

Timing the Sale of Your Current Home and Purchase of New Home Can Be Challenging

Have you faced this dilemma? You want to buy a home that better fits your family's needs, but you are stymied by the need to sell your current home to pay for the next one. So you stay put in a home that doesn't quite meet your needs.

There are several ways to tackle the challenge of buying a home when it depends on selling your current home. Let's look at different scenarios based, first of all, on the amount of equity you have in your current home.

If you own your home "free and clear" and are downsizing to a lesser priced home, the easiest path is to take out a home equity line of credit (or HELOC) on your current home. This kind of loan is easier to obtain than a standard mortgage, especially when done through a credit union. *Note: You must do this before going on the market.*

When I obtained a HELOC from a credit union, they didn't even charge for title insurance and did only a "drive-by" appraisal, and the closing took place at the loan officer's desk with no closing fee. It couldn't have been easier.

If you have a mortgage on your home but still have substantial equity, a HELOC can provide the cash you need for a 20% down payment, which is what's required to get the most favorable interest rate on the mortgage for the home you're buying. You would no longer be a cash buyer for your new home, and the mortgage lender for your home purchase may make the sale of your current home a condition for approving the loan on your new home, depending on the size of your income and the ratio of your debts to your income. But that doesn't mean you can't succeed in buying the new home.

Under the right circumstances, a seller and his/her listing agent will consider an offer that is contingent on the sale of the buyer's current home. I have succeeded in this process as a buyer's agent by showing that the buyer's home is ready to be listed immediately and will be priced to sell quickly based on a market analysis.

Don't expect, however, to win a bidding war against non-contingent buyers. You can avoid bidding wars and succeed with a contingent offer by looking only at homes that have been on the market over two weeks. Your agent can set up an

email alert with that being one of the search criteria. Then be sure to include in the contract the price that you are going to list your home and submit with it a market analysis demonstrating that it is priced to sell quickly. That market analysis should include a spreadsheet of comparable homes sold in the last six months, showing days on market, and a price per square foot that is higher than the price per square foot of your home at the listing price specified in your offer. Your agent could even enter the home on the MLS as an "incoming" (not yet active) listing, complete with high quality photos, showing that you're ready to "pull the trigger" immediately after your contract is accepted on the new home.

should get multiple offers and be under contract within, say, four days with a buyer who has agreed to match the closing date on your new home.

One of the deadlines in a contract to buy a home is the contingency deadline, after which you would lose your earnest money if you fail to close on your purchase. That date should not be the day of closing but maybe a week earlier. If the contract to purchase your current home has the same date for that last opportunity for **your** buyer to terminate and get **their** earnest money back, you can have some peace of mind about everything working out well.

When I write a contingent contract, I like to add a provision that the seller can terminate if my buyer's home is not under contract within, say, a week or 10 days after going under contract. That increases the likelihood of acceptance.

(I'll write about the challenges facing renters who want to become home owners in next week's column.)

REAL ESTATE TODAY



By **JIM SMITH**, Realtor®

The contract to purchase your new home could have a closing date of 45 to 60 days, and if you have priced your current home correctly, you

Just Listed: A Rare Mesa Meadows 5-BR Ranch-Style Home

This 5-bedroom, 3-bath home is at **594 Wyoming Circle**, Golden. You'll love the updated kitchen with hardwood floor, slab granite counters, pantry, and gas fireplace! The updated master bath is also a highlight, with its fabulous shower and free-standing soaking tub. The stamped concrete patio has an inlaid vegetable garden and pergola. Vaulted ceilings give this home a spacious, welcoming feel which you and your guests will appreciate. And it's in Golden proper! New exterior paint and roof, too. A bicycle-pedestrian trail to Downtown Golden is 1/2 block from the front door, and a trailhead for the North Table Mountain Open Space Park is a block away. **Open House is Saturday, April 27th, 11-2.** or call **303-525-1851** for a private showing. See interior pix and a narrated walk-through at www.MesaMeadowsHome.com.



4-BR Mid-Century Modern Home Just Listed by Chuck Brown



Looking for an opportunity to purchase a large home in the foothills to make your own? This custom ranch-style home with walkout basement is at **266 Lamb Lane** in Paradise Hills near Genesee and is only 25 minutes from downtown Denver. The home features 4,313 finished square feet with 4 bedrooms, 4 bathrooms, 3 fireplaces, 3 living rooms, an outdoor swimming pool, dramatic foothills views from every room, and 1965 mid-century modern architecture that is sure to impress. Major improvements include a new roof (in 2017) and 2 new boilers (in 2008). There is too much to

mention in this space, so be sure to view the video tour at www.FoothillsHome.info. **Open house is Saturday, April 27th, 11 am to 2 pm.** Call **Chuck Brown** at **303-885-7855** to schedule a showing.

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