



Selling one,
buying another



In a perfect world, you sell your old home and buy the new one on the same day. Given that things rarely turn out perfectly, here are some things to keep in mind as you negotiate the sale of one house with the purchase of another.

Time it right

You want to consider the season of the year when buying and selling. Fall and spring are the best times for homes to move. If the closing dates just aren't going to coincide, a gap – rather than two mortgages – is better. It's easier and usually cheaper to find temporary housing than juggle two mortgages.

It's generally cheaper to find temporary housing than to have to pay two mortgages.

Selling first

- Selling your home before buying a new one minimizes financial hazards. Even if you have to find temporary housing, it's generally cheaper than two mortgages.
- Get an appraisal first thing off the bat. That way you'll have a good idea how the sale of your home will affect your purchasing power on the new one. This will help keep you from over extending your mortgage abilities.
- Get pre-approved on a loan for the new home.
- Until most of your contingencies have been met, wait to put an offer on a new house. You don't want to be left holding the bag, or in this case, the house.
- If you're ready to accept an offer on your home, but haven't found the right new home, negotiate a long escrow or a sale/lease back. This will give you more time to look for your new home. Otherwise, look for temporary housing.

*It happens. You're only thinking of buying, and suddenly the right home shows up. **Now you have to sell your old home quickly.***

Buying first

- Negotiating a long escrow on this side of the sale works, too. You can also make the purchase contingent on your house selling. This will work better in a slow market, but it's worth a try in any market. You never know what may also work best for the seller of your new home.
- Schedule the closing date of your current home prior to the closing on your new home. Temporary housing is generally a better situation than two mortgages.
- Take a close look at what price you're going to ask for your home. Make sure it's realistic in the current market.
- When you get an acceptable offer, check the buyer's credit history. You don't want any surprises that are going to delay things. If you've closed on the new home, but haven't sold the old one, consider renting it out or taking it off the market until the next season (or until the market improves).

Same market or across the country

Generally, if you're buying and selling in the same market, you can negotiate closing dates to work for you. But when you're dealing with a cross country move, it's a lot harder. A real estate professional really comes in handy at this point. Legal documents can be faxed or sent via overnight courier and your focus won't be stretched to the limit. You may end up renting one home or the other, or have to consider a bridge loan. But with someone local in the market on your side, it will be much less stressful.





Show me the money

Make sure you have a clear understanding of your financial situation. Cash reserves are always helpful, but never more so than during the purchase of a home. Two to three months is the recommended reserve, but if you don't have it, this is where the bridge loan comes in handy. Some lenders are more inclined to make a loan if it's for the purchase of a home. If you're a smart shopper/seller, you'll accept an offer from someone who's flexible about move-in dates. It can save you money in the long run. Too many moves with storage costs can quickly eat up any profit you may have made in the transaction.