

YOUR HOME LOAN ADVOCATE

BUYING BEFORE YOU SELL

A practical guide to buying your next home without necessarily selling your current one first.

THE ADVOCATE DIFFERENCE

The goal isn't simply to make the purchase possible. It's to make the transition comfortable.

TOM ENGLISH

Your Home Loan Advocate | NMLS #210394

You Found the House You Want. There's Just One Problem.

You already own one.

For many homeowners, a large part of the money they plan to use for their next home is tied up in the home they're living in today.

“Do I have to sell my current home before I can buy the next one?”

Maybe. But maybe not.

Depending on your income, equity, available cash and overall financial picture, there may be several ways to structure the move.

My job is to help you understand those choices before you're trying to make them under the pressure of an offer or closing date.

1. Start With the Bigger Picture

Before we decide whether you should buy first or sell first, I want to understand what you're actually trying to accomplish.

- Are you moving locally or relocating?
- Are you downsizing, moving up or retiring?
- Have you already found the next house?
- Is your current home listed?
- How much equity do you have?
- How comfortable are you owning two homes for a period of time?

There isn't one strategy that's right for everyone.

ADVOCATE TIP

The goal isn't simply to make the purchase possible. It's to make the transition comfortable.

2. Why Buying First Can Be Attractive

Selling your home first may be the simplest financial solution - but it can create some practical problems.

- Temporary housing
- Storage
- Moving twice
- Short-term rentals
- Rushed decisions
- Trying to coordinate two closings on the same day

Buying first can give you time to find the home you really want and move on your schedule. You may also be able to prepare your old home for sale after you've moved out, which can make cleaning, repairs, painting and showings considerably easier.

There are real advantages. But convenience has to be weighed against the financial side.

3. Can You Qualify While Owning Both Homes?

This is usually one of the first things we'll determine.

If you're keeping your current home temporarily, the lender may need to consider the mortgage payment on that property along with the payment on your new home when qualifying you.

For some people, that's no problem. For others, carrying both payments pushes the numbers beyond what works.

We'll look at your income, existing mortgage, other monthly debts, proposed new payment, assets, cash reserves and equity - and then determine what options are realistically available.

DON'T ASSUME

Don't assume you can't qualify until we've actually run the numbers.

4. Qualifying and Being Comfortable Are Two Different Things

This is particularly important with a buy-before-you-sell strategy.

You may qualify on paper to carry two houses. That doesn't automatically mean you should be comfortable doing it.

If your current home takes three months to sell instead of three weeks, what does that look like? What if you need to make repairs? What if you receive an offer that's lower than expected?

I'd rather think through those questions before you own two homes.

MY APPROACH

There is a number you qualify for, and there is a number that still lets you go out to dinner and take a vacation. I care about both.

5. Where Will the Down Payment Come From?

Sometimes qualifying isn't the challenge. Accessing the equity is.

You may have substantial equity in your current home, but until the property is sold, that money is still tied up in the house.

So we'll look at what you have available outside the property and whether another strategy may help.

- Cash savings
- Investments
- A home equity line or loan
- Bridge-type financing
- A smaller initial down payment
- Other eligible assets

Not every option works for every borrower, and the costs can vary considerably. The objective is not simply to get at the equity. It's to determine whether doing so makes financial sense.

6. Should You Tap the Equity Before You List?

This is an important conversation to have early.

If you're considering a home equity line of credit or similar financing against your current home, timing can matter. Once a property is listed for sale, some financing options may become more difficult or unavailable.

That doesn't mean everyone should run out and open a HELOC.

TALK EARLY

If accessing your equity might be part of the strategy, let's discuss it before you list the home. We can determine whether it's necessary, what it costs and whether there is a better alternative.

7. Could You Buy With Less Down and Reposition the Equity Later?

This is one of the strategies people don't always realize may be available.

Instead of waiting for your current home to sell so you can make a very large down payment, it may sometimes make sense to purchase the new home with a smaller down payment.

Then, after the old home sells, you may have options for applying some of the proceeds toward the new mortgage.

Depending on the loan and lender, that could potentially include a principal reduction followed by a mortgage recast, which may lower the monthly payment without refinancing.

Not every loan can be recast, and lender requirements vary, so this is something we verify before building the strategy around it.

ADVOCATE TIP

Sometimes the best financing isn't one transaction. It's a two-step strategy.

8. What About a Bridge Loan?

The term bridge loan gets used broadly, but the basic idea is fairly simple: you're creating a temporary financial bridge between the home you own today and the home you want to buy.

A bridge-type solution may allow you to access equity before the current home sells. That can be useful.

But temporary financing has costs, qualification requirements and risks that need to be understood.

I don't start with: "How do we get you a bridge loan?"

I start with: "Do we actually need one?"

If we can accomplish the same goal more simply or less expensively, I'd rather do that.

9. What If Your Current Home Is Already Under Contract?

That can change the conversation.

Depending on the circumstances and loan guidelines, an executed sales contract and the timing of the sale may affect how the current housing obligation is treated.

The details matter. We'll want to understand:

- Is the sale contingent?
- When is it scheduled to close?
- Are there financing contingencies?
- Will proceeds be needed for the new purchase?

- How closely are the two closings tied together?

The closer we get to depending on one transaction to make the other one work, the more important the timing becomes.

10. The Risk of Trying to Make Two Closings Perfectly Align

Sell the old house Friday morning.
Buy the new house Friday afternoon.

Sometimes it works beautifully.

But you're now relying on two separate transactions, two buyers, two lenders, two title companies and potentially a long chain of other people. One delay can affect everything behind it.

BUILD IN BREATHING ROOM

Whenever we reasonably can, I prefer to build in some flexibility. A good financing strategy should reduce stress - not create a domino line of deadlines.

11. Don't Forget the Cost of Carrying Two Homes

Even if you're comfortable making two mortgage payments temporarily, remember the other expenses.

- Mortgage payments
- Property taxes
- Homeowners insurance
- Utilities
- HOA fees
- Maintenance
- Lawn or pool care
- Preparing the old home for sale

THE BETTER QUESTION

The question isn't simply whether you can buy before you sell. It's whether the entire strategy still makes sense if selling takes a little longer than expected.

12. Sometimes Selling First Really Is the Better Answer

Buying before selling can solve a lot of problems. But it isn't automatically the right solution.

Selling first may make more sense if:

- You need most of your equity for the next purchase
- Carrying two homes would make you uncomfortable
- Qualification is tight

- You want maximum flexibility with your next down payment
- Your current home may take time to sell

My job isn't to convince you to buy first.

My job is to help you understand your options and choose the strategy that works best for you.

Your Buy-Before-You-Sell Checklist

Before You Start Shopping

- ☐ Estimate the value of my current home
- ☐ Determine my current mortgage balance
- ☐ Estimate my available equity
- ☐ Determine how much cash I have outside the home
- ☐ Establish my comfortable payment on the next home
- ☐ Determine whether I can qualify carrying both properties
- ☐ Discuss whether I need access to current-home equity
- ☐ Talk with Tom before listing if a HELOC may be useful
- ☐ Establish a backup plan if the current home takes longer to sell

Your Buy-Before-You-Sell Checklist

When Shopping for the Next Home

- ☐ Understand my maximum comfortable purchase price
- ☐ Know how much I can put down before selling
- ☐ Consider taxes, insurance, HOA and CDD on the new property
- ☐ Understand how long I'm comfortable carrying two homes
- ☐ Keep adequate cash reserves
- ☐ Talk with Tom before making an offer if circumstances change

Once the New Home Is Under Contract

- ☐ Send the contract to Tom
- ☐ Confirm down-payment strategy
- ☐ Confirm cash needed to close
- ☐ Review the Loan Estimate
- ☐ Obtain homeowners insurance
- ☐ Complete appraisal
- ☐ Avoid major credit or employment changes
- ☐ Keep Tom updated on the status of my current home

After My Current Home Sells

- ☐ Confirm net proceeds

- ☐ Replenish cash reserves if needed
- ☐ Decide how much equity to apply to the new home
- ☐ Discuss recast eligibility if applicable
- ☐ Consider other financial priorities before applying every dollar to the mortgage
- ☐ Enjoy having only one house payment again.

PROTECT YOUR MONEY

Never rely solely on emailed wiring instructions. Independently verify instructions with the title or closing company before sending funds.

My Buy-Before-I-Sell Worksheet

Use this page to start thinking through the numbers. These are planning figures, not a loan approval or final quote.

Planning Item	My Information
Estimated current home value	\$ _____
Current mortgage balance	\$ _____
Estimated selling costs	\$ _____
Estimated net equity	\$ _____
Cash / investments available	\$ _____
Target new-home price	\$ _____
Down payment available before sale	\$ _____
Comfortable new monthly payment	\$ _____
Current monthly housing payment	\$ _____
Estimated cost to carry both homes monthly	\$ _____
Months I would comfortably carry both	_____
Current home listed?	Yes / No
Current home under contract?	Yes / No
Expected sale date	_____
Expected net proceeds	\$ _____
Potential amount to apply to new mortgage	\$ _____

7 Questions to Ask Before Buying First

1. Can I qualify for the new home while I still own my current one?
2. How long would I comfortably carry both homes if mine doesn't sell immediately?
3. Do I actually need the equity from my current home to make the purchase?
4. If I need access to that equity, what are my options and what will they cost?
5. Would putting less down initially give me more flexibility?
6. Can I apply sale proceeds later and potentially recast the new mortgage?
7. Would selling first actually put me in a better financial position?

One Last Thought

Buying a home while selling another can feel like trying to solve a puzzle where several pieces are moving at the same time.

But you don't necessarily have to make everything happen on the same day.

Sometimes we can create enough flexibility to let you find the right house, move once, sell your existing home without quite as much pressure, and then decide what to do with the equity after it sells.

Other times, selling first is the better answer.

That's why we start with the strategy - not the loan.

Let's look at the numbers, the timing and what you're comfortable with, and then decide what makes sense.

Thinking About Buying Before You Sell?

SCHEDULE A CONVERSATION

Choose a time that works for you. If you don't see a convenient time, just give me a call or send me a message.

START MY APPLICATION

Ready to move forward? You can start securely online from the Digital Office.

Even if you're months away from making the move, this is a conversation worth having early.

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Your Home Loan Advocate
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To the Closing Table...and Beyond.

For educational purposes only. Loan programs, qualification requirements, rates, costs, recast options, home-equity and bridge-financing availability vary by borrower, property and lender and may change. Final financing terms are subject to application, documentation, underwriting and lender approval. Please confirm required licensing, company NMLS, Equal Housing Opportunity and other compliance disclosures with Coast2Coast Mortgage before publication.