

## Buy Before You Sell

### **Advantages**

- Allows you to buy your new home before you have sold, or even listed your old home.
- Put's you in a position to make a non- contingent offer on your new home.
- Provides the cash you need for the down payment on your new home.
- Provides the cash you need to make the necessary improvements on your current home.
- Provides cash to cover your mortgage payments on your current home.
- Avoids the hassle of prepping and showing your old home while living there.
- Allows you to qualify with just the new mortgage payment on the new home. Your old mortgage payment will not have to be counted against you in your debt ratio.

### **How it Works**

- 1) The first step is to get Pre-approved with a Steadfast Loan Officer
- 2) Our guidelines allow us to lend up to 80% cumulative loan to value on your home. Here's an example:

Value of your current home:	\$400,000
Current balance on your mortgage	\$200,000
Maximum amount of new 2 <sup>nd</sup> position equity loan	\$120,000
- 3) Once Preapproved for both the purchase of your new home, and the equity loan on your old home, you're ready to write a winning offer that is non contingent on the sale of your current home.
- 4) Once closed on your new home, you can focus on improving and selling your old home. You will have up to 6 months to sell.

## FAQ

**What are the costs associated with the program?** On the **home equity loan**, we will charge a 2% origination fee and 5% interest with no payments required. All interest will be accrued and included in the payoff when the home is sold. There are also recording fees, attorney closing fee (\$495) and title search fee (\$200).

On the **purchase loan**, we will charge a 1% origination fee. The 1% origination fee is the charge for us providing the 6 months backup contract. If you happen to sell your home prior to purchasing and the backup contract is not required, the 1% fee will not be charged.

**Will my home qualify for the BBYS Program?** Not all homes will qualify. The home needs to be solidly in our Parks/ Village / Pilkerton footprint, with the required equity, and in very good condition based on the inspection provided.

**What happens if my old house doesn't sell within 6 months?** It is not our intention to buy any homes. With that said, if a client has not sold their home within the required six months, we will work with them on a case-by-case basis to assist them in selling their home. Only as a last option will we look to purchase their home.

**Can we do the backup contract without doing the home equity loan?** Some people have funds for the down payment and only need the backup offer to qualify for debt ratio purposes. In that case yes, we will do the back up contract and the 1% origination fee will apply.

**Can we do the home equity loan without the backup contract?** Unfortunately, No - The BBYS program is not designed for that.

**Will I have to make two mortgage payments?** The home equity funds can be used for just about any purpose including making payments on their current home if needed.

**What title companies should we use?** Our affiliated title companies - Carney Title, Hale and Hale Title, and Regal Title.

**Are we required to get an inspection of our current home?** Yes, both a home inspection and a pest inspection are required. Your agent can refer inspectors to you. It is important to know that any major repairs that are noted may be required to be fixed.

**If approved, when will we close on our home equity loan?** Steadfast will arrange to close on the Home Equity Loan three days prior to the purchase of your new home. This is to allow time after the **recission period for the funds to be available**.

**How is the value of our current home determined?** Steadfast will use a Comparative Market Analysis (CMA), an Automated Valuation Model (AVM) and other tools as well as estimates provided by independent real estate professional in your area to determine an estimated value.

**Are pictures of our home required?** Yes, please ask your realtor to assist you in taking interior and exterior pictures that Steadfast can use to assist in evaluating your home.