

CAUGHT IN BETWEEN SELLING AND BUYING A HOME? COLDWELL BANKER PROVIDES TIPS ABOUT WHAT TO DO



Sometimes selling a home and buying a new one can be a difficult balancing act, as a homebuyer often cannot place an offer on an attractive home and sell the current one simultaneously. These homebuyers and sellers get “caught in between.” Below are some tips from **Coldwell Banker Danforth and Associates** on how to close that time gap between buying and selling a home.

1. Consider bridge loans. A bridge loan means borrowing from the current home’s equity until the proceeds from its sale are obtained. Some bridge loans require that only the interest be repaid; others mandate a single payment of interest and principal when the loan needs to be paid back. If protracted, bridge loans can be expensive, so it is best to use them for overlaps of a short period of time between closings.

2. Buy on contingency. Have a prior-sale contingency included in the purchase contract of the new home. It provides the opportunity to withdraw from an offer if the current home does not sell by a certain date.

3. Evaluate whether to buy or sell first. You might still get “caught in between” even with a prior-sale contingency clause. Homeowners must consider which is better to do first. In a “seller’s market,” locating the new home and starting the buying process may be the best approach. It is important to note that most people need to sell their current home in order to qualify for a loan to buy the next one, which is often more expensive.

4. Review home equity options. For those who need to borrow for a longer period than just a few months, it is best to use a home equity loan or a fixed-rate line of credit, particularly if sizable equity has been built up.

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