

Sell First or Buy First?

A comprehensive guide to making
the move that's right for you.



If you're planning a move, you may be wondering: should I sell my home before buying, or should I buy first then sell?

The right answer always depends on your individual circumstances and the current market conditions. While we discuss various scenarios throughout this info guide, the general rules of thumb are as follows:

- **Is it a hot (seller's) market?**

Given the heightened market competition in a hot market, it may be challenging to find and secure the perfect home. Buying first gives you peace of mind knowing exactly where you will be moving to, before you move forward with listing your home.

- **Is it a cool ("buyer's") market?**

As it may take longer to sell your home in a cooler market, selling first can provide significant peace of mind. Armed with a firm sale agreement, you can then focus on house hunting with greater confidence around price and affordability.



Choose the path that's right for you.

Option A – Sell First

For those who are risk-averse, selling first is the more conservative course of action. If you sell first, you can shop with confidence, knowing exactly how much money you have to purchase a new home.

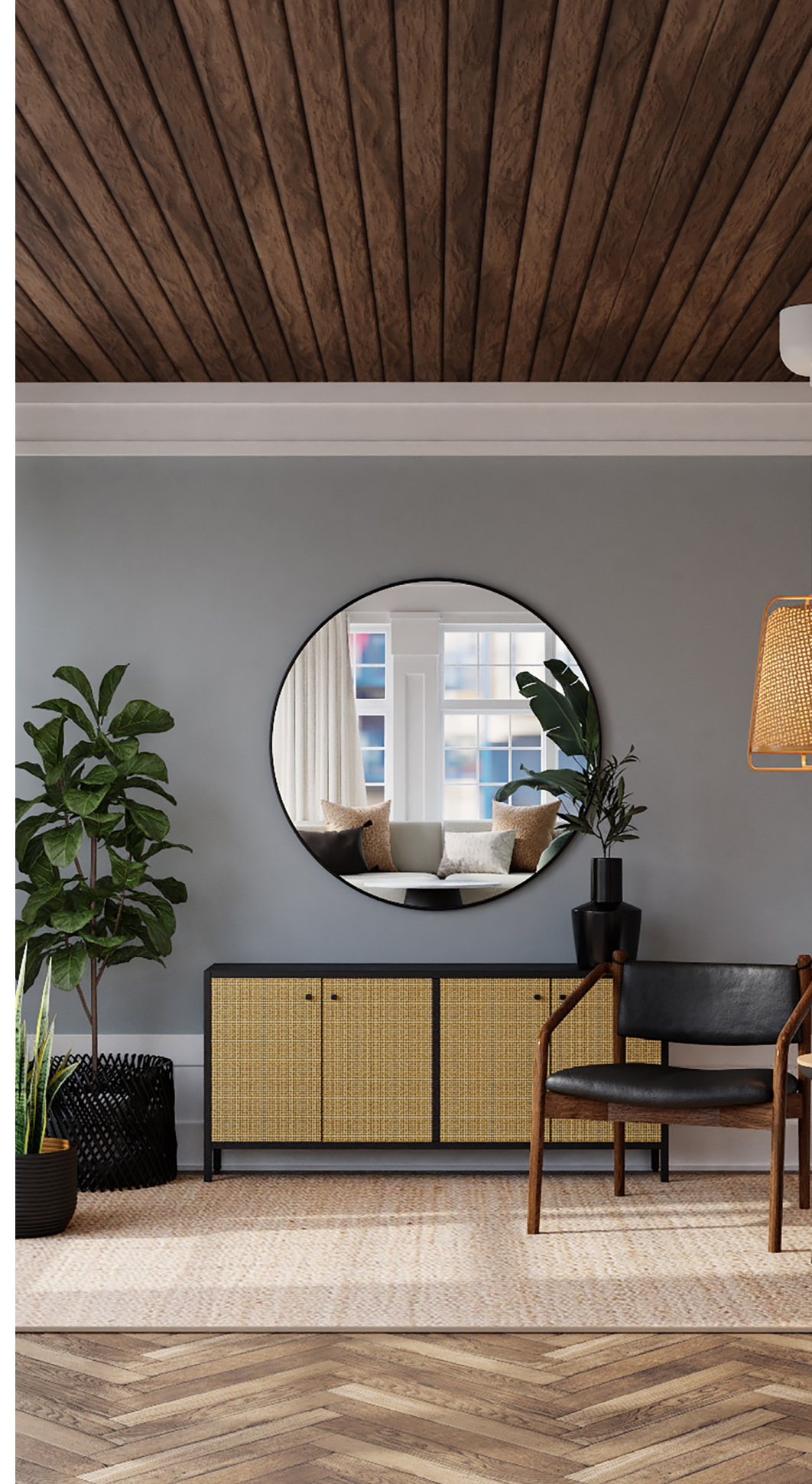
Let's look at the benefits and considerations of selling first.

BENEFITS

- **A clearer financial picture.** You'll know your exact budget and closing date.
- **The potential to move your mortgage.** Selling first may allow you to port your existing lower-rate mortgage over to the new property.
- **Less financial stress.** If your budget is tight, selling first will help you stay on track financially and avoid running short on down payment funds. Plus, you're less likely to find yourself carrying two properties.
- **No need to rush.** You don't have to accept a lower offer on your home just to get it sold – if you sell first, you remove that pressure.

CONSIDERATIONS

- **You're on the clock.** If your house is sold, you must move out by the closing date. Some people worry that they won't have time to find their next house and may need to arrange temporary accommodation.
- **The market could change.** If you wait too long to buy, you may be facing different market conditions, which could affect purchase prices and home supply.
- **It's not done until it's done.** As with any real estate deal, there is always a risk of the sale not closing on time or the deal falling through all together.





Option B – Buy First

People often want to buy their next home before selling their current property. There is always a feeling of relief that comes with knowing exactly where you are going and how everything will look when it all comes together. Some people only want to move if they can get into the right neighbourhood, right school district or right condo building.

Here, we look at the benefits and considerations of buying first.

BENEFITS

- **Be exactly where you want to be.** No matter which property you buy, you'll have the luxury of time to find your dream home. Unless you find it very quickly, you should be able to get your current home into list-ready condition while you are looking.
- **Enjoy a seamless transition.** Move directly into your new home without worrying about temporary accommodation.

CONSIDERATIONS

- **Financial stress.** If you will be relying on your sale proceeds to fund the down payment on the new purchase, proceed with caution. If you do not have a firm offer on your existing home before the new purchase closing date, traditional bridge financing will not be an option. You will suddenly need to re-qualify for mortgage financing and demonstrate that you can carry the old mortgage, the new mortgage and qualify for the additional credit needed to finance the down payment. In the majority of cases, this proves to be difficult.
- **Additional expenses.** Paying for two properties means double the home insurance, property taxes and maintenance costs.
- **Pressure to sell quickly.** You might feel pressured to sell your current home quickly, possibly for less money.

Challenges? Rely on your team of professionals to help.

While everyone hopes the buy/sell or sell/buy process will go as smoothly as possible, sometimes an unforeseen event or changing market conditions can cause bumps in the road. In such cases, it is important to lean on your team of professionals. With a trusted Mortgage Broker, Realtor, and Lawyer on your team, you can rely on their experience to help you navigate your options.

Let's look at some potential challenging scenarios below:

YOU'VE BOUGHT BUT ARE UNABLE TO SELL:

In this scenario, you have purchased a new home but have yet to sell your existing property. In this case, your mortgage broker may be the best source of financing advice. They have access to a wide range of financing products across banks, credit unions, and other lenders that may be customizable to your needs. Some possible solutions:

1. You may be able to refinance your current home to pull out equity for the down payment on the new house.
2. You could borrow against your investments or the cash surrender value of a life insurance policy, or another property (perhaps a cottage).
3. You could find a co-signer to increase your borrowing power.
4. Short-term private financing can also be a solution of last resort, but it often comes with significant additional costs. Private mortgage commitments should always be reviewed carefully before you sign.
5. Seniors over age 55 have additional short-term financing options, including the Open Reverse Mortgage Loan, which is not subject to traditional qualifying criteria but has its own set of rules tailored to seniors. For more information, consult the Outline Financial Guide *"Sell First or Buy First: Options for Seniors."*

THE MARKET DYNAMICS HAVE CHANGED BETWEEN BUY/SELL PERIOD:

In a cool (buyer's) market, you may be forced to accept a lesser price for your home in order to get the deal done. Speak with your Realtor to understand your neighbourhood dynamics and any factors specific to your home. Also, talk with your mortgage broker to determine the minimum sale price you can accept and still meet your purchase obligations.

YOU'VE BOUGHT BUT NEED MORE TIME TO SELL:

It may be possible to ask the seller of your new home for a closing date extension, however, they are not obligated to provide it. Your Realtor will work closely with your lawyer to learn what is possible in your situation. If you think you may need or want an extension, it is best to broach the subject with the seller's lawyer sooner than later, so you understand if an extension is possible and at what cost. If you have yet to sell, very often, an extension can be less expensive than bridging the gap through other sources. Your real estate lawyer is also the best person to speak with about the consequences of defaulting on your agreement, which may include forfeiting your deposit and covering additional damages incurred by the seller.

Your Mortgage Broker, Realtor, and Real Estate Lawyer are an invaluable source of information, and it is important to keep an open dialogue to ensure the buy/sell or sell/buy process is as smooth as possible.

Final Advice.

Take the time you need to understand the process of buying and selling a home. Comprehend the risks, benefits, and possible outcomes of any action you take. No scenario comes without risk, but it is crucial that you understand which one is right for you.

At Outline Financial, our mortgage brokers specialize in helping you navigate through some of the biggest financial transactions of your life. We will collaborate with your real estate lawyer, Realtor, wealth adviser and accountant to help ensure the home buying process is as seamless (and enjoyable) as possible.



Useful tips to prepare for a move.

1. **Know your budget:** Get pre-approved for a mortgage (not pre-qualified).
2. **Set your priorities:** Evaluate your needs and nice-to-haves for your next home.
3. **Get an evaluation:** Have your current home evaluated by a Realtor to understand the realistic sale price, what needs to be done in order to make it listing-ready, and how long homes typically take to sell in your area.
4. **Declutter and stage:** Begin any necessary work to get your home ready for the market.
5. **Understand your position:** Once you find your next home, find out if you must sell your existing house in order to close on the new purchase. Also, what is the minimum sale price you can take to make the deal work?

**Looking for more
advice specific to
your situation?**

Contact the mortgage
experts at Outline
Financial for a
customized plan.

Please note that this info guide was prepared for discussion purposes only and is not meant to be interpreted or relied upon as legal advice. As every situation is unique, please contact your real estate lawyer, mortgage broker and Realtor to discuss your specific circumstances.



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