



The Northern Virginia Move-Up Seller Guide

Everything you need to know before you sell, buy, and move up — from understanding your equity to choosing the right financing strategy.

Ivan Rakela · The Rakela Group

therakelagroup.com · (703) 254-3790

WHY THIS MATTERS

If You Bought Your Home in the Last 3–10 Years... This Matters

You may be sitting on more equity than you think — and that one number changes everything. It determines whether you can move, what your next payment actually looks like, and whether today's rates are the obstacle you think they are.

Most homeowners making this decision focus almost entirely on interest rates — and ignore their equity, their true cost of staying, and the full financial picture. **This guide fixes that.**



Made with GAMMA

WHO THIS IS FOR

You Have Been Here a While. Now What?

If you bought your Northern Virginia home between 2015 and 2022, this guide was built for you. You have built equity. Your life has probably changed. And somewhere in the back of your mind, you have been running the numbers on what it would take to make a move.

Trading Up

Bought in NoVA between 2015 and 2022 and thinking about moving to a larger home or better neighborhood.

Growing Family

Need more space, better schools, or a different community to match where your family is now.

Rate Lock-In

Sitting on a low mortgage rate and unsure if a move still makes financial sense.

Downsizing

55 or older, kids are gone, and the home you're in is more than you need.

Waiting for the Right Time

Want to understand what the right time actually looks like before making any moves.

The Number Most Homeowners Are Not Running

Before you think about rates, timing, or what you can afford next — the most important thing to understand is what you are actually sitting on right now. For most Northern Virginia homeowners who bought in the last 3 to 10 years, that number is significantly larger than they realize. And it is the number that changes everything else in this guide.

Key Insight: According to ATTOM Data, **37% of all mortgaged properties in Virginia are considered equity-rich** — meaning the homeowner owes no more than 50% of their home's current market value. Northern Virginia homeowners who purchased 3–10 years ago are highly likely to fall into this category given the region's appreciation over that period.

What You Actually Walk Away With

Equity is straightforward math: what your home is worth today minus what you still owe on your mortgage. But the number that actually matters for your move is **net equity** — what you walk away with after selling. In Northern Virginia, estimated selling costs typically run **6% to 7%** of the sale price, covering agent commissions, transfer taxes, and title fees.

Net Equity Example

Home value: **\$750,000**

Mortgage balance: **-\$280,000**

Gross equity: **\$470,000**

Selling costs at 6.5%: **-\$48,750**

Estimated net equity: ~\$421,000

That \$421,000 is your down payment on the next home. That is the number that drives everything that follows.

Equity Scenarios at a Glance

Home Value	Mortgage Balance	Gross Equity
\$600,000	\$300,000	\$300,000
\$700,000	\$280,000	\$420,000
\$800,000	\$400,000	\$400,000

The \$600K scenario represents the equity-rich threshold (50% loan-to-value). Most NoVA homeowners who bought 3–10 years ago exceed this.

How Equity Changes Your Monthly Payment

Here is the calculation most homeowners never run — and it is the one that makes the rate conversation much less frightening. Your monthly payment comes down to two things: your **loan amount** and your **interest rate**. Most people fixate entirely on the rate. But the loan amount is the variable your equity directly controls.

The Counterintuitive Truth

A smaller loan at a higher rate can still produce a **lower monthly payment** than a larger loan at a lower rate. The math works in your favor more often than people expect — and your equity is the lever that makes it possible.

Why This Changes the Conversation

When you bring significant equity to your next purchase, you are not just funding the down payment. You are **actively reducing your loan amount**, which directly lowers your monthly obligation — regardless of where rates sit on the day you close.

What Most Homeowners Miss

They hear "6.5% rates" and stop thinking. But the real question is: **what does my payment actually look like with my equity applied?** That is the calculation worth running before you decide the math does not work.

SAME HOME. SAME RATE. DIFFERENT OUTCOME.

\$800,000 Purchase. One Variable: How Much Equity You Bring.

Same interest rate. Same home price. The only difference is the down payment — and that difference is worth roughly **\$1,000 per month**.

Scenario A — 20% Down

Down payment: **\$160,000**

Loan amount: **\$640,000**

Rate: **6.5%**

Monthly payment: **~\$4,045**

Scenario B — 40% Down Using Equity

Down payment: **\$320,000**

Loan amount: **\$480,000**

Rate: **6.5%**

Monthly payment: **~\$3,034**

~\$1K

Less Per Month

From the same rate, same home — just more equity applied at closing.

\$120K+

Over 10 Years

Total savings from the reduced loan amount — that is real purchasing power.

37%

Equity-Rich in VA

Of mortgaged properties in Virginia already meet this threshold (ATTOM Data).

Your equity does not just fund the purchase. It actively offsets the rate. Run this with your actual equity number before you decide the math does not work.

Why So Many Homeowners Feel Stuck

If you have a mortgage rate in the 2s or 3s, giving it up feels like a financial loss. That feeling is valid — but it is incomplete. The real question is not about the rate. It is: **Does your current home still fit the life you are actually living?**



Space & Lifestyle

A low rate is only an asset if the home it is attached to still makes sense for your life. Space, location, schools, and long-term plans matter just as much as the monthly payment.



Life Does Not Pause

Life events do not pause for mortgage rates. A growing family, a new job, changing school needs, or retirement plans will not wait for rates to come back down.



The Complete Picture

A low rate can be a real asset — or it can be the reason you stay in a home that no longer works for you. The honest calculation weighs both.

How to Evaluate the Move Correctly

Before deciding it does not make sense to move, run this framework. The rate comparison alone does not tell the full story — the honest calculation includes what staying costs you financially and in quality of life.

01

True Cost of Staying

Add up mortgage + taxes + maintenance + lifestyle trade-offs. What does staying actually cost you each month and in quality of life?

02

True Cost of Moving

Calculate new payment + taxes + insurance + moving costs + closing costs. Get real numbers, not estimates.

03

Net Monthly Change

New cost minus current cost. This is the number that matters most — not the rate, but the actual monthly difference.

04

What You Gain

Space, location, schools, lifestyle, retirement readiness. These have real financial and personal value that must be included.

05

Cost of Waiting 3–5 Years

The cost of inaction is almost always underestimated. Factor in appreciation, rising rents, and life changes you cannot afford to delay.

Three Paths to Make the Move

There is no single best option — only what fits your situation. Each path has real trade-offs. Understanding them before you start is the difference between a smooth transition and a stressful one.

1

Sell First, Then Buy

Most financially secure. You make a non-contingent offer and know your exact equity before committing. **Trade-off:** You may need temporary housing and could move twice. Best for homeowners who want maximum negotiating strength.

2

Buy First — HELOC or Bridge Loan

One move, no double move. Your old home staged vacant often sells faster and for more. **Trade-off:** You temporarily carry two mortgages. **Virginia rule:** Secure your HELOC *before* listing — most lenders will not approve draws once the property is actively on the market.

3

Contingent Offer

Protects you from owning two homes. Your purchase is contingent on your current home selling. **Trade-off:** Weaker position in competitive Northern Virginia markets. Sellers may counter with a kick-out clause giving you 24–72 hours to remove the contingency or walk away.

Bridge Loans vs. HELOCs — Which Is Right for You?

Bridge Loan

- Short-term loan: 6–12 months
- Fixed rate (generally higher)
- Higher upfront costs
- Available through most lenders

HELOC

- Revolving credit line
- 10-year draw period
- Variable rate (generally lower)
- Lower upfront costs
- Must be secured **before** listing your home for sale

Questions to Ask Your Lender

- 1 What are the total closing costs and origination fees for each option?
- 2 What DTI ratio is needed to carry both mortgages during the transition?
- 3 What happens if the home does not sell before the bridge loan expires?
- 4 How far in advance should I apply for a HELOC before listing?
- 5 Can you model my full monthly obligation during the transition period?

If You Have to Go Contingent — Make It as Strong as Possible

A contingent offer can work in Northern Virginia's competitive market — but only if it is structured to give sellers confidence. These five strategies close the gap with non-contingent buyers.

1

Shorten the Contingency Period

Offer 30 days instead of 60. This signals your home will sell quickly and reduces the seller's risk.

2

Increase Your Earnest Money

A larger deposit signals serious commitment and financial strength — sellers notice this immediately.

3

Show Evidence Your Home Is Priced Correctly

Comparable sales data makes your contingency credible and shows you are realistic about the market.

4

Pre-Inspect Your Current Home

A clean inspection reduces buyer surprises and strengthens your sale certainty before you even list.

5

Get Fully Pre-Approved — Not Just Pre-Qualified

Shows you are financially ready to close the moment your home sells. On kick-out clauses: know in advance whether you can access bridge financing to remove the contingency quickly if needed. That preparation is often the difference between getting the home and losing it.

☐ **Ready to run your numbers?** Ivan Rakela and The Rakela Group specialize in helping Northern Virginia homeowners make confident, informed moves. Reach out at therakelagroup.com or call (703) 254-3790.

Leaseback Agreements — Buying Yourself Time After Closing

A leaseback lets you stay in your home as a tenant after closing. Ownership transfers to the buyer, but you retain possession under a temporary rental agreement — solving the timing gap without a double move. Duration: 30–60 days is standard. Beyond 60 days can affect the buyer's mortgage terms.

Rent

Covers buyer's PITI, fair market rent, or per-diem of \$50–\$150/day

Security Deposit

Customary — negotiated between both parties

Your Responsibilities

Utilities, minor maintenance, and renters insurance

Buyer Responsibilities

Homeowners insurance and major structural repairs

Virginia-Specific: Once your sale closes, the leaseback falls under the Virginia Residential Landlord and Tenant Act (VRLTA). You have specific legal rights as a tenant. The buyer has specific obligations as a landlord. Both parties should understand their rights before signing.

Pricing Your Home Correctly

This matters more than almost anything else. What happens when a home is priced too high from day one:

→ **Fewer Showings**

Buyers skip homes that feel overpriced

→ **The Listing Goes Stale**

After 14–30 days, buyers assume something is wrong

→ **Lowball Offers Increase**

Longer days on market gives buyers perceived leverage

→ **Price Reductions Signal Desperation**

Price cuts rarely recover the ground lost

→ **You Miss Your Window**

You may lose the next home you wanted

Homes that sell in the first 14–30 days consistently sell at or above asking price. How to evaluate your agent's price recommendation: recent sold comps · price per square foot · active listings · logical adjustments · days on market trend.

Choosing the Right Agent

A move-up transaction is more complex than a standard sale. You need an agent who has navigated both sides of a simultaneous transaction — and can protect your interests on each one.

Questions to Ask

- How many sell-and-buy transactions in the last 12–24 months?
- What's your strategy for timeline delays?
- Do you have lender partners for bridge loans and HELOCs?
- How would you coordinate both closings?

Red Flags to Watch For

- Suggests a significantly higher price without supporting data — known as "buying the listing"
- Little or no dual transaction experience
- Pushes dual agency without fully explaining it — legal in Virginia but limits their advocacy for you
- Cannot clearly explain HELOC timing, leaseback agreements, or contingency strategies

The 55+ Downsizer — Your Unique Financial Advantages

If you're 55 or older and considering a move, the financial picture looks different — and often much better — than it does for other sellers. Understanding these advantages before you list can change your entire strategy.

Capital Gains Exclusion — IRS Section 121

Own and live in the home as your primary residence for at least 2 of the last 5 years, and you qualify for a significant federal capital gains tax exclusion:

Filing Status	Exclusion Amount
Single Filer	Up to \$250,000 excluded
Married Filing Jointly	Up to \$500,000 excluded

Example: Bought for \$450,000 · Sold for \$900,000 · Gain = \$450,000 · As a married couple, the full \$450,000 is excluded. **Zero federal capital gains tax.**

✔ Virginia does not tax Social Security benefits at the state level — a meaningful advantage for retirees planning long-term finances.

Right-Sizing Your Life — Financial and Lifestyle

Financial Benefits

- Eliminate the mortgage payment entirely
- Free up capital for retirement without touching investments
- A sudden large cash influx could affect government program eligibility — consult a financial advisor

Lifestyle Benefits

- Reduce maintenance burden — more lock-and-leave freedom
- Single-level living, accessibility features, proximity to medical facilities
- Move closer to adult children, grandchildren, or preferred communities

The move-down is often the most financially powerful transaction a homeowner makes. A paid-off smaller home, zero mortgage, and liquid capital from equity proceeds is a retirement position most financial plans cannot replicate any other way.

You Have the Framework. Now Let's Apply It to Your Situation.

Every situation is different. I'll help you determine your true home value — not a Zillow estimate — calculate your usable equity and what it does to your next payment, walk through which of the three paths fits your situation, and give you an honest answer on whether now is the right time to move.

Book a Free Strategy Call

We run the numbers for your specific situation.

calendly.com/ivanrakela/30min

Get Your Free Home Analysis

Find out what your Northern Virginia home is actually worth right now.

therakelagroup.com/value

Ivan Rakela · The Rakela Group

(703) 254-3790 · Ivan@therakelagroup.com · therakelagroup.com

