

PREMIER ESTATE PROPERTIES PROMOTES OUR FORT LAUDERDALE LISTINGS AT CHRISTIE'S ANNUAL INTERNATIONAL CONFERENCE



Exceptional Synergy Sells

Christie's Great Estates hosted this year's premiere luxury real estate conference in Boston, October 14-16, 2009, for owners and senior management. International executives gathered in Boston to converse about housing market data, social media trends, industry best practices, and much more.

Comprising 137 affiliates, the top-tier in the industry, Christie's represents 900 luxury real estate offices in 42 different countries. Conference attendees shared statistics from their local markets, contributing to a truly global perspective on luxury real estate. After three days of presentations and discussions, brokers from across the globe came to a consensus that the luxury market is experiencing promising activity.

Luxury buyers are by no means dormant. Through Christie's international network, affiliate Sibarth Real Estate made the world's highest home sale, a St. Barth's property that sold for \$80,000,000 to a Russian oligarch. Another Christie's affiliate, Joshua & Co., made the largest U.S. sale: a \$43,000,000 estate in Aspen, Colorado. Earlier this year, the Yves Saint Laurent and Pierre Berge auction house sale in Paris featured the largest collection of art and artifacts in our lifetime, bringing in over \$400,000,000 in revenue. Apparently not everyone is suffering from the economic squeeze.

Christie's Great Estates is taking significant steps forward. Two additional headquarters of global referral offices are soon to open in New York and London, and Neil Palmer – the network's newly appointed CEO – has concrete plans to further expand Christie's global presence in Asia and throughout the world.

Setting global standards to introduce luxury properties to the world.

If You Would Like Your Important Property Marketed Through Christie's International Network, Julie Jones Invites Your Inquiries 954.328.3665

Taking Title to Property: The Ins and Outs

Residential property is more than simply a home; it is a valuable and strategic asset and can be the cornerstone of a prosperous financial portfolio. Apart from the purchase price, perhaps the most important decision in purchasing a residential property is how the property will be titled. For many, the name on the title isn't a serious consideration, but with proper planning upfront before title passes, the buyer can take advantage of protections that will ultimately benefit the owner and save money when and if the property is sold at a later date.

Homestead Considerations

If the property is going to be the owner's primary residence, homestead protection should be a major factor in the titling decisions. Florida law provides two types of homestead protection. One is the protection from creditors seizing the home, thus preventing a judgment creditor from forcing the sale of the home. The other homestead protection relates to annual property tax increases and a tax break at the time of sale.

Protection from Creditors

Florida is one of few states that provides constitutional protection of homesteads from forced sales by judgment creditors. This homestead exemption promotes the stability and welfare of the state by putting homeowners and their heirs beyond the reach of financial misfortune and the demands of creditors. This protection is available to any natural citizen who resides in Florida. Many wealthy people own more than one home, and deciding which home will be the primary residence may be difficult, depending on their lifestyles. If a Florida home is the primary residence then the property can qualify for homestead protections. However, some types of liens are specifically enforceable, notwithstanding the homestead declaration, including Property taxes, mortgages, improvement and repairs on the homestead property. In addition, certain limitations to the homestead protection exist if the owner declares bankruptcy, which are beyond the scope of this discussion. Finally, courts have ruled that the homestead cannot be used as a shield against fraudulent or reprehensible conduct and that an equitable lien might arise that may be enforced against the homestead under such circumstances.

The 3% Cap and \$50,000 Credit

"Save Our Homes" was a constitutional revision that took effect January 1, 1995, which limits annual increases in the tax assessment of homesteaded properties at 3% or the Consumer Price Index (CPI), whichever is less. Every person in Florida who owns and resides in a dwelling is eligible for this exemption. Another benefit of the homestead exemption is a one-time \$50,000 reduction in the assessed value at the time of the sale. The taxable base value of the property is reduced accordingly.

Two Ways to Take Title of Homestead Property

If homestead is a consideration, then there are two ways to take legal and equitable title to the property: under individual capacity or under trust. Individual capacity means that the grantee (buyer) may take title under his or her name, and thus control that property as an individual, for example, as Joe Smith, a single man, or as Joe and Jane Smith, husband and wife. Under a trust, the home can be titled in the name of a grantor trust, such as Joe Smith being named as Trustee of the Joe Smith revocable trust dated 1/1/2001. The primary benefit of keeping title under trust is that upon the death of the grantor, the title passes to the beneficiaries without the need for probate, which can be costly and slow. In both situations, Florida law offers homestead protection.

Non-Homestead Property

Non-homestead property is property in which the owner does not reside as his or her primary residence.

Corporations and LLCs

Many homes in Florida are second or even third homes that are not the primary residence of the owner. In those instances it may be more prudent to own the property in some form other than in the owner's individual name or in his grantor trust. Taking title in this way can provide significant estate planning, tax benefits, and asset protection benefits. Corporations and LLCs are separate and autonomous legal entities. In most instances, a judgment creditor cannot seek enforcement of its liens against the individual shareholders or members of the company.

The Importance of a Good Title Attorney

Purchasing a home is an important decision regardless of whether it is a primary home, a secondary home, or an investment property. When deciding to make this important decision, it is equally important to consult a qualified real estate attorney who will work in conjunction with tax and estate planning considerations to ensure that maximum benefits and protections are secured before closing.

Marc D. Kleiner, Esq., Angelo and Banta

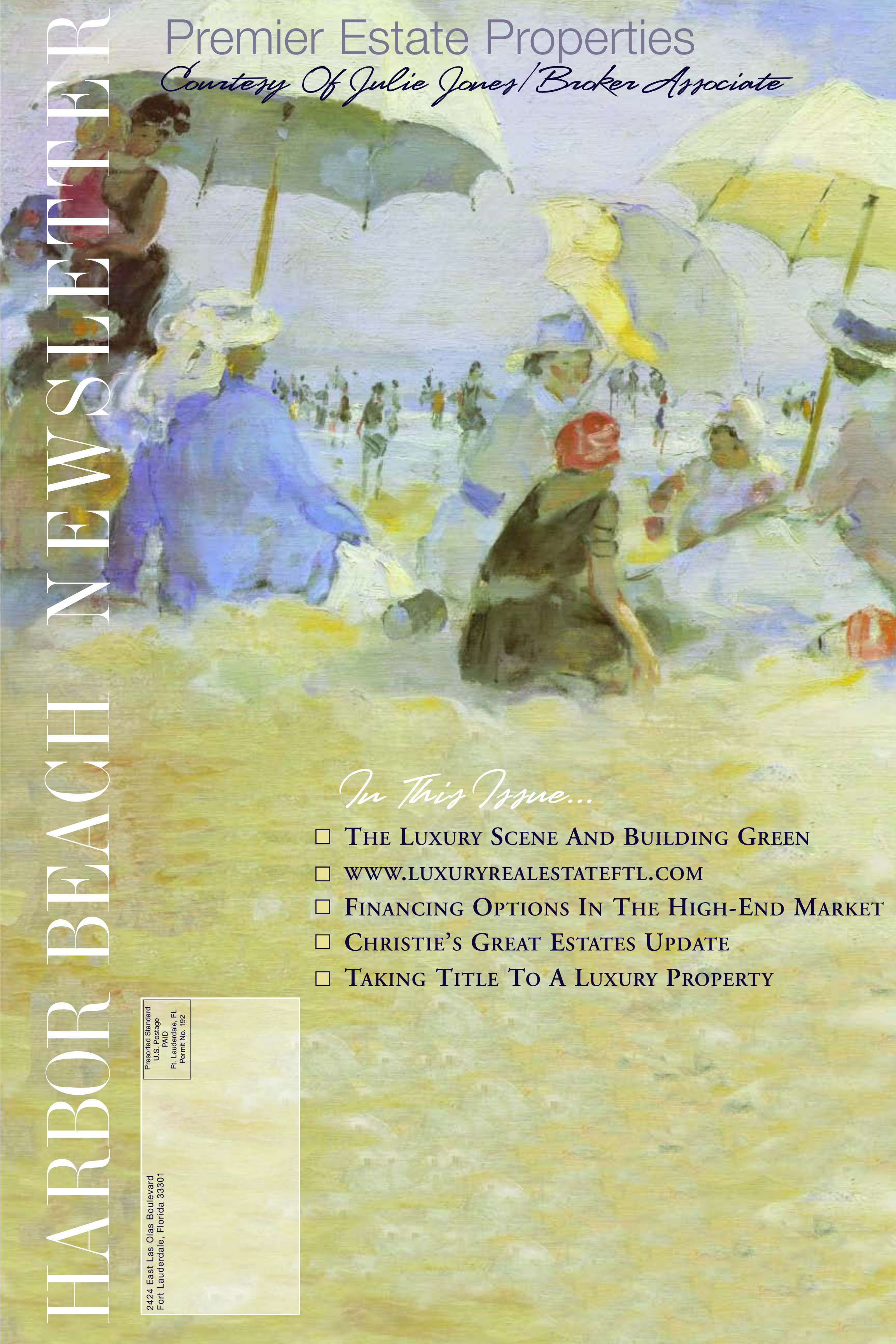
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HARBOR BEACH NEWSLETTER

Premier Estate Properties

Courtesy Of Julie Jones / Broker Associate



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Sellers' Guide



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Who's Who In Luxury Real Estate | Luxury Real Estate Companies Of The World

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The Luxury Scene & BUILDING GREEN

Jerry Nelson is an accredited LEED professional builder with luxury residence builder, Bomar Builders Inc., one of South Florida's leading custom builders on the forefront of building to LEED specifications. (LEED = Leadership in Energy and Environmental Design—developed by the US Green Building Council-USGBC. LEED is accepted internationally and nationally as a standard of excellence.)

Jerry Nelson said, "The greatest misconception about Green building is the cost. The real expense is in the pre-construction planning with architects to make green systems integral with the building."

On average, an up-front investment of 2% in green building design results in saving more than ten times the initial investment in the life-cycle of total construction costs. In addition, the cost of building Green falls into the same percentile of costs for building outside of Green standards.

Jerry Nelson cautions, "Putting a solar panel on a house is not really Green construction. Green construction is integrating a sustainable system to provide proper air quality and lower energy costs. The end result is that the whole house is a system—a living thing." However, changing one dynamic can affect many features in a home. For example, installing energy efficient windows reduces cooling costs and sun damage to interiors while adding needed light and protecting the building from hurricane winds.

Nelson believes buyers need more motivations to go Green. He adds, "As incentives go, there is no question as to compensation when using LEED's home standards." A LEED certified building or residence is considered to comprise the most comprehensive Green system, integrating energy savings, water efficiency, CO2 emissions reduction, improved indoor environmental quality, and stewardship of resources and sensitivity to their impacts. In other words, using LEED construction lowers an individual's "carbon footprint" in his environment. Visit www.usgbc.com for more information on this excellent program.

BOMAR endorses LEED standards for building Green. "In Florida, most new construction is going Green whether we know it or not. For example, schools and public buildings now require LEED in construction. Green is being mandated in many areas of the public sector," Nelson said.

Visit: www.BomarBuilders.Com for more information on Luxury Green Building in South Florida.



The "Casa Mare" point lot estate, located in the gated/secured community of Harbor Beach, is one of the few and rare prominent point lot opportunities available in Fort Lauderdale. Enjoy the best of both worlds with deepwater dockage and a private beach club. The property is perfectly suited for protected dockage of a large vessel with 150± feet on Davock Bay, allowing dockage without obstructing the superb vistas. Two interesting options exist for this magnificent property with wide open views spanning from the Harborage Isle to the Intracoastal. The present residence is over 4,000± square feet and the solid construction provides a perfect opportunity to remodel. This property is offered at \$7,995,000 £5,060,347 €5,378,764.



An imaginative collaboration by leading custom builder, Bomar Builders Inc., and Brewer Architecture Inc., provides these initial computer-generated renderings and design for a stunning contemporary point lot residence with approximately 10,000± square feet living space and over 14,000 total square feet. Ocean views are captured from the third level. This premium point lot estate can be built to LEED certification, if desired. Price upon request. Web ref#: F1031162



New Real Estate Website www.luxuryrealestateftl.com

Julie is pleased to introduce her new website, www.luxuryrealestateftl.com, created from Julie's drive to promote Fort Lauderdale's finest real estate. In response to the ever increasing power of the Internet, Julie commissioned this site to run alongside www.premierestateproperties.com which recently won the **CNBC and New York Times awards** for best real estate agency, agency marketing, best real estate agency in Florida, best agency website and international property award.

Julie's site introduces Fort Lauderdale on a friendly and localized level with fabulous photography, Julie's latest single family and condominium listings, community profiles, testimonial letters and sales performance reports. The colorful home page is full of critical information which attracts the Internet 'crawlers' to the site and to the properties promoted by Julie. In addition, the section on social media and blogging provides a constantly changing resource for both luxury real estate sellers and buyers. Premier Estate Properties' architectural standard photography is showcased on this site, together with floorplans, videos and podcasting reports on luxury real estate topics.

A SAMPLING OF ACTUAL WEBSITE SCREEN CAPTURES



Homepage

Sampling of Luxury Residence Inventory

Luxury Property Detail Page

Please take a look at www.luxuryrealestateftl.com.

Julie welcomes any comments or suggestions that you might have on the site and appreciates you taking the time to visit.

REPORT ON HIGH-END FINANCING

By Mason T. Pruner / AVP/BRANCH MANAGER / WELLS FARGO HOME MORTGAGE

In order to discuss the current state of high-end financing, we must first take a quick look at how we arrived where we are today.

The ready availability of capital earlier in this decade initiated by record low rates after 9/11 and by Wall Street's desire for the high profit margins generated by the mortgage banking industry, as well as the escalating values in the national and global real estate markets, drove the creation of new and innovative products to serve the rapidly growing market. This led to a relaxation of traditionally conservative lending standards driven also by initiatives of several departments in the US Government to expand new home ownership.

Many of these new innovative products focused on the Sub-Prime and the Jumbo loan programs with Jumbos driving many stated income/asset loans through a product known as Alt-A (or Alternative "A") lending. Unlike Sub-Prime, Alt-A clients typically had good credit scores, but for whatever reason, did not want to, or could not verify income or assets to qualify for a traditional loan. Alt-A also provided for exotic types of mortgages such as Payment Option ARM's, which featured payments well below the amount necessary to cover each month's interest, and Interest Only loans – which also allowed borrowers to qualify for payments much lower than what would be required to repay the loan. Because this relaxation of standards led to easy and frequent abuse, many whom took out these types of loans could not, in reality, qualify and this contributed to a large amount of foreclosures with substantial losses. According to *Inside Mortgage Finance*, when the markets seized up in July 2007, Jumbo originations slid 71% with only 7% of all jumbo loans made in 2008 securitized, and 93% of the loans were actually held in portfolio by the originating institution.

Fast forward to today and the options available to the Jumbo home buyer for financing:

We are starting to see a "thaw" in the Jumbo markets with more funds becoming available and more lenders participating, but all loans are Full Documentation with relatively stringent guidelines. Most loans are held in portfolio by the originating institution and many do not offer these products to mortgage brokers – only to their own originating employees. A depository relationship with the lender is a plus in many cases and is ready to address any credit issues, and provide documentation supporting substantial post-close reserves. Credit score requirements are higher with 700+ being the average minimum acceptable score. Rates for Jumbo mortgages are typically about 1% higher than a conventional conforming loan. Options are more limited as well with "Payment Option ARM's" being virtually extinct. Interest Only loans are still available but qualification is now based on the fully amortized payment instead of the interest-only payment. Most lenders are offering 15 and 30 year fixed-rate loans and "intermediate ARM's". These are loans with a shorter term fixed rate which convert to a one-year adjustable rate after the fixed rate period – typically 3, 5 or 7 years.

Down payment requirements are typically higher – in the 20-30% range. There are a few lenders who offer second mortgages up to 80% of the purchase price of the home – usually home equity lines of credit to supplement the down payment requirement or even to allow the buyer to keep the first mortgage in the conforming loan range with its lower rate structure and finance the difference as a second – or "piggy back" mortgage. Some lenders, such as Wells Fargo & Co., are exploring ways of expanding financing guidelines to consider "Wealth Profiles" to supplement current lending guidelines for high-end buyers where higher credit scores, substantial post-close "investable" assets in excess of \$500K and income over \$250K would allow for expansion of guidelines. These kinds of initiatives and the eventual return to normal securitization of Jumbo Loans will further the improvements to Jumbo financing for high-end property buyers.

My advice to buyers of high-end homes would be to educate yourself on your options. Ask your Realtor for a recommendation to a lender that specialized in Jumbo financing and don't hesitate to shop around. Check with your bank, as well. Many lenders like Wells Fargo (who last year acquired Wachovia) have special options through their Wealth Management departments for their current and prospective clients. Be prepared to supply complete bank statements and full income verification, including tax returns. Check your credit in advance. The higher your score the better your rate will be. Your lender will appreciate your preparation and your loan closing will be much smoother if you provide what your lender requests timely and completely. Remember, your lender is working for you.



Mason Pruner is a Branch Manager with Wells Fargo Home Mortgage in Boca Raton, serving all of South Florida with over 30 years experience in Financial Services and in the mortgage industry. In the last 7 years, Mason personally provided over \$250 million in mortgage financing to South Florida clients. If you have any questions or comments about this article, Mason can be reached at 561.982.0432.



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