

Orchard

Your guide to buying while you sell

Say goodbye to the days of needing to sell your home before buying a new one. There's an easier way with Orchard.



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How do you buy a house you don't have money for ... yet?

This is the predicament that traditional real estate has been putting homeowners in for years. You're expected to sell your old home, then use that capital to purchase your next home.

But closing on a house takes time. Meanwhile, your stuff, your finances, and your family all fall into limbo while you wait for inspections and valuations and who knows what else. Not to mention...



Cleaning and prepping your old home for showings

Waiting for lenders and moving on their timeline

Making sure you sell your old home for top dollar

The typical solution is the contingent offer: an offer on the new home that says "I'll buy your home as soon as I sell mine." But sellers don't like contingencies, and on top of that, someone else can always outbid you.

So you start looking at alternatives. Maybe you can look into renting for a while, storing your stuff, taking out a bridge loan – or, worst of all, settling for something you don't love.

What if there was a way to do this that actually made sense?

Welcome to a better way

When you work with Orchard, we guarantee the sale of your current home upfront, so any offer you make on a new home is non-contingent and more likely to win the property. Then, once you move in, we'll sell the old home for you.

There are other perks to working with Orchard, too. We can even make repairs on your home at no upfront cost, so it sells quickly and at top dollar.

Let's take a look at how it all works. —>

SECTION 1

Buying a home the traditional way

The old way of doing things could use an update.

While it isn't impossible to buy and sell a home at the same time "the traditional way," it also isn't easy – and it may not always align with your needs.

Your best bet would be to line up the sale of your old home with the purchase of your new one, such that you could sell your place, receive the profits, and then immediately turn around and put that down at the closing of your new home.

The odds of this working, however, are slim. Any number of steps in either transaction getting delayed means that the whole deal could fall apart. So instead you're often left to cobble together financing or the logistics of moving yourself – and potentially making a decision you regret.

Let's review the ground you'll have to cover if you try to sell and then buy a home the traditional way.

*(*Hey, do you already know what a hassle the traditional way is, and want to learn about how Orchard makes this process a lot easier? Choose your own adventure, and skip to page 9.)*

Financing

In order to qualify for a mortgage loan, you need to make a down payment on the second home. For some it will be difficult to source a down payment before they sell their first home and have cash from the sale in hand.

If you don't have enough savings to pull together a down payment, consider the following solutions:

- **Home equity line of credit.** A home equity line of credit (HELOC) allows you to draw cash, similar to a credit card. If your limit is high enough, you can borrow the money to make your down payment on a new home. You must have a HELOC in place before you put up your home for sale in order to pull this move off. Your lender won't approve a HELOC if your home is already on the market.
- **Bridge loan.** A bridge loan lets you borrow up to 80% of your home's value to pay off your first mortgage and/or put money towards a down payment on a new home. Because the term on a bridge loan is so short, you're likely to pay a higher interest rate than you would on a mortgage loan.
- **Low-down-payment mortgage.** It's hard to qualify for any traditional mortgage if you don't have enough saved for a solid down payment. You can consider a low-down-payment conventional mortgage for your second mortgage. (After you sell your first home, you may be able to refinance in order to make lower monthly payments.)

Moving

The odds of a move between homes lining up perfectly timing-wise are slim. If you find yourself in this situation, you'll need to find a temporary living arrangement. Let's look at a few housing options for sellers, one of which includes staying put for a while.

- **Rent-back agreements.** When you sell a home, you can negotiate a rent-back agreement with the buyer that allows you to rent the home from them after closing until an agreed-upon date. If you're in a seller's market and have multiple buyers ready to make an offer, you can let each of them know that your priority is to sell to someone willing to do a rent-back.
- **Short-term rentals, hotel stays, vacant apartments.** You can search online for short-term rentals that have three or six month leases, or even offer month-to-month leases (though you'll likely pay a premium for this). Vacation rental websites like Airbnb also allow for months-long bookings, and sometimes hosts will offer a discount for a longer stay. Hotels are also an option – this is a pricier route, but if you're relocating for your job, you may be able to negotiate a moving stipend as a part of your offer letter to help cover the costs of temporary housing.
- **Family.** Hey mom, you didn't turn my childhood bedroom into an art studio yet, did you?

Buyer's remorse

When buyers sell their homes before making a new purchase, they can sometimes get desperate if they've been in the market for a while. Again, being in a temporary living situation can be uncomfortable and it's no surprise that most buyers would want to bring it to an end as soon as possible. That desire often means that they end up settling for a less-than-perfect match.

There is another option for homebuyers who want to buy the traditional way, and that's by making a contingent offer on the purchase of their new home.

That tactic also has its own issues, however.

SECTION 2

The good and bad of contingent offers

Here's how homeowners have typically bridged the gap between homes.

Most of us don't have the money or resources lying around to help us buy a second home before selling our first, and don't want to deal with the hassle of moving twice or the cost of taking out a loan. Instead, people usually make "home sale contingent" offers on their next home. There are other types of contingencies as well, mainly put in place to protect the buyer from making a bad purchase.

When a homebuyer makes a contingent offer, that means their offer to purchase the house is only valid if certain conditions are met. A contingent offer allows buyers to back out of the purchase contract without losing their earnest money deposit if something goes wrong. A contingent offer is a *conditional offer*.

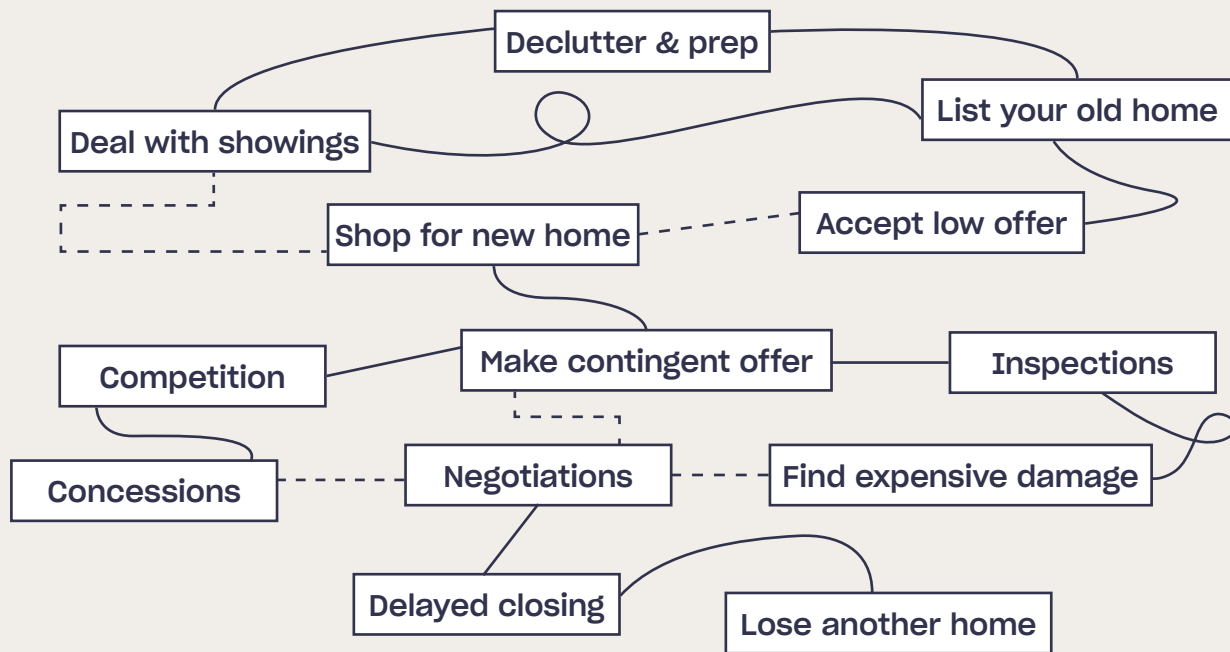
With contingencies, you won't lose your earnest money deposit if you decide to walk away from a purchase. However, if you're a buyer in a competitive market, a contingent offer could hold you back because sellers prefer offers with as few contingencies as possible.

The most common types of contingent offers

There are a few common contingencies people include in their offer: financing contingencies (if the buyer can't get a mortgage), inspection contingencies (if the inspection reveals expensive or irreparable damage to the property), or appraisal contingencies (if the mortgage lender doesn't think the house is worth the amount of the loan).

The home sale contingency is what often trips up even the most qualified buyers, seeking even the most flawless homes. If you insist on a home sale contingency – that someone buys your home before you buy this one – you may not find sellers willing to accept it, even if your reasoning for wanting one is understandable.

The traditional way



The problems with contingent offers

PROBLEM 1: Sellers don't like them

Why would a seller accept a contingent offer over one that doesn't have any conditions? For sellers, a contingent offer means that there's always a chance that the sale could fall through – and for the buyer's benefit, not theirs. Contingencies can also mean concessions, negotiations, and inspections, which can cost the seller money and delay the closing process. Sellers won't need to put up with such hassles when inventory is low, and demand is exceeding supply (a seller's market).

PROBLEM 2: Buying with a home sale contingency makes your life hectic

Let's assume you can even find a seller who accepts your contingent offer. Now in addition to living your normal life (work, family, relationships, the whole nine), you need to do the work of selling your old home while managing the timeline of buying the new one.

SOLUTION: Become a non-contingent buyer with Orchard

If you've been looking to sell your old home so you can buy a new one, you know the catch-22 you're in. You know that you may need a little help to become non-contingent without sacrificing your flexibility, or compromising on what you want.

SECTION 3

A new,
better way
with
Orchard

Let us introduce you to something we call “Move First.”

We now know how the traditional way of buying your next home works. In terms of cost, convenience, and competitiveness, however, the order is all wrong. Homeowners are victims of circumstance rather than decision-makers.

In a perfect world, you’d make a non-contingent offer, move into your new home right away, and avoid the headaches of lining up your timeline with that of the person buying your home and the person selling you your new one. In essence, you’d buy before you sell.

If you have enough cash on hand to buy a new home outright before selling your old one, that’s great. For everyone else, the costs of carrying two mortgages at once, or of moving twice, are annoying and expensive.

For those who are new to the home selling and buying process, it’s helpful to understand exactly why buying before selling is so powerful, and how it impacts every part of your experience.

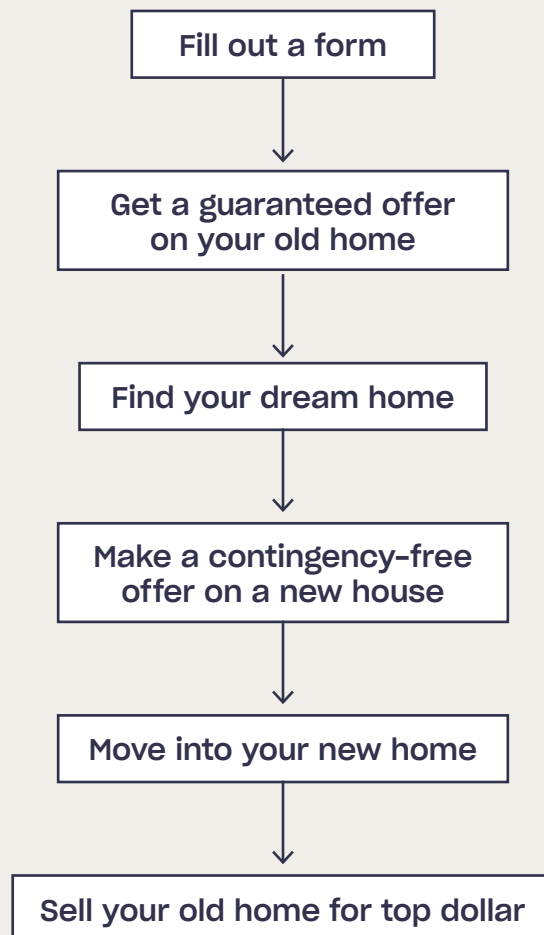
SELLING BEFORE BUYING	BUYING BEFORE SELLING
<ul style="list-style-type: none"> • Sell your old home at a potentially suboptimal price • Find temporary housing before move into your new place • Accommodate showing your old home while you’re still living in it • Settle for a home you like, rather than one you love 	<ul style="list-style-type: none"> • Sell your home at the best price, not just the next price • Move once, and at your convenience • Skip showings, open houses, and keeping your home “show ready” • Comfortably choose your dream home without the rush

When working with a company like Orchard, the process is flipped. You buy the new house first – without laying out a ton of your own cash or compromising on what you want – and then you sell your old home. We call this **Move First**.

How does Move First work?

With Move First, Orchard turns you into a non-contingent buyer by guaranteeing the sale of your home. With this guaranteed offer in hand, you can make a bid on the home you want without worrying about contingencies holding you back.

The Orchard way



Let's look at Move First in action

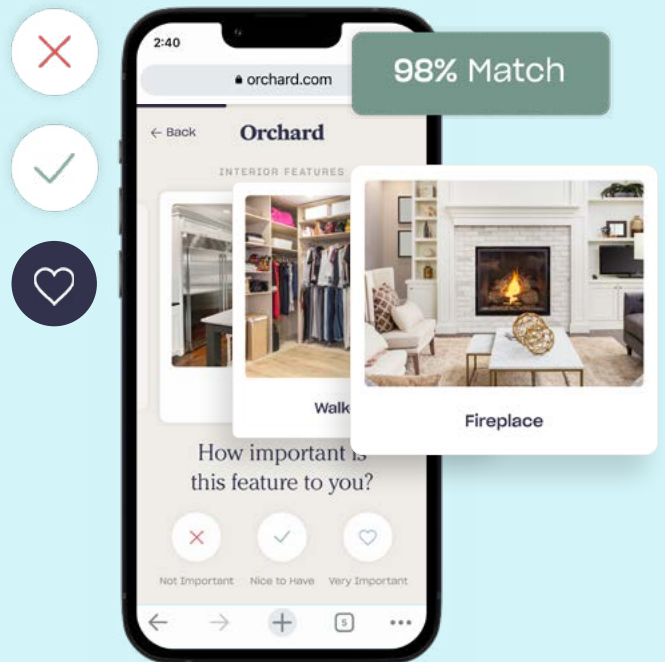
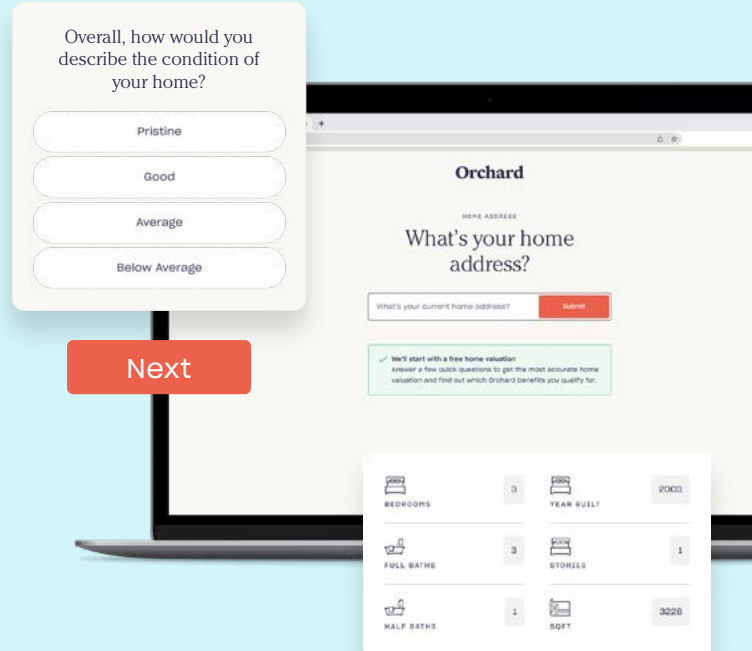
1

You'll start by answering a few questions about your current home and your homebuying goals. We'll use this information to determine your guaranteed offer. This offer gives you the confidence to start house hunting – without the sale of your old home holding you back.

You'll also complete an application so we can determine your equity advance. The equity advance is an interest-free loan that covers the down payment for your new home and any closing costs. Of course, you can still pick any lender you want for your new home mortgage.

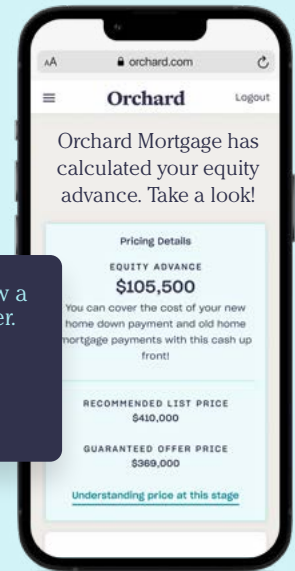
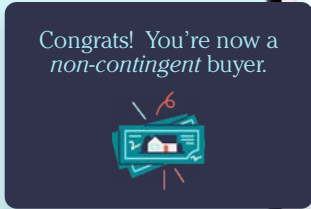
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Next, we'll pair you with an Orchard agent to tour homes that meet your criteria. Many of our customers also use Orchard Home Match – a feature that lets you choose must-have features in a home, then delivers a personalized set of listings.



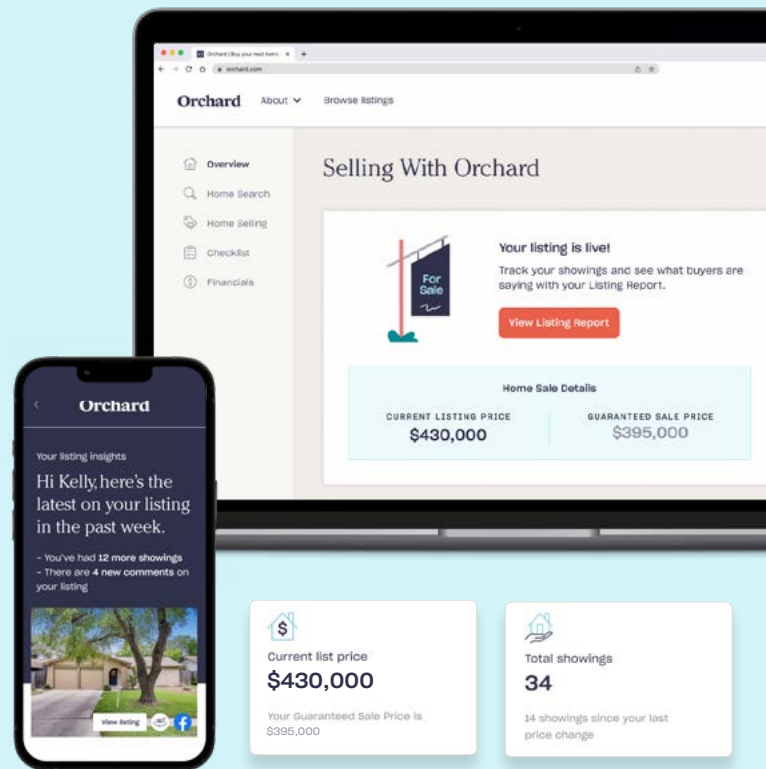
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When you find the perfect home, you can put in a non-contingent offer and win. Right before closing, Orchard will send you your equity advance so you can close on your home and move in right away.




4

As you settle into your new house, our team will handle listing the old one. Your Orchard dashboard will deliver stats on your listing's performance, such as the number of days it's been on market, the total number of showings, and feedback from prospective buyers. Orchard's Concierge can advise you on upgrades to make (or not make!) to ensure you get the best price possible.





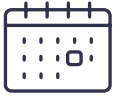
 Current list price
\$430,000
 Your Guaranteed Sale Price is \$395,000



 Total showings
34
 14 showings since your last price change

Meanwhile, you won't have to worry about getting out the door to accommodate showings. Not only is it a hassle to accommodate various people's schedules, but in between visits you'll need to keep your home "show-ready" – impeccably clean and neutralized of your personal touches so buyers can imagine themselves living there. It's like living on eggshells in your old home.

Here, the benefits of moving first are twofold:



You can rest easy knowing that you won't have to rearrange your schedule to accommodate showings.



Having the flexibility to get buyers in whenever they want increases your chances of getting an offer sooner.

Once your old home sells, Orchard will get paid back for the equity advance out of the sale proceeds. If your home doesn't sell within 120 days, we'll buy it from you. The offer was guaranteed, after all.

How much does this cost?

When you work with us, you pay a brokerage fee to buy and sell your home (typically 6%). Additionally, you will also pay a 2.4% program fee to use our Move First service.

Who do you work with?

Orchard agents are licensed real estate agents, here to help you navigate the entire home buying and selling process. On average, they have eight years of local real estate experience – so not only are they experts, they're your neighbors.

About Orchard

In a world where buying anything has become as simple as “point, click, purchase,” Orchard is bringing that same ease to life’s biggest financial decision – buying a home.

We combine brokerage, mortgage, title, and technology to make the obstacles that lie between our customers and the home of their dreams simply disappear. Orchard customers win their next home, skip the traditional home sale hassles, and ultimately get to enjoy the experience. It’s the new way to home.

Go to orch.co/bws
or click below to learn more.

[Get started](#)

