

Buy or Sell First?

You have come to the realization that your current home is no longer suitable to your needs. So, do you start looking around for a replacement home or do you sell your existing one first?

Possibly, the best scenario for you is to buy first. The selection of homes is a fair bit better than it was a year ago, but the supply is still quite limited, and you will want to be assured that something you want is on the market before you sell your present home. Call your realtor and give her or him an outline of your wants and needs. Ask them to give you a list of the homes that are most like what you are looking for. That will give you a general idea of cost. Your realtor should also do a competitive market analysis for you on your present home. The purpose of this is so that you know the approximate equity you have. Also, visit your banker or mortgage broker. Most lenders can guarantee you an interest rate for between 90 and 120 days. That way you'll have some assurance about the interest rate you'll be paying on your new mortgage and a clear picture of what your cost per month will be. That completes your basic homework. Now all you have to do is find the right new home. That could take days or weeks or more depending how good the selection is in the current inventory of listings, and how much time you can devote to the task.

Once you have made your selection make your offer subject to your present home selling within a certain period of time, usually a month. It is common that a time clause will be added to your contract. That time clause will say that "in the event the Seller receives another acceptable offer you will have 24 to 72 hours to remove all your conditions". You can then decide whether to proceed or alternatively, forfeit the deal. Once you have an accepted contract of purchase and sale, quickly proceed to get your house on the market with the broadest coverage and at a practical price. Hopefully, your home will sell before another offer comes in on the place you want. That is the issue you face if you buy before selling. Discuss this thoroughly with your realtor.

Some people have the financial capability to buy the next home with either their savings or a temporary mortgage. On this strong market it is unlikely their existing home won't sell in a reasonable time, assuming it is properly priced and presented. Rather than miss buying the home they really want, they assume the conservative risk of buying before selling.

Jane Field works with Re/Max Vernon. Jane has 30 years experience in the Real Estate business. To suggest topics for future articles or to ask her questions, email her at jane@janefield.com or call 503-3755. Previous articles published in the Morning Star appear on Jane's website – www.janefield.com

In my next column, I'll discuss the benefits of and the reasons why many people choose to sell first before selecting their new home.

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