

# Consider moving up to a larger and better house this season

BY DOUGLAS BUENZ

The kids are getting bigger by the day. So are their friends. Heck, even the dog is getting bigger. Although the real estate market appears to be slowing, you have seen your equity swell on your current home in the last few years. You are uneasy about the current economy, but you begin to think that this might be a good time to move up. This has been a part of life in California for years, and many homeowners are considering purchasing a larger home or moving to a more exclusive neighborhood.

The current market conditions have seen inventory swell to levels we haven't seen in years. This is good news for move up buyers, who now have a realistic chance at finding a suitable replacement home without competing with five other buyers in a bidding war. You may even be able to buy your next home for less than the asking price — a prospect that seemed unlikely just six months ago.

On the flipside, it is more challenging to sell your home in today's climate. A For Sale sign won't bring waves of potential buyers with checks in hand, seemingly intent on outbidding the next buyer. The market has changed dramatically. As always, when there is uncertainty, there is also opportunity. Here are some tips to help turn your dream into reality.

■ **Find an agent.** You need a professional agent to help pull this off. Make sure your agent is active, and has good access to listings, and enough experience to give you a

sense of perspective on the market. Ask tough questions and do your homework.

■ **Get approved by a lender.** You must set the parameters of your new home so you don't waste time looking at homes that are out of your price range. Explore with the lender the possibility of qualifying for a home without selling your present home. Keep in mind that you may end up selling your current home for less than you had hoped, so be conservative with how much equity you think you have.

■ **When you are a move-up buyer, there are three main strategies to employ.** The first strategy is to find a home, and then write an offer on this home contingent on selling your home.

This is the least risky strategy, and certainly the most convenient. You will not be stuck with double house payments, and if you don't get an offer high enough to allow you to purchase the other home, you simply don't sell it. If the seller of the new home is not in a hurry, this might be an option.

However, serious sellers don't want to gamble on your home selling. And sellers who are receiving corporate relocation assistance are generally prohibited from accepting a contingent offer. The net result is that you are limiting the number of potential homes you can purchase, and usually dealing with sellers with lower motivation.

A variation of this strategy is to list your home for sale subject to finding a home of

your choice. This strategy is also low on the financial risk scale, and is also convenient. Again, you know exactly how much money you have to spend, and you will be able to control the timing to a large degree.

You need to make sure that your home is very attractive to the market, because serious buyers may not want to waste time in the event you are not able to find a suitable replacement home. If you have a truly exceptional home, you are more likely to find buyers willing to gamble that you will find a replacement home. If your home is average or similar to other homes in your price range, most buyers will chose another home where there is certainty.

The second strategy is to sell your present home and then find another home. This risk factor on this strategy is low, but it can be very inconvenient. It requires you to possibly rent back your current home after the close, and you should be prepared to find a temporary rental until you can locate your new home. If you have pets this could be difficult, as very few rentals allow pets.

There is very little financial risk in this strategy, as you know exactly where you stand in terms of down payment and how much of a loan you qualify for. You are also an attractive buyer with no contingencies on the sale of your home, as it is already sold. Be sure to structure your escrow and any rent-back to give yourself as much time as possible to secure the new home.

The last strategy is to find your replacement home, write a "non-contingent offer" and then sell your home after your offer is accepted. This requires you to be very well qualified, and you must either have the down payment in savings or have the ability to get an equity loan on your current home to obtain the necessary funds. This is the most convenient option, because you can live in your current home until you find a new home that works. However, this strategy has the most financial risk, as you are committing to buy the new home regardless of whether your current home sells or not. You must be prepared for the possibility that you have to make double payments, or that your current home does not sell for as much as you thought it would.

■ **Execute.** Once you decide which strategy you are most comfortable with, work closely with your agent. Make sure the things you want in your new home are obtainable in your price range. Keep current on new listings as they hit the market. When you find what you are looking for, be aggressive and negotiate a favorable purchase. There is tremendous opportunity in this market...now may be an ideal time to move up into the home you have always wanted.

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