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THE BOCA BEACH REPORT

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In This Issue

- How To Help Your Children Get A Home Loan
- To Achieve A Sale – Keep Negotiations Going
- Airstrip Communities – A Different Concept
- Some New Suggestions to Help Sell Your Home
- News From Our Area

When ideas in tax and other legal areas in this publication seem to fit your situation, it is recommended that you discuss them with your professional advisor before taking action.

How To Help Your Children Get A Home Loan

Your kids are all grown up and are ready to take a big step, buying a home. And they need your help. There are two basic ways to help your kids: Give them money or co-sign their mortgage. Let’s look at these options.

When you make a financial gift, it demands just a little due diligence on everyone’s part. The typical requirements are that the gift comes from a family member, and not an outsider. This is because a family member is more likely to “give” funds while strangers give what usually turns out to be a “loan.” A loan is a debt that must be reported to lenders and something which must be eventually repaid. A loan with monthly payments can affect the borrower’s debt ratios and ability to repay the mortgage on time.

Another qualification is that the borrowers need to have money saved up from their own accounts. This is usually anywhere from 3- to 5-percent

of the purchase price. When the price of the new home is \$100,000 the borrowers will need to document that they have \$3,000 to \$5,000 saved up in an account that they’ve had for a while. This money can be used for the down payment or closing costs, but they’ll still need to be verified for most conventional and government loans. However, if the gift represents 20 percent of the sales price, the borrowers typically need to have nothing at all in terms of money in the bank.

When giving the funds, be upfront with the lender. The lender would like to see a signed Gift Affidavit. This form is signed by the family member giving the money stating that they have the ability to give such funds and they are giving the money with no expectation of getting it back. In other words, it’s not a loan.

Perhaps more often, parents help by co-signing the mortgage. This way, you agree that if the home buyers default on their mortgage you will make the payments on ➤

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time. When you do this, there are a couple of things you need to know.

So even though you co-sign on the mortgage to help others qualify, the buyer must still qualify for the monthly payments. Their debt ratios must be within certain parameters. Even though a lender will use your income to help children qualify, the lender also wants to see a reasonable debt load for the primary home buyer.

Also, remember that when you co-sign the mortgage it will appear on your credit report, and may be counted against you when you

apply for future credit of your own.

Some lenders, but not all, will waive a co-signed debt when considering a loan application, but only if you can provide canceled checks from the primary borrowers from the twelve months.

There are ways to provide children with up to \$10,000 from retirement funds. The rules here, and with other big gifts, can be tricky, so speak with a tax adviser before making a withdrawal.

So when the kids call for help you can say “yes”, but before you, do make sure you’re aware of all the implications. ❖

To Achieve A Sale – Keep Negotiations Going

The buyer has signed a written offer to purchase a home. This is a serious and motivated buyer who wants the home. The seller said “no,” to the price or the terms of the offer so now what happens?

This is a situation where the guidance of an experienced real estate agent is necessary. A serious buyer for any real estate is often difficult to get in these times. Once an offer is made, negotiation between buyer and seller must continue. If negotiation continues, usually a satisfactory sale will happen. Both buyer and seller must sometimes give a little on terms. The brokers will help keep the negotiation going.

If the buyer and seller *were not* represented by real estate agents, a “for sale by owner” the refusal might end the possible sale. The “buyer” looks for another home. He is not encouraged to make another offer.

Stay In The Game

In this example, what could have been done differently to produce a better result? Let’s review the bargaining process.

The seller is under no obligation to accept an offer if it is different than the asking price and terms. An “offer” is an “offer” – it’s not a “contract.” Sellers are free to look at, and accept, any other offers.

This buyer may be a hard negotiator and the first offer may be low in price or terms – with the intention of “seeing if the price is firm”. If it

is, he expects a counter-offer to narrow the difference. If the seller just says, “no” it puts a crimp in negotiations.

No matter how far from the asking price and terms the original offer might be, the seller should make a counter-offer to keep the negotiation going. If he/she is very firm on the price, maybe a small change in the terms would help, like taking part of the price in a note.

Remember, when any change is made in the original offer, it negates that offer. A “counter-offer” is really a new offer, this time from the seller to the buyer. Even though the buyer and seller might agree to some or even most of the terms of a purchase/sale offer, any change effectively creates a counter-offer. In other words, all previous bets are off and the parties are back to square one in the negotiation process. The buyer can walk away.

Think about terms in advance when selling. What are you willing to give on? Here are some strategies.

What Is The Seller’s Bottom Line?

Here is a hypothetical case. First, as the seller, the price (all cash) is the most important, (although you may have a bottom line price that is lower than the asking price). Second, you want a quick sale and closing. Third, you want the buyer to pay most of the closing costs. If you got one of the three items would that be enough? Two of three? Must you get all three? If you got your price, ➡

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usually the top priority, but not the other two items, would you go ahead with the sale?

The choice here is to determine what is important, what's a "must" and what isn't.

Let Your Agent Know

Explain your position to your agent. The broker can then look at current market conditions and suggest the best approach to take on the

basis of price, terms and negotiating tactics. Remember, in a recession a buyer is precious.

While counter-offers are designed to let the other party know you're still in the negotiating game, they represent some risk to both buyer and seller. A counter-offer is a new offer, and a new offer may not interest an owner or a buyer. Sensing what to ask, and when to back off, are both part of the bargaining process.❖

Airstrip Communities – A Different Concept

There are thousands of aircraft owners and pilots. Many would like to commute to work by air. The drive to the airport is a factor that stops many of these plane owners from actually doing it.

Communities built around a golf course or around a lake have enjoyed exceptional success. Similarly, the idea of developing homes around an airstrip is generating considerable interest in the real estate business.

In Falmouth, on Cape Cod, Massachusetts, developers built 66 single-family homes and 11 multi-family dwellings. Each of these buildings borders on an airstrip. The home owners can land their own small airplanes and taxi right up to their back doors. The property

owners pay a maintenance fee for the use of the newly constructed 2,300 foot runway.

House and Hangar

There are 260 fly-in communities in the United States. These communities tend to be in affluent resort areas where busy people regularly travel by privately owned aircraft. Some of the airpark communities consist almost entirely of vacation homes. Others have primarily principal residences.

In addition to the convenience factor, the fly-in communities offer a special camaraderie. To homeowners at an airpark, the sound of airplane engines is a delightful noise, not an annoyance.❖

Some New Suggestions to Help Sell Your Home

When you are selling a home, you do not just put it on the market without some kind of a pre-marketing fix-up. Whether it is a complete remodel and upgrade or just a thorough cleaning, there should be some preparation.

Most everyone has heard all of the hints about the gardening, the painting, fixing faucets, etc., so here a few hints that you may not have heard before.

Here are some other suggestions:

The first impression is a lasting impression. Remember the "curb appeal". Add some bright colored flowers and nice shrubs to the front. Is the front door new or fresh looking?

Home offices are hot. Why not show one of the bedrooms furnished as a home office.

Remove excess furniture. A room packed with

furniture looks smaller than it is. Get rid of a third of your stuff! This includes furniture and personal knick-knacks. Put them in storage away from the house. Have a garage sale or give them to charity. Think "model home"

Use closet organizers. They give up to twice as much usable space. Most important, they make the space look larger. If you haven't worn something in the last 2 years, take it to the thrift shop. Make your closets look big and roomy.

Prospective buyers will look in the drawers, so clean them out. Get rid of the clutter and make the drawers look tidy and clean.

Increase the wattage of the light bulbs to make a bright room shine. Trim the bushes outside, to give a room more light.

And be sure to be away when we show your home. ❖

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	Price Range	Average	PC
2150	Aegean	8	0	0.0%	0	SOLD OUT	N/A	0
2070	Athena	4	1	25.0%	206	3.2M	3.2M	0
2066	Ocean Reef Towers	55	3	5.5%	34	510K to 799K	636K	0
2000	Brighton	39	0	0.0%	0	SOLD OUT	N/A	0
S/T	North Beach	106	4	3.8%	77		1.277M	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	Price Range	Average	PC
250	Marbella	155	11	7.1%	238	275K to 1.3M	751K	1
310	Boca Mar	38	2	5.3%	61	175K to 465K	322K	0
350	Beresford	53	0	0.0%	0	SOLD OUT	N/A	0
400	Excelsior, The	27	5	18.5%	442	2.795M to 4.999M	3.838M	0
500&550	Chalfonte, The	378	6	1.6%	86	425K to 895K	703K	6
600	Sabal Shores	125	9	7.2%	119	365K to 859K	702K	2
700	Sabal Point	67	5	7.5%	146	529K to 1.75M	1.108M	0
750	Sabal Ridge	31	0	0.0%	0	SOLD OUT	N/A	1
800	Presidential Place	42	0	0.0%	0	SOLD OUT	N/A	0
1000	One Thousand Ocean	52	6	11.5%	163	3.495M to 13.95M	6.473M	0
S/T	Boca Beach	968	44	4.5%	187		1.886M	10

South Beach

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

Address	Condo Name	TA	AA	%A	ADOM	Price Range	Average	PC
1180	Cloister del Mar	96	3	3.1%	142	474K to 999K	657K	0
1200	Cloister Beach	128	1	0.8%	44	374K	347K	1
1400&1500	Addison, The	169	5	3.0%	238	775K to 2.599M	1.763M	4
1800	Placide, The	54	1	1.9%	350	1,299M	1,299M	1
2000	Whitehall	164	3	1.8%	37	778K to 1.3M	1,009M	5
2494	Aragon, The	41	6	14.6%	153	1.95M to 6.495M	3,464M	0
2500	Luxuria, The	24	1	4.2%	461	6.99M	6.99M	1
2600	Stratford Arms	120	3	2.5%	54	749K to 850K	783K	0
2800	Whitehall South	256	6	2.3%	95	675K to 1.149M	901K	3
3000	3000 South	80	2	2.5%	43	520K to 1.199M	860K	1
S/T	South Beach	1132	31	2.7%	88		1.464M	16

Totals	May 2014	2206	79	3.6%	143		1.690M	26
Totals	May 2013	2206	97	4.4%	256		1.540M	21

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 FlexMLS on April 19, 2014. This representation is based in whole or in part on data supplied by FlexMLS.
 FlexMLS does not guarantee or is not in any way responsible for its accuracy. Data maintained by FlexMLS may not reflect all real estate activity in the market.