

6 Mistakes to avoid when trading up to a larger home...

Unlike the experience of buying a first home, when you're looking to move up, and already own a home, there are certain factors that can complicate the situation. It's very important for you to consider these issues before you list your home for sale.

Not only is there the issue of financing to consider, but you also have to sell your present home at exactly the right time in order to avoid either the financial burden of owning two homes or, just as bad, the dilemma of having no place to live during the gap between closings.

This post outlines the six most common mistakes homeowners make when moving to a larger home. Knowledge of these six mistakes, and the strategies to overcome them, will help you make informed choices before you put your existing home on the market.

1. Rose-colored glasses.

Most of us dream of improving our lifestyle and moving to a larger home. The problem is that there's sometimes a discrepancy between our hearts and our bank accounts. You drive by a home that you fall in love with only to find that it's already sold or that it's more than what you are willing to pay. Most homeowners get caught in this hit or miss strategy of househunting when there's a much easier way of going about the process. For example, find out if your agent offers a Buyer Profile System or "House-hunting Service," (such as my "iSearch" program) which takes the guesswork away and helps to put you in the home of your dreams. This type of program will cross-match your criteria with ALL available homes on the market and supply you with printed information on an on-going basis. A program like this helps homeowners take off their rose-colored glasses and, affordably, move into the home of their dreams.

2. Failing to make necessary improvements.

If you want to get the best price for the home you're selling, there will certainly be things you can do to enhance it in a prospective buyer's eyes. These fix-ups don't necessarily have to be expensive. But even if you do have to make a minor investment, it will often come back to you ten-fold in the price you are able to get when you sell. It's very important that these improvements be made before you put your home on the market. If cash is tight, investigate an equity loan that you can repay on closing.

3. Not selling first.

You should plan to sell before you buy. This way you will not find yourself at a disadvantage at the negotiating table, feeling pressured to accept an offer that is below-market value because you have to meet a purchase deadline. If you've already sold your home, you can buy your next one with no strings attached. If the market is slow and you find your home is not selling as quickly as you anticipated, another option could be renting your home and putting it up on the market later - particularly if you are selling a smaller, starter home. You'll have to investigate the tax rules with the help of your accountant if you choose this latter option.

4. Failing to get a preapproved mortgage.

Preapproval is a very simple process that many homeowners fail to take advantage of. While it doesn't cost much (~ \$1 😊) or obligate you to anything, preapproval gives you a significant advantage when you put an offer on the home you want to purchase because you know exactly how much house you can afford, and you already have the green light from your lending institution. With a preapproved mortgage, your offer will be viewed far more favorably by a seller - sometimes even if it's a little lower than another offer that's contingent on financing. Don't fail to take this important step.

5. Getting caught in the "Real Estate Catch 22".

Your biggest dilemma when buying and selling is deciding which to do first. You don't want to end up with the terrible situation of owning two houses, or worse, owning none! Point number 3 above advises you to sell first, however there are ways to eliminate this dilemma altogether.

6. Failing to coordinate closings.

With two major transactions to coordinate — together with all the people involved such as mortgage experts, appraisers, lawyers, loan officers, title company representatives, home inspectors or pest inspectors — the chances of mix-ups and miscommunication increase dramatically. To avoid a logistical nightmare, ensure you work closely with your agent. Keep these six points in mind when you start looking for a new home. They'll make your life easier, and could potentially save you a lot of money.



Scott Sandgren
Equity Real Estate
801-652-8002
scott@ourutahrealtor.com
www.ourutahrealtor.com