THE ULTIMATE

Buy Before You Sell

GUIDE

FOR SANFERNANDO VALLEY HOMEOWNERS



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"The smartest move-up buyers don't choose between selling first and buying first. They set up their financing so they only have to move once."

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WHAT'S INSIDE

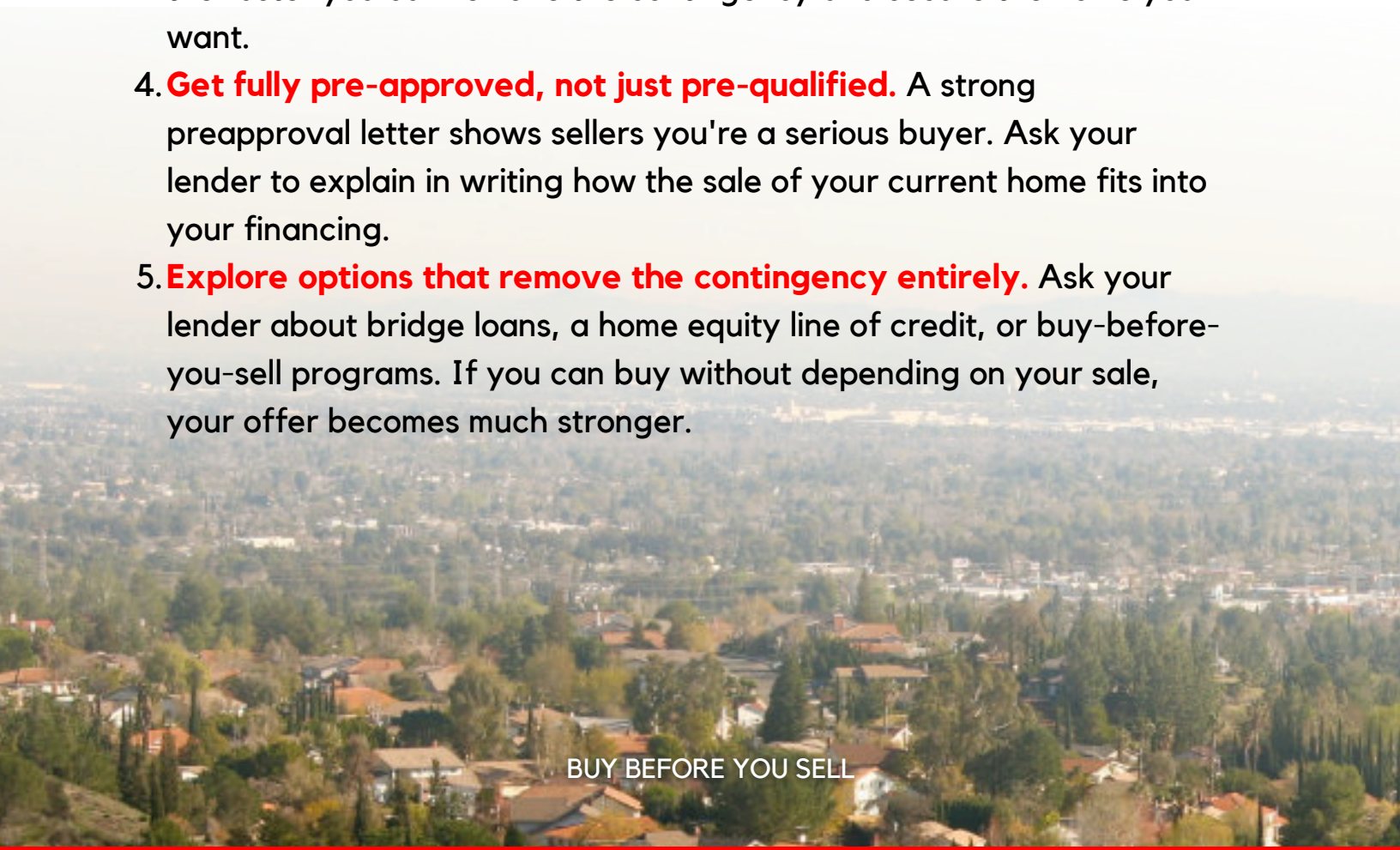
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Top 10 tips

For buying a home contingent on selling your current home.

1. **List your home before you make an offer.** Sellers are much more willing to accept a contingent offer when your home is already on the market, and even more so if it's already under contract. A home that isn't listed yet is a big unknown to the seller.
2. **Price your current home to sell.** An overpriced home can sink your purchase. Work with your agent on a realistic price based on recent comparable sales so your home moves quickly and your contingency looks low-risk.
3. **Get your home show-ready right away.** Declutter, make small repairs, stage, and get professional photos. The faster your home sells, the faster you can remove the contingency and secure the home you want.
4. **Get fully pre-approved, not just pre-qualified.** A strong preapproval letter shows sellers you're a serious buyer. Ask your lender to explain in writing how the sale of your current home fits into your financing.
5. **Explore options that remove the contingency entirely.** Ask your lender about bridge loans, a home equity line of credit, or buy-before-you-sell programs. If you can buy without depending on your sale, your offer becomes much stronger.



6. **Make the rest of your offer as attractive as possible.** Since the contingency adds risk for the seller, offset it. Consider offering closer to asking price, a larger earnest money deposit, fewer other contingencies, or a closing date that works for the seller.
7. **Be prepared for a kick-out clause.** Many sellers will require one. It lets them keep marketing their home, and if they get another offer, you'll have a short window, often 24 to 72 hours, to remove your contingency or walk away. Know ahead of time what you'd do if that happens.
8. **Keep the contingency period realistic.** Ask for enough time to sell, but not so much that the seller loses interest. Typical periods run 30 to 60 days depending on your market. A reasonable timeline shows confidence in your home's appeal.
9. **Target the right homes and sellers.** Contingent offers tend to work best on homes that have been on the market a while, in slower or balanced markets, or with sellers who aren't in a rush. In a hot market with multiple offers, a contingent offer is much harder to get accepted.
10. **Have a backup plan and work with experienced pros.** Plan for what happens if your home sells first (a rent-back or short-term housing) or if your purchase falls through. An agent experienced with contingent deals, and an attorney where appropriate, can help you coordinate both timelines and protect your earnest money. Rules and standard forms vary by state.

PRO TIP: BE "LIST-READY" BEFORE YOU FIND YOUR NEXT HOME

Even if your home isn't on the market yet, get all of your marketing done ahead of time: professional photos, staging, the listing description, disclosures, and pricing strategy. That way, when you find the right home, your agent can switch your listing to active in the MLS almost immediately. You'll be able to tell the seller your home is already on the market, which makes your contingent offer far more competitive

Buy your next home first

You can buy your next San Fernando Valley home before you sell your current one, and you have more ways to do it than most homeowners realize.

This guide walks through each option, what it costs, who it fits, and how to put together a plan that lets you move once, on your schedule.

Most move-up buyers face the same dilemma: sell first and risk having nowhere to go, or buy first and risk carrying two homes. Buying first is usually the less stressful path, as long as the financing is set up correctly before you write an offer.

WHY BUYING FIRST IS HARD

Three hurdles stand between you and buying first. Every option in this guide solves one or more of them.

1. **The down payment.** Most of your down payment is likely tied up as equity in your current home. Until it sells, that money is not in your bank account.

2. **Qualifying with two payments.** Unless your current home is sold or under contract, a lender generally counts both your current mortgage and the new one against your income. That can push your debt-to-income ratio past the limit.

3. **A weaker offer.** An offer that depends on selling your home first (a "sale contingency") is the least attractive offer a seller can receive. In multiple-offer situations, common across the Valley, it often loses to a clean offer.

OPTION1 · RECOMMENDED STARTING POINT

Become a cash buyer

Buying a home before you've sold your current one shouldn't feel impossible. Through our trusted lending partner's cash-offer program, it isn't.

The program is run by a real estate company affiliated with our lending partner. It puts traditional buyers in control with a **cash offer that removes the financing and home-sale contingencies** that can slow a deal down. Your offer stands out, may get accepted faster, and lets you move forward with confidence.

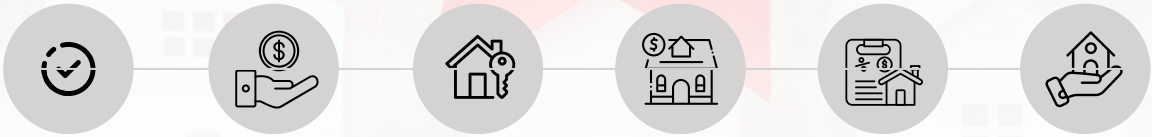
The program buys the home you want upfront with cash, then sells it back to you at the **original price plus a service fee**, which can be rolled into your financing once you secure a mortgage. This can help you compete, win, move in sooner, and potentially save money along the way.

WHAT IS A CASH OFFER ON A HOME?

A cash offer means you offer to buy a property entirely with cash, without relying on a mortgage to fund the purchase. In a traditional sale, the buyer gets financing through a lender, which adds approval contingencies. Those requirements can slow the process down or even cause the deal to fall through.

A cash offer gets rid of those contingencies. The seller knows the funds are there, closing can happen faster, and the deal won't fall apart because the buyer can't get a loan. Sellers are often willing to accept a cash offer **even if it comes in lower** than a financed offer, because the reliability and speed are worth the trade-off.

How it works



1. **Get pre-approved.** Get pre-approved for a mortgage through our lending partner to finance your new home.

2. **Make a cash offer.** Once you've found your new home, the program helps you make an all-cash offer on the home you want.

3. **The program buys the home.** The program buys the home with cash, and the seller gets their money immediately. You can rent the property from the program until your financing is secured.

4. **Sell your existing home at your own pace.** If you are listing your home, you live in your new home while you wait for your old one to sell. You won't have to take the first offer that comes along.

5. **Finish the mortgage process.** You and your loan officer find the home loan that best fits your financial goals. You settle on terms and conditions and begin making monthly mortgage payments.

6. **Buy the home back.** You use your new mortgage to buy your home back from the program.

KEY NUMBERS AT A GLANCE

10 to 14 days: how fast the cash purchase can close, versus the typical 30 to 60 days with a mortgage

Up to 60 days to sell your current home, and that period may be extended

1.5% to 7.5% of the purchase price: the program's transaction fee, which varies by state and program

All 50 states: available everywhere except Puerto Rico

BUY BEFORE YOU SELL

Key benefits

■ **Save money.** Cash buyers pay approximately 11% less than buyers using a mortgage, according to research from the University of California, San Diego.*

■ **Close on your home faster.** The cash purchase can close in as little as 10 to 14 days.

■ **No rush to sell your existing home.** You have time to sell at your own pace instead of taking the first offer.

■ **Be competitive.** Being able to offer cash makes you stand out in a competitive market.

WHAT IT COSTS

■ **Service (transaction) fee:** 1.5% to 7.5% of the purchase price, varying by state and program. The exact fee depends on your transaction details and location and is confirmed when you apply. It can be rolled into your mortgage.

■ **Rent** while you live in the home before buying it back.

■ **Normal mortgage costs** when you buy the home back (rate, closing costs, down payment).

GOOD TO KNOW

■ A home inspection is required for buyers using the program, even though the offer is cash.

■ You finance the buy-back with a mortgage through our lending partner, so pre-approval comes first.

■ Qualified buyers only; eligibility requirements apply. The program is available in all states except Puerto Rico, including throughout the San Fernando Valley.

■ The cash-buying company is a real estate company. It does not originate loans or issue loan commitments. Its products and services are subject to state availability and contract terms.

** Reher, Michael and Valkanov, Rossen, "The Mortgage-Cash Premium Puzzle" (September 24, 2021), University of California, San Diego, Rady School of Management. Available at SSRN: ssrn.com/abstract=3751917. Results vary by home and market.*



Program FAQ

Why do sellers prefer cash offers?

They are seen as more certain to close. A financed offer carries the risk that the buyer's loan is denied or delayed, which can make the deal fall through at the last minute. Cash removes that risk, so sellers often accept a cash offer even when it comes in lower than a competing financed offer.

What does "no contingencies" mean in a cash offer?

A contingency is a condition that must be met for a sale to go through. Financed offers usually include a financing contingency (the loan must be approved) and an appraisal contingency (the home must appraise for at least the price). A cash offer has fewer contingencies, which makes it more appealing to sellers.

Do cash buyers still need a home inspection?

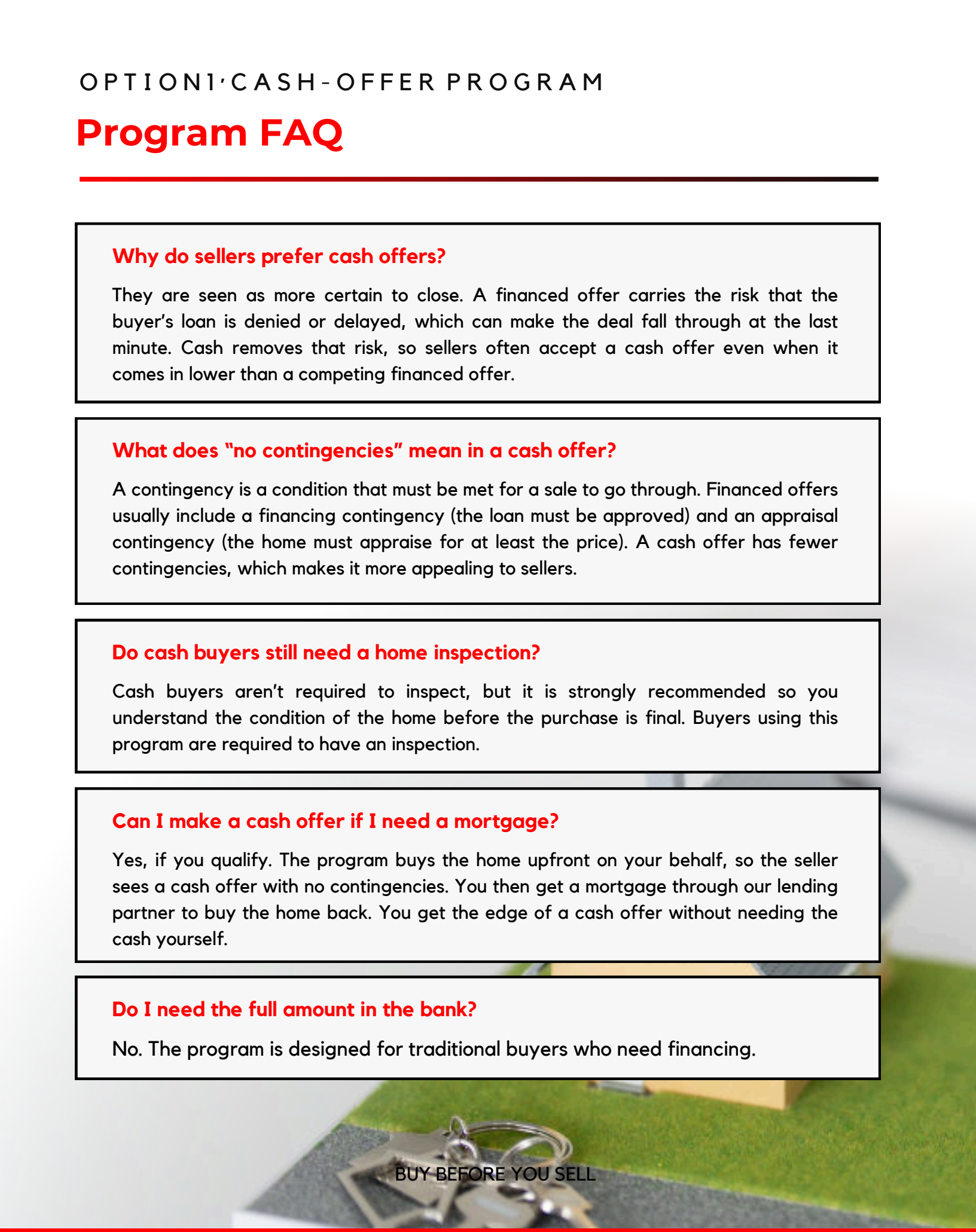
Cash buyers aren't required to inspect, but it is strongly recommended so you understand the condition of the home before the purchase is final. Buyers using this program are required to have an inspection.

Can I make a cash offer if I need a mortgage?

Yes, if you qualify. The program buys the home upfront on your behalf, so the seller sees a cash offer with no contingencies. You then get a mortgage through our lending partner to buy the home back. You get the edge of a cash offer without needing the cash yourself.

Do I need the full amount in the bank?

No. The program is designed for traditional buyers who need financing.



How much does it cost?

A service fee of 1.5% to 7.5% of the purchase price, depending on your transaction details, state and program. It can be rolled into your mortgage and is confirmed at application.

Can I use it if I still own my current home?

Yes. You can move into your new home before selling your existing one, and you won't have to take the first offer that comes along. That gives both buyers and sellers more flexibility.

How long do I have to sell my existing home?

Up to 60 days, and that initial period may be extended. During that time you rent your new home from the program until your previous home is sold and your permanent financing is in place.

Does the seller know I'm using a cash offer program?

The seller sees a cash offer with no financing contingency and no contingency tied to selling your existing home. That certainty is what gives you the competitive advantage.



BUY BEFORE YOU SELL

How fast can I close?

Because the program buys the home with cash, you may be able to close in as little as 10 to 14 days, instead of the typical 30 to 60 days a mortgage requires. The timeline for completing your own mortgage depends on a variety of factors.

Is it available in my state?

It is available in all states, but not in Puerto Rico. Ask us to confirm availability and eligibility for your situation.

BEST FOR

Buyers competing in multiple-offer situations who want to move once, with the strongest possible offer and no pressure on their sale.



BUY BEFORE YOU SELL

OPTION 2

Bridge loan

A short-term loan secured by your current home that unlocks its equity for your down payment before it sells.

When your home sells, the sale proceeds pay off the bridge loan.

HOW IT TYPICALLY WORKS

- **Term:** usually 6 to 12 months.
- **Amount:** based on your equity. Many lenders cap the combined loans on both homes at around 80% of their total value.
- **Payments:** often interest-only, and some lenders defer payments until the sale closes.
- **Cost:** rates are usually higher than a standard mortgage, plus origination fees and closing costs.

PROS

- Puts your own equity to work for a larger down payment.
- Lets you write a non-contingent offer.
- You keep ownership and control of both homes throughout.

WATCH-OUTS

- You may carry **three payments** at once: your current mortgage, the new mortgage and the bridge loan.
- Lenders often still count both mortgage payments when you qualify, so you need strong income or reserves.
- If your home takes longer to sell than planned, costs keep adding up and the loan must still be repaid at term.

BEST FOR

Homeowners with substantial equity, strong income and a home they are confident will sell quickly.

BUY BEFORE YOU SELL

OPTION 3

Home equity line of credit

A HELOC on your current home can fund your down payment, usually at a lower cost than a bridge loan.

The catch is timing: it must be opened before you list your home. Most lenders will not open a HELOC on a property that is already on the market.

■ **Pros:** lower closing costs than a bridge loan, you only pay interest on what you draw, and you can open it now and simply not use it if plans change.
■ **Watch-outs:** the HELOC payment counts toward your debt-toincome ratio, rates are usually variable, and you still need to qualify with both mortgage payments.

LOCAL TIP
If a move is likely in the next 6 to 12 months, opening a HELOC early is a low-cost way to keep your options open.

BEST FOR
Planners who have equity, have not listed yet and have the income to carry both homes briefly.

OPTION 4

Contingent offer

A contingent offer makes your purchase conditional on selling your current home. It costs nothing extra, but it is the weakest offer in a competitive market. In California this uses the C.A.R. contingency for sale of other property, which often lets the seller keep marketing the home and "kick you out" if a stronger offer arrives, unless you remove the contingency within a short notice period.



BUY BEFORE YOU SELL

OPTION 4 · CONTINGENT OFFER

- **Pros:** no added financing cost, and you never own two homes.
- **Watch-outs:** sellers with multiple offers rarely accept it, you may need to pay closer to full price, and a kick-out notice can force a fast decision.
- **Makes it stronger:** have your home listed (or in escrow) before you write, show a strong pre-approval, and offer flexible closing dates.

BEST FOR
Slower markets, homes that have been on the market a while, or sellers who need time themselves.

OPTION 4 · CONTINGENT OFFER

More options

- **Sell first with a rent-back.** Sell, then rent it back from the buyer (often 30 to 60 days) while you shop. Equity in hand, but you shop on a deadline.

- **Keep your current home as a rental.** Lease income on the departing home can help you qualify. It builds wealth, with landlord duties.

- **Cash-out refinance before you list.** Take cash out of your current home for the down payment. This usually makes sense only if today's rate is close to your existing rate.

- **Low down payment now, recast later.** Buy with a smaller down payment, then apply your sale proceeds as a lump sum and ask your servicer to "recast" the loan. The payment drops without refinancing. Not every loan type allows it, so ask first.

- **Family gift or 401(k) loan.** A documented family gift or loan, or a loan against your 401(k), can cover the down payment until your sale closes. Ask your lender about paperwork, and understand 401(k) repayment and tax rules.

- **Negotiate a longer escrow.** Ask the seller for a 45 to 60 day close so you can list and sell in parallel.

AT A GLANCE

Side-by-side

Option	Offer strength	Extra cost	Two payments?	Sell pressure
Cash-offer program	Strongest (cash)	1.5%–7.5% fee + rent	No, you rent	Low (60 days+)
Bridge loan	Strong	Higher rate + fees	Often three	Medium
HELOC*	Strong	Low	Yes	Medium
Contingent offer	Weakest	None	No	High (kick-out)
Sell + rent-back	Strong	None	No	Shop on a deadline
Keep as rental	Strong	Landlord costs	Offset by rent	None

** Must be opened before you list. Costs and terms vary by lender and situation.*

DECISION GUIDE

Which path fits you?



STEP BY STEP

Your game plan



1.Strategy meeting (week 1). Sit down with Scott to review your goals, timeline and ideal next home.

2.Know your numbers (week 1). Get a pricing opinion on your current home and a mortgage payoff figure so you know your real equity.

3.Get pre-approved (weeks 1–2). Meet with our lending partner to see which optionsyou qualify for, including the cash-offer program.

4.Open a HELOCif it fits (before listing). This window closes once you list.

5.Prep your current home (weeks 2–4). Declutter, handle small repairs and schedule photos so it is ready to list.

6.Shop and write a strong offer. Use your chosen financing to write a clean, competitive offer.

7.Close and move in. Move once, into your new home.

8.List and sell your current home. Vacant, staged homes often show better and can sell faster.

9.Finalize financing. Complete the buy-back, pay off the bridge or HELOC, or recast your loan with the sale proceeds.

BUY BEFORE YOU SELL

WORKSHEET

Know your numbers

Fill this in with Scott and our lending partner to see which option fits your budget.

YOUR CURRENT HOME	
Estimated sale price	$
Minus mortgage payoff balance	– $
Minus selling costs (ask Scott for an estimate)	– $
Estimated net equity	**= $**
YOUR NEXT HOME	
Target purchase price	$
Down payment (____ %)	$
Estimated closing costs	$
Cash-offer program fee, if used (1.5%-7.5%)	$
Cash available today (savings, HELOC, other)	$
Gap to cover until your sale closes	**= $**
MONTHLY PAYMENTS WHILE YOU OWN BOTH	
Current mortgage payment	$
New mortgage payment, or rent under the cash-offer program	$
Bridge loan or HELOC payment, if any	$
Total monthly while you own both	**= $**

LOCAL KNOW-HOW

California & the Valley



Prop 19 property tax transfer
If you are 55 or older, severely disabled, or a wildfire or disaster victim, you may be able to carry your current property tax base to your new California home. The purchase and sale must happen within two years of each other, in either order, so buying first still qualifies. If the new home costs more, part of the difference is added to your tax base. File the claim with the LA County Assessor.

Capital gains exclusion
If you have owned and lived in your home for at least two of the last five years, you can generally exclude up to $250,000 of gain ($500,000 for married couples filing jointly). If you rent the home out before selling, track that timeline carefully.

Competitive pockets
In the Valley's most in-demand neighborhoods and school areas, clean offers routinely beat contingent ones. That is where a cash offer or bridge financing earns its cost.

Homeowners insurance
Coverage can be harder to secure in parts of California, especially hillside and brush areas. Start quotes on your new home early, and confirm coverage on your current home if it will sit vacant.

LOCAL TIP
Talk with a CPA or tax advisor about how Prop 19 and capital gains rules apply to you before you sell.

BE PREPARED

Questions & answers

ASK YOUR LENDER

□ Which buy-before-you-sell options do I qualify for today?
□ Will you count both mortgage payments when qualifying me?
□ What is my exact service fee, rent and timeline under the cash-offer program?
□ Can my loan be recast after my current home sells?
□ What are the rate, fees and term on a bridge loan or HELOC?

COMMON QUESTIONS

Which option costs the least?

A contingent offer or a HELOC usually costs the least in fees. But a stronger offer can save more on the purchase price than it costs in fees, especially in multiple-offer situations.

Can I combine options?

Yes. For example, you can open a HELOC for flexibility, then decide between the cash-offer program and a bridge loan once you find the right home.

NEXT STEPS

Let's map your move

The best option depends on your equity, income, timeline and how competitive your target neighborhood is. Schedule a strategy session with Scott, and we will connect you with our lending partner to map out which path fits you before you start touring homes.

This guide is for general information only and is not financial, tax or legal advice. Program terms, fees and availability are set by the lender and its affiliates, are subject to approval and may change. The cash-offer program is offered by a real estate company affiliated with our lending partner; it does not originate loans or issue loan commitments, and it charges a transaction fee of 1.5%–7.5% of the purchase price (varies by state and program). Consult your lender, CPA or attorney about your situation.

Notes

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Let's work together



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