REAL ESTATE NEWS

Sell present house before committing to a 2nd

You've lived in the same house for 20 years — rebuilt the kitchen, added a family room and watched the kids grow up and leave. If now is the time to buy a new home, you're about to face another set of challenges.

Do you sell your current home first and then buy a new one? Or do you buy your new one first, and then sell your old one? How about buying and selling at the same time? Sound confusing?

If you sell first, you have the leisure of looking for a new home with a fixed understanding of your financial boundaries. Selling first also relieves the anxiety about carrying two mortgages at the same time and the fear of not getting a bank loan to finance your new house.

The downside to selling first is that you'll need an interim place to stay — rental and storage costs can add up. If your relationship is good with the purchaser, and there's flexibility on both sides, you may want to include a clause in your sellers contract about the right to postpone possession of the house until you close on your new one.

If you decide to buy first, you can take advantage of a buying opportunity and still protect yourself. If people are eager to sell, you have the leverage to protect yourself in the housing contract. Add a clause that states that your purchase is contingent on the sale of your old house and/ or your ability to get a bank loan. This provision protects you from having to take on two mortgages or from being sued if you can't sell your house or get a loan.

If you're concerned about coming up with the down payment for your new home, apply for a loan against the equity in your old home. Again, you want to avoid paying two mortgages and struggling with a down payment. Be aware that interest rates on these loans tend to be higher.

Ask a sampling of real estate agents which route to go, and the majority seem to favor the sell-first approach.

"It depends on the financial circumstances, but most people would be better off to sell their home first," said Bob Beattie, an agent with Century 21 in Southfield.

"You won't get caught making double payments. And you won't worry about the marketability of your home.

"However, a number of people have their home paid off. If they find something they like, they can go ahead and buy it. Maybe it will take only three or four months to sell their home."

Michelle Michael, an agent with ReMax Executive, says selling the home you're living in first allows you to know the amount of money you're working with.

"It eliminates the stress of selling your home at a lower price. And it's emotionally upsetting if you lose the home you want.

"It's smarter, it saves time and money, and it puts you in a better negotiating position if you sell your house first," said Michael.

"All sellers will not consider offering a contingency clause because it ties them up. If you sell first, you can give yourself enough occupancy time in closing, 90 days for extra insurance."

Mary Nicole of Real Estate One is another believer in selling first. Ann Shahin, assistant manager of Coldwell Banker — Schweitzer, is quite emphatic about it.

"Definitely sell the existing home first," she said. "I've got some people right now who bought first and they're going nuts trying to sell their old home."

Elsie Kimmel, an agent with Red Carpet Keim in Birmingham, favors the flip side of the coin.

"We're trained to have people sell their house first," Kimmel said. "But me personally, my honest opinion, I wouldn't do it. It puts you under a lot of stress. You might be forced to buy less than what you really want.

"And I believe if you price your house right, it should sell.

What if you buy and sell simultaneously? This may actually be your best bet, according to Doug Stranahan, regional director of Century 21 of the Great Lakes. Walking this tightrope requires the use of a good real estate agent.

Try to use the same agent for both transactions; once you build a trusting relationship, you can barter on commission fees, Stranahan said.

A good agent will walk you through each option. It is her responsibility to help you get top dollar for your existing home, while negotiating a good price for your new one.

Whether you decide to sell first, buy first, or do both at the same time, make a decision you can live with — one that will allow you to sleep at night, whatever house you're in.

Property line causes condo dispute

CONDO QUERIES

ROBERT M. MEISNER

We live in a site condominium where there is a fight among two of the members of the association regarding the property line. The developer apparently made a mistake in the subdivision plan. It is difficult to get an agreement among the two owners as to where the line should be. What should the association do to help resolve this problem among the neighbors?

There should be a provision in the condominium master deed that allows the master deed to be amended to correct survey errors without the necessity of the approval of the co-owners. Of course, that would have to be undertaken by the developer who might have to engage a new surveyor to determine where the exact boundary is.

In the absence of an agreement, it is probably an issue which should be left to co-owners with respect to where the property line should be. Reference should also be made to the condominium documents to the extent that they may give the association some latitude in resolving this problem, perhaps by arbitration.

The association should get a legal opinion confirming what rights, if any, the association has to assist or to deal with this dispute among the neighbors. The neighbors should also be obtaining legal advice with respect to their particular problem, would they not be able to agree as to a resolution and the developer is not willing to step in to resolve the problem.

Robert M. Meisner is a Birmingham attorney concentrating his practice in the areas of condominiums, real estate and corporate law. You are invited to submit topics you would like to see discussed in this column by writing Robert M. Meisner at 30200 Telegraph Road, Suite 467, Bingham Farms 48025. This column provides general information and should not be construed as legal opinion.

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