

PERSPECTIVE

Rothman & Tobin, P.A. | October 2015

Happy Halloween!

With the traditional buying season around the corner, we're thinking of recent buying trends. The market is influenced by so many factors: demographics, psychology, generational trends, currency and economics to name a few. While we don't know where the market will go from here, we're happy to share our perspective. Trick or treat!

News & Notes

- [The Consumer Financial Protection Bureau \(CFPB\) has finally officially instituted its "Know Before You Owe" disclosure rules for new residential mortgage applications effective 10/3/2015.](#) These rules have completely changed the long-standing residential mortgage application and closing processes. Unfortunately, in mortgage transactions there will be more HUD-1 settlement statements. We're happy to report that at Rothman & Tobin, we have quickly adapted to the change.
- [The Florida Supreme Court will soon hear Bartram v. U.S. Bank.](#) This case will decide an important statute of limitation issue affecting many properties where a foreclosure suit was filed during the crash. It will clarify whether the statute of limitation bars a lender from bringing a new foreclosure action based on a separate default subsequent to the default originally sued upon.
- Earlier this year the Florida Legislature enacted F.L. § 83.561, an update to the Landlord and Tenant Act, which - among other things - gives tenants up to 30 days to vacate foreclosed properties.



"I know it's tough to get on the housing ladder, but you've got to start somewhere."

Is Home Ownership Ever Coming Back?

Sure, the real estate market has shot back like a boomerang in South Florida, but don't be fooled. While institutional and foreign national buyers bought up distressed inventory and helped high-end luxury properties, the traditional primary resident buyer has been AWOL in this latest boom. According to a recent [article](#) in the *Miami Herald*, new home buyers are being squeezed out of the market by low inventory and high prices. Millennials have consistently demonstrated a reluctance to buy, preferring the low commitment of renting, even as rental prices skyrocket.

Will homes become more like cars - something to lease rather than to own? Will buying a first home, a rite of passage for Baby Boomers and Gen Xers, become obsolete? [Millennials now comprise about half of downtown Miami's residents.](#) How will these trends translate to Miami's real estate market? As the economy picks up speed, and as Millennials age (and their families grow), we'll see how this plays out.

- Miami's real estate market benefits greatly from the EB-5 visa program, which the U.S. Senate recently voted to extend until December 11th. This program grants green cards to non-resident aliens upon a \$500,000 investment in a federally-qualified property. Please contact us for further details.

Legalese

Right of Redemption: Pursuant to F.L. § 45.0315, at any time before the Clerk of Court auctions a property at foreclosure, the owner of the property or any subordinate interest holder may pay the mortgage indebtedness in whole ("redeem") and prevent a foreclosure sale.

Of Interest In Miami

After 50 years, Miami Science Museum has officially closed its doors. The museum will soon move into its swanky new location in Downtown Miami's Museum Park adjacent to Perez Art Museum Miami (PAMM). Many exhibits in the new museum, The Patricia and Philip Frost Museum of Science, will reflect the flora and fauna of South Florida. Replete with a 5,000 gallon Gulf Stream aquarium, an Everglades exhibit and a wrap-around planetarium, the museum will open for business in 2016. Science geeks, Mr. Wizard-dads and curious kids of all ages eagerly await!



Foreign Currency Update

In our March Perspective we highlighted several foreign currency rates to the U.S. dollar. Since that time, Brazil's currency has seen significant devaluation (30%), its economy has struggled mightily, and it's in the midst of a massive corruption scandal. Argentina's economy likewise continues to struggle (its currency has weakened by 7.5% since our last newsletter), and Columbia, once a strong market, has also weakened. All in all, things aren't looking so bright in South America. Over the past several years, when its currencies and economies were stronger, South American buyers became the anchors for a number of Miami's new construction projects. With many of these buildings approaching completion, how will South America's instability affect those buyers' ability to close. How will new projects generate enough sales to get off the ground?

Russia's ruble has seen a small devaluation of 1.2% since March, although it was hammered prior to that time. Russian buyers have been responsible for much of the new construction in Sunny Isles over the past 15 years. Will we see many Russian sellers?

Many real estate salespeople have their eyes on China. Even with a stable yuan-to-dollar relationship, since March the yuan has weakened 1.2%. Despite this, many Chinese buyers still have their sights set on Miami. Will Chinese investments be substantial enough to buoy a market vacated by South American investors? If not, who will fill the void?

The Work We Do...

- We structured and closed a high-net-worth family purchase transaction wherein parents made an arms-length mortgage loan to child purchaser with financial and tax benefits to both sides.
- Using the threat of a partition action, we negotiated the terms of sale of inherited property among estranged beneficiaries.
- We negotiated the release of code enforcement liens and violations on behalf of a private mortgage lender, which acquired title post-foreclosure.
- We represented a tax deed purchaser in suit to quiet title.
- We represented a seller of a profitable restaurant in Miami Beach, and handled the sale wherein the purchase price constituted cash proceeds, a promissory note, and the acquisition of two residential condominiums.