

HOME TO SELL? Timing the sale of your exit home when building new

When it comes to building a new home, most of our clients have existing homes to sell. Below we'll cover three FAQ's we answer on a regular basis:

1. Do I need to sell my home before signing a purchase agreement to build a new home?



The short answer is **not usually**, and the answer lies in how the builder will finance the building of your new home. Also, your personal financial situation is a key factor.

If you have liquid funds in the bank and qualify for a loan without selling your home first, you can provide the builder or lender the required earnest money deposit and approval letter to get the build moving forward. The advantage here is simpler timing and only one move.

On the flip, If you don't have much in the bank and all your cash is tied up in your home, you *may* have to sell first (but, there are other options available here as well like a HELOC, etc.) which we can provide more details on. The advantage here is cashing out your funds from the sale earlier and more flexibility regarding the builders' estimated closing date; the disadvantage is having to move more than once and pay rent.

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2. If I don't need to sell first, what's the best way to time the sale of my current home with the closing of my new home?

Congrats! You have the coin available to build without the stress of having to move twice. That said, the timing of listing your current home has to do with local market conditions, your personal schedule, and the builders' reliability regarding estimated closing dates.

Local market conditions: for purposes of this article, we'll focus on current market conditions in metro Detroit in June 2018. Sellers have the advantage. That said, listing approximately 60 days before the projected closing date works out nicely. That gives us time to get the home under contract, gives the buyers' lender 45 days to close, and offers you some flexibility regarding a post closing occupancy period.

Personal schedule: If you have things planned like a 2 week family vacation, busy work schedule, etc. that obviously needs to be considered.

Builders' reliability regarding projected closing date: in short, knowing the builders' history is the best plan here. Another reason working with us is key!

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3. What's the most ideal time of year to sign a PA and get the most money out of my home?

This is a great question we get fairly regularly. Beyond personal circumstances (children's school schedules, work schedules, etc.), **generally speaking** the most ideal time of year to sign a purchase agreement is around fall, **September or October**.

Why? Couple reasons:



- 1. Timing** - getting the build going in September / October puts your estimated closing date the following May to July, a perfect time to move.
- 2. Selling your home** - if you have a home to sell, you're listing in the Spring (April / May...60 days prior), the time when you can expect to sell your home for top dollar.
- 3. Reliable construction schedule** - your home should be framed with a roof and windows before the bitter cold Michigan weather hits. This allows for interior work to be continued and more accurate construction schedules. It basically eliminates weather from being a delaying factor for construction and your closing date!