

# Chicken and the egg

**W**hich came first, the chicken or the egg? That age-old question may never be answered since it takes a chicken to make an egg and an egg to make a chicken. Perhaps the egg came first, since that's what you have for breakfast, and chicken is last because that's what you have for dinner. But chicken biscuits are sold for breakfast, and you can have egg drop soup for dinner. So, what is the answer?

The question about what comes first . . . buying or selling a home does have an answer, and it is the same kind of nonanswer that the chicken-and-egg question begs. Should you buy a home before you sell yours or should you sell first and then buy your next house?

The real question here is whether or not you can buy without selling first. A conversation with your mortgage consultant can shed light on the answer. If your debt-to-income ratio is in line and you have the

funds available to buy a house without requiring the equity from the home you are selling, then buying first often makes moving easier.

If you buy first, then the new house will be available to you so that you can paint, put in fresh carpet and move in your belongings as you are able. Buying first also ensures that you will have the time to find a home you like.

Buying before selling may cause you to have a larger mortgage payment because the equity in the home you are selling won't be applied to the new loan. You may also find, if you are still paying for the home you hope to sell, that two mortgages can leave you financially strapped. After all, no one knows when the right buyer is going to walk through the door, and you may have several months of double mortgage payments.

Sometimes, because of your



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financial arrangement or just because of your preference, you may want to sell first. Selling first can give you peace of mind, knowing exactly how much money you will make off the sale and being able to put that money into your next home. And, since your moving timeline is tied into the sale date of your property, you will have a clear idea of when to arrange for the moving van.

You may also have more bargaining power if your offer is not contingent on finding a buyer for your home. Sellers don't like the uncertainty of having an offer that hinges on the sale of another property over which they or their agent has no control. If a buyer has already laid claim to your home and is prepared to close, then this can make sellers much more comfortable.

The downside of selling first is that you have to find your next home usually within 30 to 60 days of receiving an offer on your home.

While this is possible for most homebuyers, those with special needs or unique tastes may have difficulty finding a home under pressure.

If you must sell before you are able to buy, then it's best to keep an eye on the market by going to open houses in your price range and preferred area while you wait for your home to sell. It is not always the best idea to start your house hunting in earnest too soon. Many buyers have found wonderful homes, put in offers contingent on the sale of their house, only to experience the heartbreak that occurs when they lose the home to a buyer who is more prepared to buy.

So, which comes first for you? Chicken . . . no, the egg . . .

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