purchase or exchange. When the negotiations begin and the buyer and seller do not agree on price and terms, the difficult part of the transaction starts. It helps in these negotiations for each of the principals to be as well informed on all aspects of the transaction, the property or properties and their values and current information on financing.

The Seller's Side

A complete list of comparable sales prices of similar properties must be furnished to the seller. This must be properties actually sold. Other properties still on the market with an "asking price" should be furnished but should be given less emphasis. Only properties that have had the final "appraisal" of a negotiated sale price should be taken into serious consideration.

The best possible information for any seller is to have a professional fee appraisal done on the property. The cost is usually small in comparison to the value, and is worth it. Some owners have found out too late that they sold too low!

In finding the value of a property, either by appraisal or by a carefully prepared list of comparable sales by a knowledgeable broker, a "range" of values will be given to the potential seller. Rather than a specific price, a small house may be worth from \$390,000 to \$415,000. A larger property might have a range of \$2,050,000 to \$2,200,000, for instance. A sale with much cash offered may be at the lower end of the price scale, with a higher price negotiated with less cash and a sale for terms.

This gives the seller confidence in the final decision on the asking price. They might list the property at the high end of the range, but have the knowledge to seriously consider an offer at the lower end. This seller might be totally comfortable in any negotiation that starts anywhere in this range. If a final agreement of the negotiation works out anywhere near the top of the range, it would be satisfying.

The Buyer's Side

When the buyer enters the market for a property, it also helps in the final transaction to have him/her as knowledgeable as possible. Buyers often only see the "asking" prices on properties being shown to them. ➡



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 |
| <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.

Negotiating...*(continued from page one)*

They should know more. The buyer's agent should secure information on those comparable sales to give that buyer the same confidence in negotiation that the seller possesses.

Without sufficient information available, the potential buyer may make the decision based on a lack of information - the decision to do nothing!

The Broker

With knowledgeable and confident buyers and sellers entering into a negotiation, both will have the hope of working out a fair price and terms quickly, then closing the transaction.

Negotiations should begin with a broker, since the broker furnished the

needed information in advance. In addition, brokers always use written documents, signed by the parties involved, to negotiate sales or exchanges. Negotiations are handled on a point to point basis, always in writing, so both parties have a complete written record. Here is an example of a simple negotiation between a buyer and seller in a sale transaction.

1. The seller lists a property for sale through his broker. Asking price after examination of comparable sales is **\$300,000** for the property. It is free and clear of loans.

2. Broker brings an offer from a buyer. Offer is at **\$270,000**, with a cash down payment of **\$90,000**. The terms are the seller is to carry back a **\$180,000** note secured by the property, at monthly payments of **\$2,000.00** including interest at **8%**, with the balance all due in five years. (Loans carried

by the seller avoid bank approvals, appraisal fees, and "points".)

3. Seller counter-offers. The price is to be **\$285,000**. Buyer to pay the **\$90,000** in cash and buyer to get new bank loan for **\$195,000**, giving the seller all cash in the sale.

4. Buyer sets new terms with another counter-offer. The sale price of **\$285,000** is accepted. Buyer to pay **\$90,000** down payment. Buyer will get a new bank loan of **\$150,000**. Seller to carry **\$45,000** balance at **\$525.00** monthly including interest at **8%**, with the balance due in five years.

5. Seller accepts these terms.

Even though these changes in negotiations are very simple, they might have fallen apart without the patient and

professional help of the third party real estate broker.

Negotiations with Terms

Price is important in any sale; terms can be just as important. A seller might get his "price" but lose something more important in the terms.

Notes carried by a seller are usually at higher than bank interest. Accepting a lower interest rate on a note carried back can be the same as cutting the selling price. Think of the difference between a \$100,000 note at

6% or at 8%. The 6% note might have payments of \$844.00 for 15 years while the payment at 8% for the same 15 years would be \$956.00 a month. This is a difference of \$112.00 a month. In the 180 months in the 15 years, this would be a difference of \$20,160.00.

Interest rates must be negotiated as carefully as the original price. The length of time covered by the note is just as important. In the note example, the 8% interest might have been a bad negotiation over the fifteen-year period. However, if the balance of the note became

due in just one year, the \$112.00 a month would be for only 12 months, for a total difference of only \$1,344.00, an amount that the seller might find acceptable.

There are no limits to the things that can enter into the terms of a real estate transaction. Price might be sacrificed for an "all cash" sale. There might be considerations negotiated for a fast "closing" or a long wait until a close, for personal or tax reasons on either side. ♦

Buying In A New Condo Development

Many buyers of a condominium are familiar with how this type of property is sold in their state. When buying an existing condo, you can look and inspect the property, check existing records of monthly charges and fees. Buying a new condominium, often as a second home or retirement home in another state, the prospectus should be studied carefully. Another state may have laws you are not familiar with. Here are some of the things to watch:

- The prospectus will include a plan of the unit you are buying, showing the rooms of certain measurements. The plan is quite rough and omits closets. *The unit may be smaller than you think.*
- What if the prospectus includes this clause: *The interior design shall be substantially similar.* This might mean that the developer

can alter the size and design of your unit.

- Often the estimated common charges sound unrealistically low. Rather than rely on the developer's estimate of common charges, find out the existing charges on nearby units that are comparable.

Common charges usually include: Electricity for hallways and outside areas, water, clean-up, refuse disposal, common areas insurance, pool maintenance, groundskeeping, legal and accounting charges, reserves for future repairs. Developer may have omitted some of the charges and reserves on unsold units.

- The prospectus does not mention parking spaces. Each unit must have spaces designated and marked. If not, you may be leasing spaces from the developer.
- What if the prospectus does not state exactly how many units will be built in the development

in different phases? If many more units are built, pools and other facilities are not adequate for the number of residents.

- The prospectus specifies that the developer shall be the property manager of the completed condominium. If the language used to spell out the common charges and management fees is not explicit, the owner's association may not be able to control monthly charges and fees.

- The prospectus might include this clause: *Transfer of ownership (of the common areas from the developer to the homeowner's association) will take place 30 days after the last unit is sold.* What if the developer deliberately does not sell one unit, continues to manage the condominium with highly profitable operating contracts with his subcontractors? ♦

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	1	25.0%	172	3.35M	0
2066	Ocean Reef Towers	55	10	18.2%	386	299K to 992K	0
2000	Brighton	39	2	5.1%	239	1.175M to 1.4M	0
S/T	North Beach	106	13	12.3%	347	958K	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	ADOM	List Price Range	PC
250	Marbella	155	8	5.2%	238	249.9K to 850K	0
310	Boca Mar	38	0	0.0%	0	SOLD OUT	0
350	Beresford	53	3	5.7%	100	1.1M to 1.15M	0
400	Excelsior, The	27	3	11.1%	428	2.95M to 5.995M	0
500&550	Chalfonte, The	378	14	3.7%	181	330K to 1.099M	0
600	Sabal Sbores	125	14	11.2%	155	395K to 1.15M	0
700	Sabal Point	67	1	1.5%	267	499K	0
750	Sabal Ridge	31	0	0.0%	0	SOLD OUT	0
800	Presidential Place	42	4	9.5%	346	2.795M to 4.2M	0
S/T	Boca Beach	916	47	5.1%	209	1.179M	0

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	3	3.1%	346	375K to 394.5K	0
1200	Cloister Beach Towers	128	4	3.1%	128	265K to 475K	2
1400&1500	Addison, The	169	17	10.1%	303	750K to 2.399M	0
1800	Placide, The	54	5	9.3%	86	675K to 945K	0
2000	Whitehall	164	6	3.7%	207	279K to 550K	4
2494	Aragon, The	41	5	12.2%	284	1.99M to 6.5M	0
2500	Luxuria, The	24	2	8.3%	369	3.899M to 3.995M	0
2600	Stratford Arms	120	7	5.8%	121	669K to 762K	0
2800	Whitehall South	256	9	3.5%	330	474.9K to 2.199M	1
3000	Three Thousand South	80	4	5.0%	76	499K to 649.5K	1
S/T	South Beach	1132	62	5.5%	236	1.274M	8
Totals	Boca's Oceanfront	2154	122	5.7%	238	1.204M	8
Totals	One Year Ago	2154	136	6.3%	253	1.319M	12

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 November 23, 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.