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# THE BOCA BEACH REPORT

**May 2015**

*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.*

## Real Estate Market – Make Your Best Offer

Hot real estate markets are coming and are already here in some places. Prices are inching up. Inventory is thin. Buyers are frantic because they miss out on some houses because their offer is beaten by others. Real estate agents get caught in the middle as they try to negotiate purchase contracts that are acceptable to both sides of the transaction.

Along with jangled nerves, hot markets mean multiple offers will be received for just about every for-sale home. These bidding wars are great for sellers, but they add to the “frustration” factor for buyers. How can you buy the home of your dreams when several other people are also bidding on it? Here are six tips:

**1. Make your best offer.** Let’s face it, the bottom line is the most important consideration for most sellers. They’re naturally looking to sell their home for the highest possible price. If you want to win a bidding war, offering the highest price—something attractively above

the asking amount—is a sure way to get the seller’s attention. Most sellers who receive multiple offers only seriously consider those at the top of the price heap.

**2. Cover the seller’s costs.** Of course, price is only part of the equation when it comes to the seller’s net proceeds from the sale. An offer with a slightly lower price can triumph if the buyer agrees to incur more of the transaction costs. Pay 100 percent of the escrow fees. Purchase your own home warranty, instead of asking the seller to buy it.

**3. Show you’re serious.** Offer to make a large earnest-money deposit and as large a down payment as you can. Putting more money on the table up-front shows the seller you’re serious about the transaction and willing to put your money behind your intentions.

**4. Get pre-approved.** Attach a copy of your mortgage preapproval letter to your purchase offer. A prequalification letter is helpful, but a full approval, subject only to an appraisal of the



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property, is even better. Sellers favor buyers who demonstrate that they're financially able to close the transaction. Agents advise getting your preapproval letter from a local mortgage broker or lender who has a good reputation among the local agents.

**5. Work with a real estate agent who is successful and well-known to other agents.**

Your agent's professionalism - or lack of it - reflects on you. Also, if your agent will be faxing your offer instead of presenting it in person to the seller, a cover letter might be attached. The letter should be addressed to the sellers and should outline the strengths of your offer. (Making sure the paperwork is neat and legible helps too.)

**6. Don't add unusual or unnecessary**

**contingencies or requests to your offer.**

Sellers know extra contingencies (e.g., the approval of in-laws, the sale of another residence) can delay the transaction or create a loophole for the buyer to bow out of the agreement. Special requests (e.g., the right to purchase appliances or move in early) complicate the offer and distract both sides from more important elements. On the other hand, don't waive standard inspection and financing contingencies unless you thoroughly understand the considerable risks.

**Tip:** Ask your real estate agent to go over the standard contract with you before you receive or make a purchase offer. That way, you'll know what to expect and be prepared to negotiate the best deal you can get. ❖

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## House Hasn't Sold? Investigate A Lease Purchase

Although the sale market is better. But what if your house hasn't sold and you need to be at your new job in less than one month. Should you lower the price? Rent the house? Instead, try lease purchase terms to entice a buyer!

Be sure to have your attorney give you the pros and cons.

Even though a lease purchase is often confused with a lease option, it's entirely different. A lease purchase is a true sale, but with a delayed but predetermined closing date often six months or more in the future. It works well when a seller needs to move but the house hasn't sold. It can also accommodate an otherwise strong buyer who needs time for their house to sell or to accumulate additional time on the job in order to qualify for a mortgage loan.

As with any sale, a purchase agreement is drafted and an earnest money deposit is taken. Should the buyer not close the purchase, any and all of the default provisions listed in the purchase agreement would apply (including loss of earnest money deposit). Since the buyer will occupy the house prior to closing, it's wise to obtain as much earnest money as possible. It serves as a motivator to close the sale and can help cover property repairs required prior to closing.

You need to determine how much you'd charge a buyer in monthly lease payments until closing. This can be just enough to cover your current mortgage payment, what similar properties like yours are renting for or equal to what the buyer's new payment will be once the sale is closed (another great motivator for the buyer to close!). Often in a lease purchase the seller will allow a certain amount of the buyer's monthly lease payment apply to lowering the sales price of the property or go to closing costs. While it's a great incentive to attract a buyer, but make sure that the buyer double checks with the lender to ensure that monthly credits can apply under the financing program he's seeking. Viewed as buyer incentives under some loan programs, the amount allowed may be capped or disallowed entirely.

Even though you're anxious to move, make sure that you (and ideally, a third party like a real estate agent) walk through the property with the buyer prior to his occupancy. Note the condition of the flooring, carpeting, and walls as well as the general condition of the home's exterior and yard. Also note any appliance or fixture that isn't working. Present a copy of your inspection notes to the buyer as well and have him concur by signing both copies. The walk-through will serve as a benchmark of the property's condition at the time you vacated and won't allow the

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buyer to later claim he wasn't informed about the condition of the house.

One last caution when using a lease purchase. Before you accept the contract, make sure that the buyer is pre-approved for the mortgage he needs to obtain. You'll also want the real estate agent and the lender to

quote you the approximate amount of closing costs you can expect to pay at closing. Even though a lease purchase can sidestep having to rent the house, saddling yourself with a marginal buyer who can't qualify for financing could prove far worse (and more time consuming) in the long run. ❖

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## Real Estate Transactions May Need Negotiations

The natural focal point of a real estate purchase contract is the selling price of the home, but the price isn't the only factor that determines the net bottom line for both the buyer and the seller. Is a bargain for the buyer really a bargain if he or she is paying all the transaction costs? Is a top price for the seller really a top price if the buyer wants all the furniture to be included in the purchase price? What if the buyer can't come up with the down payment or qualify for a mortgage?

Before you decide to go ahead with a great price, here are five other bottom-line points to consider:

### 1. What are the estimated transaction costs and who will pay for what?

Typical costs include the brokers' commission, a home inspection, a termite inspection, escrow or attorney's fees, a title search, an owner's title insurance policy, transfer taxes and recording fees. The price tags on these items vary greatly around the country. Who pays for what is a matter of both local custom and negotiation.

### 2. How much money is the buyer putting into escrow and how soon?

A big deposit—called “earnest money”—and a substantial down payment are generally seen as a sign that the buyer is serious about completing the transaction. From the seller's point of view, the more money the buyer places in escrow and the sooner the money is transferred, the better.

### 3. Is there a mortgage financing contingency and how specific is it?

The mortgage escape clause is a must for buyers, unless they're paying all cash for the home. Without this contingency, buyers can be legally obligated to purchase the home even if they can't obtain financing. Further,

an open-ended statement that says the buyer will obtain a loan “at the prevailing rate of interest” leaves the buyer completely exposed to interest rate fluctuations. A statement that says the loan must be at an interest rate “not to exceed xx percent” and on specified terms is preferable.

### 4. What furniture, fixtures and appliances, if any, are being sold with the property?

Technically, anything that's permanently affixed to or installed in the home is real property. Everything else is the seller's personal property. This distinction is a narrow one and it naturally leads to a fair amount of confusion. Are built-in appliances real property or personal property? What about a shelving system? A chandelier? Window coverings? Potted plants in the backyard? Sellers who intend to remove anything that's attached to the home should have that spelled out in the contract. And the same goes for buyers who expect to acquire any of the furniture or other movables.

### 5. What will happen if either side breaches the contract?

Unless an unmet contingency triggers the abandonment of the contract, it's a binding legal document. Buyers who fail to perform can lose their deposit money. Sellers who try to back out can be sued for “specific performance,” which forces the sale of the home to the buyer. Many contracts also specify that disputes must be brought in small-claims court or presented for arbitration or mediation.

**Tip:** Like our previous article, ask your real estate agent to go over the standard contract with you before you receive or make a purchase offer. That way, you'll know what to expect and be prepared to negotiate the best deal you can get. ❖

# 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	0	0.0%	0	SOLD OUT	N/A	1
2066	Ocean Reef Towers	55	4	7.3%	107	599K to 939K	739K	1
2000	Brighton	39	1	2.6%	175	999K	999K	0
<b>S/T</b>	<b>North Beach</b>	<b>106</b>	<b>5</b>	<b>4.7%</b>	<b>121</b>		<b>791K</b>	<b>2</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	Price Range	Average	PC
250	Marbella	155	1	0.1%	29	849K	849K	0
310	Boca Mar	38	0	0.0%	0	SOLD OUT	N/A	0
350	Beresford	53	1	1.9%	45	\$1.15M	1.150M	0
400	Excelsior, The	27	2	7.4%	171	2.395M to 5.995M	4.195M	1
500&550	Chalfonte, The	378	6	1.6%	191	589K to 995K	769K	4
600	Sabal Shores	125	7	5.6%	270	549K to 1.15M	752K	0
700	Sabal Point	67	1	1.5%	36	849K	849K	2
750	Sabal Ridge	31	0	0.0%	0	SOLD OUT	N/A	1
800	Presidential Place	42	1	2.4%	25	4.695M	4.695M	0
1000	One Thousand Ocean	52	5	9.6%	144	2.899M to 9.95M	5.628M	0
<b>S/T</b>	<b>Boca Beach</b>	<b>968</b>	<b>24</b>	<b>2.5%</b>	<b>176</b>		<b>2.248M</b>	<b>8</b>

## 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	1	1.0%	110	520K	520K	1
1200	Cloister Beach	128	2	1.6%	15	475K to 499.9K	488K	1
1400&1500	Addison, The	169	5	3.0%	143	1.149M to 2.55M	1.817M	1
1800	Placide, The	54	1	1.9%	129	849K	849K	2
2000	Whitehall	164	1	0.6%	45	749K	749K	1
2494	Aragon, The	41	3	7.3%	91	2.499M to 5.25M	3,715M	0
2500	Luxuria, The	24	2	8.3%	176	4.995M to 6.25M	5.623M	1
2600	Stratford Arms	120	0	0.0%	0	SOLD OUT	N/A	3
2800	Whitehall South	256	5	2.0%	91	685K to 1.25M	809K	1
3000	3000 South	80	4	5.0%	48	675K to 1.49M	991K	1
<b>S/T</b>	<b>South Beach</b>	<b>1132</b>	<b>24</b>	<b>2.1%</b>	<b>96</b>		<b>1.774M</b>	<b>12</b>

<b>Totals</b>	<b>May 2015</b>	<b>2206</b>	<b>53</b>	<b>2.4%</b>	<b>135</b>		<b>1.896M</b>	<b>22</b>
<b>Totals</b>	<b>May 2014</b>	<b>2206</b>	<b>79</b>	<b>3.6%</b>	<b>143</b>		<b>1.690M</b>	<b>26</b>

### 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 18, 2015. 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.