A Good Loan Officer & Lender Can Help You Navigate Buying Before Selling

the down payment on their new home, but be- your current residence. cause the inventory of homes for sale is Let's Talk

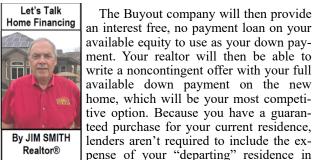
so low, they don't want to sell before they identify their new home.

While obtaining a bridge loan or a home equity line of credit to access equity are options, few buyers can qualify for them and doing so impacts their buying power for their new home. FNMA requires that lenders count a borrower's By JIM SMITH current mortgage, the new HELOC pay-Realtor® ment AND the mortgage payment on the new house in the debt-to-income ratio that is used to qualify for the new loan. This means that unless they list and sell their current residence before finding a new one, their only option is to write an offer to purchase that is contingent upon the sale of their current home and unfortunately, contingent offers do not have much traction in our current market.

Enter the "Buy Before You Sell" program. Several lenders offer such a program. Jaxzann Riggs, owner of The Mortgage Network, explained the fundamentals to share with you.

Step one is for the "Buyout" company to determine the current value of your existing home.

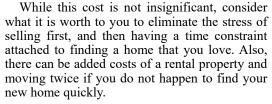
Many people are ready for a move. They have Step two is for you to contract with the substantial equity in their home that will fund "Buyout" company for the guaranteed sale of



your qualifying ratios.

The stipulations for the "buyout" are that once you close on your new home, you will have 10 days to list your current home and you must be under contract within 90 days. The Colorado Association of Realtors shows that year to date. the average home was on the market 62 days, which should be reassuring to those who are concerned about the 90-day time limit.

The cost for this program is 2.4% of the selling price of your existing home, paid to the buyout company when your home sells.



Another cost that is important to consider is that if you don't get any offers by the 90-day mark, the buyout company will execute its right to your home at a price that's set at the beginning of the process. This amount will not be market value, but if they then sell your house for more, you will get the additional equity after their 2.4% fee has been collected. It is important to talk to your Realtor about the realistic value of your home, and strategies to ensure a sale within the 90-day period.

Jaxzann reports that while not suitable for everyone, using a "Buy Before You Sell" option can be a way for buyers to maximize their buying power, to take their time looking for a home that they love, and to write their strongest possible offer.



If you feel stuck in your homeownership journey, call Jaxzann at 303-990-2992 for more info.

