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THE BOCA BEACH REPORT

June 2020

*Privileged
information about
your real estate*

In This Issue

- Appraisals – Myths and Facts
- The Security Of Your Home
- Managing Your Vacation Rental
- News From Our Area

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

Appraisals – Myths and Facts

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

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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, damaged 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. ♦

The Security Of Your Home

When you are leaving your home for a vacation, or even for the day, the thought of security against intruders may come to mind. Most homeowners do not have an elaborate security system, so must depend on other means to discourage burglars.

According to police experts, there is very little that you can do to ensure that a determined professional burglar will be unable to break into a home. However, you can improve your odds and at least discourage spur-of-the-moment robbers.

The first thing to do is take steps so that it is not obvious to passersby that you are on vacation or even gone for the afternoon. Since burglars do not want to attract attention, make entry as difficult as possible, and maybe they will go on to an easier target. Here are some steps to take:

- If going away for a period of time, leave your blinds in their usual position, have the lawn mowed, and ask a friend to check the yard to remove any accumulated circulars that might indicate that you are away.

- Suspend mail and newspaper deliveries.
- Lower the sound of your telephone bell; there is usually a switch on the phone. If you have an answering machine, the message should not indicate that you are away from the house. "We can't get to the phone right now" might merely indicate that you are just outside.
- Purchase several inexpensive timers to turn the lights on and off at appropriate times. Also consider connecting a television or radio to a timer.
- Equip doors with double-cylinder locks, dead bolt locks with at least a 2 inch throw and install a slide bolt or lock on sliding glass doors. A broom handle will keep the sliding doors from opening, always a simple and easy fix. Lock the windows and having bushes with thorns under windows will discourage entry. Shrubbery near windows and doors should be kept trimmed, as overgrown plants can offer a hiding place for burglars.
- Consider investing in a burglar alarm and



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or motion detector lights and cameras. Installing landscape lighting, including motion-activated lights in the yard may also serve as a deterrent.

- Remove any spare keys hidden outside the home and remove house keys when leaving keys with a parking attendant. Tech-savvy thieves can duplicate your house key simply by taking a picture of it.

- Put your valuables in a safe deposit box.
- In some areas, police or sheriff departments will inspect your home and offer more specific advice for foiling break-ins.

There are many security systems on the market that you can install yourself at little expense. ♦

Managing Your Vacation Rental

After you buy a second home 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 specializing 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 great 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 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 quicker 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 may vary with each company, and 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, such as: replacement of missing household 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 and the management company.

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/her but not for a Realtor. ♦

Oceanfront In BOCA

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	2	50.0%	158	3.249M to 3.5M	3.375M	0
2066	Ocean Reef Towers	55	1	1.8%	53	569K	569K	0
2000	Brighton	39	1	2.6%	90	1.398M	1.398M	0
S/T	North Beach	106	4	3.8%	115		2.179M	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	7	4.5%	127	899K to 1.495M	1.108M	0
310	Boca Mar	38	0	0.0%	0	SOLD OUT	N/A	1
350	Beresford	53	2	3.8%	114	1.45M to 1.775M	1.613M	0
400	Excelsior, The	27	2	7.4%	163	4.2M to 4.295M	4.248M	0
500&550	Chalfonte, The	378	7	1.9%	123	695K to 1.275M	1.005M	1
600	Sabal Shores	125	6	4.8%	124	555K to 1.495M	802K	0
700	Sabal Point	67	2	3.0%	35	1.295M to 1.495M	1.395M	0
750	Sabal Ridge	31	1	3.2%	518	3.4M	3.4M	0
800	Presidential Place	42	2	4.8%	160	4.25M to 7.45M	5.183M	0
1000	One Thousand Ocean	52	5	9.6%	342	2.995M to 6.24M	5.85M	0
S/T	Boca Beach	968	34	3.5%	167		2.157M	2

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	8	8.3%	158	489K to 945K	617K	0
1200	Cloister Beach	128	3	2.3%	164	499K to 895K	648K	0
1400&1500	Addison, The	169	6	3.6%	101	2.6M to 3.5M	2.908M	1
1800	Placide, The	54	1	1.9%	86	1.014M	1.014M	0
2000	Whitehall	164	10	6.1%	194	519K to 1.499M	924K	2
2494	Aragon, The	41	2	4.9%	310	2.995M to 7.95M	5.473M	1
2500	Luxuria, The	24	1	4.0%	63	6.5M	6.5M	0
2600	Stratford Arms	120	3	2.5%	221	1.295M to 2.25M	1.648M	0
2800	Ocean Towers	256	2	0.8%	117	774K to 1.695M	1.235M	0
3000	3000 South	80	3	3.8%	104	675K to 867K	764K	0
S/T	South Beach	1132	39	3.4%	161		1.583M	4
Totals	June 2020	2206	77	3.5%	161		1,867M	6
Totals	June 2019	2206	83	3.8%	157		2,018M	13
Totals	June 2018	2206	83	3.8%	150		2,245M	9

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 May 18, 2020. This representation is based in whole or in part on data supplied by FlexMLS.
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