

BUYING AND SELLING AT THE SAME TIME?



Buying and selling a home at the same time can be stressful in just about any market. It's not just a matter of logistics and coordination, your options can also vary based on your need to release equity from the sale of your home to purchase another. Let's have a look at some common scenarios:

Buy Your New Home First

If you can afford to own both homes (be sure you have a pre-approval done to determine affordability), you may want to find and purchase your new home in advance of selling your existing property. You will need to demonstrate that you are able to support the cost of both homes. You will also need to show you have access to funds for a down payment and closings costs. Once your new home purchase is complete you can determine if you wish to put your old home on the market or keep it as an investment/rental property.

Buy With a Contingency to Sell

For many people, this is the ideal scenario. You put an offer in on a new home, and closing is contingent on finding a buyer for your current home. In this scenario, you don't have to worry about carrying two mortgages. In this scenario you will want to work closely with your mortgage/real estate professionals to optimize timing.

Buy Once You Have a Firm Offer to Sell on Your Current Home

Once the home you're selling has a firm offer with conditions of financing and home inspection removed, the sale is ready to close. You can write an offer to buy your new home without a contingency to sell. When the buyer for the home you are selling is fully approved by their lender, you can be relatively sure that the sale will go through.

In this scenario you could technically take possession of the new home BEFORE your previous home sale closes (completes). This means you won't have access to the funds from the sale. If you are using those funds as part of the down payment on your new purchase, you'll need to take out a Bridge Loan to "bridge" the gap between the time you sell one property and purchase the next. Bridge financing enables you to use the equity in your current home to take out a loan to make the down payment on your next home, while you wait for your existing home sale to close. When it does close, you will use the proceeds of the sale to pay off the bridge loan along with any accrued interest.

Sell First Then Buy

This option is probably the least stressful as there is less at risk. The benefit being that you'll know exactly how much money you will net from the sale of your home. The drawback is if you do not find a new home before the need to vacate arises, which could result in more than one move for you/your family.

We are happy to run a number of scenarios to help you determine what is best for you. Contact us today!



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