

Wholesale Closing Checklist

Selling wholesale deals is so easy right now that we tend to get a little sloppy in making sure that we've got all the I's dotted and t's crossed. But there are some great reasons to make sure it's all correct, every time. Here are 3:

1. **Liability.** Your buyer is generally trusting that whatever you know about the property—like that there are code violations, for example—you've disclosed. And he may be so excited to be GETTING a deal (and so involved with planning the rehab, arranging the money, etc) that he forgets to check like he should. And when it turns out there ARE orders, and you DIDN'T tell him, he's going to be unhappy, whether you knew about them or not. So, you do everything you can to make sure YOU know (and have revealed) what might be wrong, while at the same time making the buyer sign off that he's taking the deal on at his own risk. Right? Right?
2. **Buyer loyalty.** When you look like the only wholesaler in town who's making any real attempt to do things right, buyers notice. Trust me. They want to do business with the guy or gal who takes the extra time to make sure the deal is right.
3. **The market won't always be like this.** At some point, SELLING will be the hard thing, and when it is, you need loyal buyers AND systems in place to make sure you're doing what you need to do, right? As one of the few wholesalers who actually GREW her business in 2007-2009, I can tell you that taking the extra hour to do this stuff right makes a BIG difference when there are a lot of deals and few buyers.

So here it is: the “Are You Ready to Close?” checklist:

Wholesale deal closing checklist

Are you ready to close your wholesale deal? Not until you've checked all the boxes:

[] Do you actually have a signed purchase agreement with the owner of the property? If not, please stop “trying to be a wholesaler” right this second

[] Have you checked on any code violations with your city building department?

[] Has the buyer signed off that he has seen and accepts any orders you found?

[] If you live in an area where utility bills follow the PROPERTY rather than the OWNER, have you asked the utility companies for final payoffs and forwarded those to the title company to be deducted from the seller's proceeds at closing?

[] Have you ordered a title search and been given evidence of clear title?

[] Does your buyer have a copy of your purchase agreement with the seller?

[] Has your buyer signed

The assignment agreement AND the purchase agreement for assignment

OR

(if the contract is with a land trust) a copy of the trust agreement or the assignment of beneficial interest in the trust

The “big boy disclosure” stating that he is taking on this property at his own risk?

[] Has the buyer paid his entire assignment fee?

[] Do you have copies of these documents:

Your state's seller disclosure of property condition, signed by seller and buyer? (not required if the seller is a bank or the executor of an estate)

The federal lead disclosure signed by seller and buyer? (not required if the seller is a bank or executor of an estate, or if the property was built after 1978)

IF YOU ARE A LICENSED AGENT ONLY your state's agency disclosure form stating that you are the buyer and a principal in the deal, and not representing the seller, signed by the seller and by you as buyer and agent

IF YOU ARE A LICENSED AGENT ONLY a second state agency disclosure form disclosing to the buyer that you are an agent and a principal in the sale of the contract, and not representing the buyer signed by the buyer and by you as 'seller' and agent

IF THE PROPERTY IS OCCUPIED BY TENANTS any leases that might exist

[] Has the title company/attorney received the original purchase agreement between you/your company and the seller?

[] Has the title company received:

The assignment agreement

OR

(if the contract is with a land trust) a copy of the trust agreement

[] Have YOU seen and reviewed a completed copy of the closing statement and assured yourself that:

[] All expenses are split between buyer and seller as in your original contract?

[] Buyer and seller names are correct?

[] All liens that are not being assumed by the buyer per the contract (tax liens, unpaid utilities etc.) are being paid off on the closing statement

[] Title insurance is being issued, if requested by buyer

[] If the property is tenant-occupied, are the security deposits and rent prorations credited to the buyer?

[] Have you arranged for keys to be turned over to buyer?

[] Have you encouraged the buyer to do a last-minute walkthrough to make sure the property is still in the same condition?

[] Have you double checked your purchase agreement to make sure there are no unusual agreements or contingencies that haven't been dealt with (that the seller will clean out the property before closing, for instance)?

If you can check every box you're ready to close!