

Should You Buy Before You Sell?

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Selling first is generally considered to be the safest option as you'll be less likely to take a cheaper price on your current property through a forced sale or financial pressure. Selling first also means you will have closure before entering a situation that is sometimes hard to predict or control; it can also help reduce the emotional and financial strain on your marriage or family.

The down side to selling first is that it may take months to find and settle a new property. This can add to living costs, storage and disruption to routine.

Buying first offers its own set of challenges, mainly the possibility that you will be laden with paying off two loans simultaneously. And if you haven't got the funds to pay for your new home as they are tied up in your existing property, you can encounter a number of stumbling blocks.

If the sale of your existing home is not finalised by the completion date for the purchase of your new home, you may have to pay default interest under the purchase contract. This can be very costly. Furthermore, depending on the terms of the contract, the vendor can even terminate and keep your deposit if you are unable to settle on the settlement date.

An alternative is to take out a bridging loan which will give you breathing space while you wait for the sale of your existing property. The loan is usually interest-only and secured by both your existing and new property. The conditions, fees and rates can vary between lenders and products.

It's important to plan ahead should your selling/buying strategy run off course and it is essential to do the sums when considering bridging finance. You should obtain advice from a qualified professional before taking out a bridging loan and before entering a contract for the sale or purchase of real estate.

"A bridging loan will give you breathing space while you're selling your home"



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