

Thinking About a New Home? Move Wisely.

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Most people think of a move as one transaction. But in reality, it's usually two: selling the home you have and buying the one you want. The hard part is that those two events rarely line up as neatly as you might like.



Anyone who has bought or sold a home in recent years understands the problem. The house you love comes on the market before you're ready to list yours. Naturally, the seller doesn't want an offer contingent on your current home selling. So you reach out to a lender, hoping to borrow to fill the gap. But they want to see a large pile of cash sitting in a bank account, even though your net worth may simply be tied up in your home and investment portfolio.

And that's when pressure begins to shape your decisions.

Real estate transitions are emotional because they combine money, timing, family, lifestyle and fear of missing out. When a deadline appears, people tend to grab whatever source of money is closest, disregarding the additional consequences of that choice. They may sell long-held investments, accept an expensive short-term loan or force a rushed housing decision simply to solve the timing problem. Note

It's important to understand that liquidity is not just cash in a savings account, but the ability to access money when you need it without damaging the rest of your financial plan.

When a household wants to buy before it sells, the usual methods all have tradeoffs:

- A contingent offer may weaken your position.
- A bridge loan may be expensive and carry tight deadlines.
- A home equity line may be difficult to obtain once the current home is listed.
- Selling investments can create taxes and disrupt a portfolio that may have taken decades to build.

That last choice is where I often see regret. Selling investments held for many years can create a large capital gains tax bill. It also removes those assets from the market, and that money doesn't always find its way back into your investment account later on.

Another tool some families may consider is a securities-backed line of credit. Instead of selling investments, the household borrows against a taxable investment account and uses the portfolio as collateral. The investments remain invested, and the borrowing does not by itself trigger a taxable sale.

For the right situation, this can be useful. As a buyer, you may be able to make a cleaner offer, close on your next home, move on a more reasonable schedule, then repay the loan after the prior home sells. The portfolio becomes your short-term bridge from one house to the next. *Note*

Consider a couple in their early sixties with a paid-off home in Littleton worth about \$1 million. They want to move to Fort Collins to be closer to grandchildren. They also have a taxable investment portfolio built over many years, with significant unrealized gains. The home they want costs \$750,000, and the seller has other offers.

If they sell investments to raise the cash, they may create a large tax bill. Instead, they use some savings and borrow a portion of the purchase price against their taxable portfolio. They close quickly, move into the new home, list the old one empty and staged, and repay the line when the Littleton home sells. Though not traditionally defined as liquidity, this method meets the couple's need at the right time. There's a clear repayment source, and the loan is tied to the sale of a specific property. With a known purpose, a reasonable expected timeline and a defined exit, the plan makes sense.

While the mechanics make this sound easy, as with all financial approaches, it's not without risk. A securities-backed line of credit is not free money. Interest rates are usually variable, which means the cost can rise. If markets drop while the loan is outstanding, the value of the collateral falls. Then, the lender may require additional collateral, demand partial repayment or sell investments at an unfavorable time.

In other words, the same portfolio that created flexibility can become a source of pressure if the borrowing is too aggressive.

There is also behavioral risk. Lines of credit are easy to use, and money easily accessed has a way of becoming permanent. A loan meant to last four months quickly turns into a kitchen remodel, then a new car, then a balance that lingers for years.

The lesson here is simple: Plan for flexibility before it's needed. Wealth does not equate to liquidity. The value on a statement might be large, but how much of that is truly accessible without additional consequence? When opportunity arrives, flexibility allows people to act calmly instead of emotionally. A real estate move is one of the largest financial decisions many families will make. It deserves the same care as an investment decision. Used wisely, a portfolio can help bridge the gap between one home and the next without derailing the plan that built it. Used carelessly, it can turn a housing decision into an investment problem.

The difference, once again, comes down to behavior.

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