

## **Buy First or Sell First?**

For homeowners eager to move a common question is whether to buy another home first and then sell their current home or to sell first and then buy. Here are some things to keep in mind.

### **Buy First, Then Sell:**

You can search for your next home before having to commit to the sale of your current home.

You won't know the final sale price of your current home and therefore you won't have an accurate picture of your purchasing power which can weaken your platform for negotiation.

In a slow market you could end up making payments on both homes if your current home doesn't sell in time.

If you qualify, Bridge Financing (through a lender) can carry you through the interim at interest and costs until the sale of the original home completes.

If you need the proceeds from the sale of your current home to be able to purchase ie: you don't qualify for bridge financing or cannot afford to carry 2 mortgages at the same time, you can write offers conditional to the sale of your current home.

In a hot market, sellers may not accept a "conditional deal" and you typically have to pay a higher purchase price to get them to agree.

If the sellers agree to the conditional deal, they also need to agree to a late closing date to provide you with enough time to sell your current home.

If the sellers agree to the above 2 conditions, they will place a time clause into the contract allowing them free from their obligation to you if a better offer comes along while they are waiting.

If the sellers agree to another offer during this time, they will give you "first option" and you will have 24-72 hours to remove the subject to the sale of your current home condition to secure the home.

If you cannot remove this condition due to financial reasons, you lose the purchase.

This method can be an emotional roller coaster and you must prepare for instability and risk.

### **Sell First, Then Buy:**

You know exactly how much money you have "net" from the sale of your home.

You eliminate the instability and risk associated with not knowing the final sale price of your home and the subsequent closing/moving dates.

You have a stronger negotiation platform when you can make an offer to purchase without a Subject to Sale condition.

In a rising market you may encounter a bidding war on the perfect home for you. You can and will be able to compete without a Subject to Sale condition.

If you sell first and have agreed to vacate on a set date you might be under pressure to settle for a less than ideal purchase, you can manage this challenge in a few ways:

Try to negotiate long closing dates with your buyers to allow you enough time to find just the right purchase. Ask your buyers to rent the home back to you after the vacate date until you can find just the right purchase. Rent another home or stay with family or friends until you can find just the right purchase.

Your referral of a family member, friend or co-worker is the greatest compliment we could receive.