

WRAPAROUND PRE-CLOSING CHECKLIST

Thank you for choosing Tipton Law Firm, PLLC to close your Wraparound transaction. In order to start processing your transaction, please ensure that the following documents and forms are filled out and returned at the time you submit your contract.

- Executed Purchase & Sales Agreement and Seller Financing Addendum (Financed amount **MUST** be larger than or the same as the underlying loan balance)
- Current Mortgage Statement
- Completed Escrow Servicing Contract (to close through this office, the use of an escrow servicer is required)
- Obtain all HOA information (we can submit a request for a transfer package for you, but you will need to provide the HOA's information)
- Fully executed Pre-Closing Package (pre-closing disclosures, Texas 5.016 Disclosure, Seller Info Sheet, and 1099-S Information Sheet)
- Any other closing expense invoices (insurance, home warranty, broker's DA, etc.)

Seller Info:

Name(s): _____

Phone: _____

Email: _____

Address: _____

Buyer Info:

Name(s): _____

Phone: _____

Email: _____

Address: _____

The above information is **required** in order to process your transaction. Failure to provide the above necessary information may cause a delay in your closing.



Tipton Law Firm, PLLC

INTERMEDIARY ACKNOWLEDGEMENT

Property Address: _____

The parties to this transaction have requested that Tipton Law Firm, PLLC (“The Firm”) draft the documents for a real estate closing. For this particular closing I will be acting as an intermediary only and will not be an advocate for either side. This role is different from the traditional one of an attorney; I must remain impartial.

Being an intermediary means that any information disclosed by you to me during this representation will not be protected by attorney-client privilege in a subsequent legal proceeding asserted by or against one of you involving the other.

By using Tipton Law Firm, PLLC as an intermediary to document the agreement between the parties, both parties agree and acknowledge that The Firm cannot and will not give any legal advice to either side. While The Firm can answer general questions regarding the transaction and meaning behind the documents, The Firm will not advise either party to the transaction as to whether this transaction is right for them, or any other issue or question that is not general in nature. Both parties should seek the advice of their own counsel should they need any legal advice regarding the above transaction.

We, the undersigned, hereby acknowledge and agree that we have entered into this transaction, being fully advised of the possible conflicts and/or problems that may arise from using an intermediary, and other possible issues that are not stated above, and forever more INDEMNIFY AND HOLD HARMLESS TIPTON LAW FIRM, PLLC, ALL OF ITS EMPLOYEES, AND ALLISON K. TIPTON INDIVIDUALLY FROM ANY LIABILITY WHATSOEVER.

Sellers:

_____ **Date**

_____ **Date**

Buyers:

_____ **Date**

_____ **Date**



WRAPAROUND PRE-CLOSING DISCLOSURES

Address: _____

GENERAL INFORMATION:

A wraparound transaction is a form of creative seller financing that leaves the original(underlying) loan and lien in place when a property is sold. That means that the owner finance note for this transaction will not be the only loan/mortgage on the property. The Seller/Lender in this transaction will be responsible for ensuring that the underlying loan/mortgage remains current.

BUYER: Please review the below disclosures and initial next to each one after you've read and understood it.

_____ 1. **UNDERLYING MORTGAGE NOT PAID OFF:** I full understand and acknowledge that under the terms of the Contract presented to me that the underlying mortgage will **NOT** be paid off at closing. I agree and acknowledge that this is a "Wraparound Transaction" and that the loan could stay on the property for the duration of the loan term.

_____ 2. **DUE ON SALE:** I fully agree and acknowledge that a transfer of title may be against the underlying loan terms. I understand that there is a possibility that the underlying loan may be called 'due' by the lender upon transfer of title and that the Seller is not guaranteeing that they will pay the loan off if this happens. However, the Parties agree that should the underlying loan be "Called Due" for any reason, Buyer and Seller/Lender will work together to either refinance the owner finance note to pay off the underlying loan, or work with the underlying lender to fix the situation by any means necessary.

_____ 3. **INSURANCE COVERAGE:** Buyer is aware that the nature of a wraparound transaction is different than your regular mortgage transaction. Since the underlying loan has the original borrowers name, Buyer understands that the original borrower must be listed on the home owners insurance policy. Seller/Lender will assist Buyer with obtaining an acceptable policy with the right insured information.

_____ 4. **NOTE SERVICER:** Buyer and Seller/Lender understand that a Note Servicer will be used to service the payments of the note. This will ensure that the underlying mortgage will get paid when Buyer makes their monthly payments.

_____ 5. **LEGAL COUNSEL ADVISED:** I acknowledge I am being advised to seek independent legal counsel to review the Offer to Purchase/Agreement.

_____ 6. **CLOSING LAW FIRM DOES NOT REPRESENT EITHER PARTY:** I acknowledge and understand that this transaction will close through Tipton Law Firm, PLLC(Attorney), and that Attorney will be acting in an intermediary capacity and will not be able to give me legal advice. I acknowledge and understand that should I need legal advice, I should seek out my own independent counsel.



WRAPAROUND PRE-CLOSING DISCLOSURES

_____ 7. **NO OTHER PROMISES:** I have not been promised anything other than what is described in the Contract I have been presented with. There are no unresolved issues, no other agreements, nor are there other terms not disclosed in the Contract.

_____ 8. **FULLY INFORMED AND NOT CONFUSED:** I have signed the Contract being fully informed with a sufficient understanding of all terms and conditions contained therein. I am not confused about any aspect of The Contract.

_____ 9. **ACCEPTANCE:** I have reviewed the terms and conditions contained in the contract and have accepted the terms under which I will purchase the property.

Print Names Below:

Seller(s): _____

Buyer(s): _____

Acknowledged by:

(Seller)

Date

(Seller)

Date

(Buyer)

Date

(Buyer)

Date

WRAPAROUND FEE INFORMATION

Address: _____

Buyer Name(s): _____

Seller Name(s): _____

The standard closing fees for a Wraparound Transaction closed through Tipton Law Firm, PLLC are \$1,600.00. These fees are allocated on a flat fee basis, payable by agreement between the parties. Closing fees include title searches, all document preparation, recording fees and post-closing disbursements.

An initial deposit of \$500.00 is due and payable at the time this contract is submitted. This fee will be credited to the transaction fees at closing. If this closing is canceled or otherwise not finalized, the initial fee is not refundable.

Below, please designate the exact dollar amount of the Wraparound Transaction Fees to be payable by each party.

Buyer: \$ _____

Seller: \$ _____

Signatures:

Buyer

Date

Buyer

Date

Seller

Date

Seller

Date

**NOTICE OF CONVEYANCE OF RESIDENTIAL PROPERTY ENCUMBERED BY
LIEN PURSUANT TO TEXAS PROPERTY CODE SECTION 5.016**

WARNING: ONE OR MORE RECORDED LIENS HAVE BEEN FILED THAT MAKE A CLAIM AGAINST THIS PROPERTY AS LISTED BELOW. IF A LIEN IS NOT RELEASED AND THE PROPERTY IS CONVEYED WITHOUT THE CONSENT OF THE LIENHOLDER, IT IS POSSIBLE THAT THE LIENHOLDER COULD DEMAND FULL PAYMENT OF THE OUTSTANDING BALANCE OF THE LIEN IMMEDIATELY. YOU MAY WISH TO CONTACT EACH LIENHOLDER FOR FURTHER INFORMATION AND DISCUSS THIS MATTER WITH AN ATTORNEY

_____, Seller(s), hereby provides notice to _____
_____, as Purchaser(s), pursuant to Texas Property Code, Section 5.016
as follows: The address of the property is _____
_____ and the legal description of the property in question is
as follows: _____

1. The name, address and phone number of the lienholder against the Property is as follows:

2. Loan Information(Acct No. _____):

a) Principal Balance: \$ _____ Current Payoff: \$ _____
b) Interest Rate: _____ % Monthly Payment: \$ _____

3. The lienholder has not consented to transfer of the Property to _____.

4. For the existing insurance policy relating to the Property, the following applies:

a) The name of the Insurer is _____
b) The name of the Insured is _____
c) The amount for which the Property is insured is \$ _____
d) The Property that is insured is _____

Dated this the _____ day of _____, 201____.

Purchaser(s): _____ **Date:** _____

_____ **Date:** _____

Seller(s): _____ **Date:** _____

_____ **Date:** _____

**NOTICE OF CONVEYANCE OF RESIDENTIAL PROPERTY ENCUMBERED BY
LIEN PURSUANT TO TEXAS PROPERTY CODE SECTION 5.016**

The parties to this transaction have agreed to NOT give notice to the lender of the intended property transfer.

Dated this the _____ day of _____, 201__.

Purchaser(s): _____ **Date:** _____

_____ **Date:** _____

Seller(s): _____ **Date:** _____

_____ **Date:** _____

NOTICE REGARDING PROPERTY INSURANCE:

ANY INSURANCE MAINTAINED BY A SELLER, LENDER, OR OTHER PERSON WHO IS NOT THE BUYER OF THIS PROPERTY MAY NOT PROVIDE COVERAGE TO THE BUYER IF THE BUYER SUFFERS A LOSS OR INCURS LIABILITY IN CONNECTION WITH THE PROPERTY. TO ENSURE THE BUYER'S INTERESTS ARE PROTECTED, THE BUYER SHOULD PURCHASE THE BUYER'S OWN PROPERTY INSURANCE. BEFORE PURCHASING THIS PROPERTY, YOU MAY WISH TO CONSULT AN INSURANCE AGENT REGARDING THE INSURANCE COVERAGE AVAILABLE TO YOU AS A BUYER OF THE PROPERTY.

Purchaser(s): _____ **Date:** _____

_____ **Date:** _____

Seller(s): _____ **Date:** _____

_____ **Date:** _____

Information to assist Sellers in the completion of the 1099-S Certification and 1099-S Input Form

To comply with IRS regulations, requiring reporting of the sale or exchange of Real Property, follow the instructions below:

Step 1

Each Seller must complete a 1099-S Exemption Form (Husband and Wife must each complete a separate form).

Step 2

1. A) If all questions are answered "True or Yes" on the 1099-S Exemption Form, return the completed and signed form to Tipton Law Firm, PLLC. DO NOT complete the 1099-S Input Form. No additional steps are required.
2. B) If you answered "False or No" to any question on the 1099-S Exemption Form, continue to Step 3.

Step 3

Each seller who does not answer "True/Yes" to all questions on the 1099-S Exemption form, must complete and sign the attached 1099-S Input form. Return the completed 1099-S Input Form to your escrow officer. (if you do not know all the information, leave it blank and we will fill it in)

Husband and wife filing joint returns need only complete one 1099 Input Form (and one percentage allocation of 100%).

TRUSTS: Trusts are not automatically exempt from receiving 1099s. If the Trust has not been issued it's own Tax I.D. number then each trustee must complete the form with the social security number to be used and the name, as it appears on tax return, with the percentage allocation for each trustee. If the Trust has it's own TIN then enter the Trust Tax I.D. number and the legal name as it appears on the tax return.

ESTATES: If using the decedent's social security to file tax return, then use the decedents name. If the Estate has been issued it's own TIN, then use Estate of John Smith and the TIN assigned to that Estate name.

CONSERVATORSHIPS: If a Minor, use the Name and social security number assigned to that minor. If an Elder, use the Elder's name and social security number that the tax return will be filed under.

PARTNERSHIPS/LLC (Limited Liability Company): Are not automatically exempt. The name and tax I.D. number for the partnership, one 1099 will be issued to one partner. (If volume transferor please provide documentation.)

Corporations, Non-profits, government entities, 1031 Exchanges, Refinance, Bankruptcy, Deed in Lieu of Foreclosure, Bulk Sales and Volume Transferors (more than 25 transactions per year) are automatically exempt.

The IRS wants the social security number that was assigned to the name (as it appears on IRS records) that will be filing the tax return reporting the sale of this property in this transaction.

(In some cases this may not be the same name as the Seller(s) on the Grant Deed. i.e. Decedents cannot convey property. Trusts cannot convey property.)

**ALL SELLERS - COMPLETE THE 1099-S CERTIFICATION
COMPLETE THE 1099-S INPUT FORM - ONLY IF APPLICABLE**

1099-S Exemption Form

EXCLUSION OF PRINCIPAL RESIDENCE FROM 1099-S REPORTING REQUIREMENT

The seller of a principal residence should complete this form to determine whether the sale or exchange should be reported to the IRS on Form 1099 - S, Proceeds from Real estate Transaction. If the seller properly completes Parts I and III, and makes a "true" response to assurances(1) through(6) in Part II(or a "not applicable" response to assurance(6)), no information reporting to the seller or to the IRS will be required for that seller. The term "seller" includes each owner of the residence that is sold or exchanged. Thus, if a residence has more than one owner, the closing agent must either obtain a certification from each owner (whether married or not) or file an information return and furnish a payee statement for any owner who does not make the certification.

Part I. Seller Information

Date of Closing: _____

1. Name: _____

2. Address or legal description (including city, state, and ZIP code) of **residence being sold or exchange**

3. Taxpayer Identification Number (TIN): _____
(SSN or ITIN - required for filing)

Part II. Seller Assurances

True	False	
<input type="checkbox"/>	<input type="checkbox"/>	(1) I owned and used the residence as my principal residence for periods aggregating 2 years or more during the 5-year period ending on the date of the sale or exchange of the residence.
<input type="checkbox"/>	<input type="checkbox"/>	(2) I have not sold or exchanged another principal residence during the 2-year period ending on the date of the sale or exchange of the residence.
<input type="checkbox"/>	<input type="checkbox"/>	(3) I (or my spouse or former spouse, if I was married at any time during the period beginning after May 6, 1997, and ending today) have not used any portion of the residence for business or rental purposes after May 6, 1997.
<input type="checkbox"/>	<input type="checkbox"/>	(4) At least one of the following three statements applies: The sale or exchange is of the entire residence for \$250,000 or less. ...OR... I am married, the sale or exchange is of the entire residence for \$500,000 or less, and the gain on the sale or exchange of the entire residence is \$250,000 or less. ...OR... I am married, the sale or exchange is of the entire residence for \$500,000 or less, and (a) I intend to file a joint return for the year of the sale or exchange, (b) my spouse also used the residence as his or her principal residence for periods aggregating 2 years or more during the 5 -year period ending on the date of the sale or exchange of the residence, and (c) my spouse also has not sold or exchanged another principal residence during the 2 -year period ending on the date of the sale or exchange of the principal residence.
<input type="checkbox"/>	<input type="checkbox"/>	(5) During the 5-year period ending on the date of the sale or exchange of the residence, I did not acquire the residence in an exchange to which section 1031 of the Internal Revenue Code applied.
<input type="checkbox"/> <input type="checkbox"/> N/A	<input type="checkbox"/>	(6) If my basis in the residence is determined by reference to the basis in the hands of a person who acquired the residence in an exchange to which section 1031 of the Internal Revenue Code applied, the exchange to which section 1031 applied occurred more than 5 years prior to the date I sold or exchanged the residence.

Part III. Seller Certification

Under penalties of perjury, I certify that all the above information is true as of the end of the day of the sale or exchange.

Signature _____

Date _____

To qualify for this exemption each seller, including husband and wife sellers, must sign a separate form answering "True" to all the required questions.

If all questions are NOT answered "True" on this form, this form is not needed and seller(s) must fill out the 1099-S Input Form.

1099-S Exemption Form

EXCLUSION OF PRINCIPAL RESIDENCE FROM 1099-S REPORTING REQUIREMENT

The seller of a principal residence should complete this form to determine whether the sale or exchange should be reported to the IRS on Form 1099 - S, Proceeds from Real estate Transaction. If the seller properly completes Parts I and III, and makes a "true" response to assurances(1) through(6) in Part II(or a "not applicable" response to assurance(6)), no information reporting to the seller or to the IRS will be required for that seller. The term "seller" includes each owner of the residence that is sold or exchanged. Thus, if a residence has more than one owner, the closing agent must either obtain a certification from each owner (whether married or not) or file an information return and furnish a payee statement for any owner who does not make the certification.

Part I. Seller Information

Date of Closing: _____

1. Name: _____

2. Address or legal description (including city, state, and ZIP code) of **residence being sold or exchange**

3. Taxpayer Identification Number (TIN): _____
(SSN or ITIN - required for filing)

Part II. Seller Assurances

True	False	
<input type="checkbox"/>	<input type="checkbox"/>	(1) I owned and used the residence as my principal residence for periods aggregating 2 years or more during the 5-year period ending on the date of the sale or exchange of the residence.
<input type="checkbox"/>	<input type="checkbox"/>	(2) I have not sold or exchanged another principal residence during the 2-year period ending on the date of the sale or exchange of the residence.
<input type="checkbox"/>	<input type="checkbox"/>	(3) I (or my spouse or former spouse, if I was married at any time during the period beginning after May 6, 1997, and ending today) have not used any portion of the residence for business or rental purposes after May 6, 1997.
<input type="checkbox"/>	<input type="checkbox"/>	(4) At least one of the following three statements applies: The sale or exchange is of the entire residence for \$250,000 or less. ...OR... I am married, the sale or exchange is of the entire residence for \$500,000 or less, and the gain on the sale or exchange of the entire residence is \$250,000 or less. ...OR... I am married, the sale or exchange is of the entire residence for \$500,000 or less, and (a) I intend to file a joint return for the year of the sale or exchange, (b) my spouse also used the residence as his or her principal residence for periods aggregating 2 years or more during the 5 -year period ending on the date of the sale or exchange of the residence, and (c) my spouse also has not sold or exchanged another principal residence during the 2 -year period ending on the date of the sale or exchange of the principal residence.
<input type="checkbox"/>	<input type="checkbox"/>	(5) During the 5-year period ending on the date of the sale or exchange of the residence, I did not acquire the residence in an exchange to which section 1031 of the Internal Revenue Code applied.
<input type="checkbox"/> <input type="checkbox"/> N/A	<input type="checkbox"/>	(6) If my basis in the residence is determined by reference to the basis in the hands of a person who acquired the residence in an exchange to which section 1031 of the Internal Revenue Code applied, the exchange to which section 1031 applied occurred more than 5 years prior to the date I sold or exchanged the residence.

Part III. Seller Certification

Under penalties of perjury, I certify that all the above information is true as of the end of the day of the sale or exchange.

Signature _____

Date _____

To qualify for this exemption each seller, including husband and wife sellers, must sign a separate form answering "True" to all the required questions.

If all questions are NOT answered "True" on this form, this form is not needed and seller(s) must fill out the 1099-S Input Form.

Note to SELLER:

This form does NOT need to be completed if all questions on the 1099-S CERTIFICATION FORM are answered "True". If the property involves a 1031 Tax Deferred Exchange, PLEASE COMPLETE THIS FORM.

1099-S INPUT FORM

Company Number	Office Number	Type <input type="checkbox"/> Add <input type="checkbox"/> Change <input type="checkbox"/> Delete	Escrow Number _____	Actual Closing Date
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SUBJECT PROPERTY INFORMATION

STREET ADDRESS OR BRIEF FORM OF LEGAL DESCRIPTION (FOR VACANT LAND, USE APN, COUNTY AND STATE) _____		
CITY	STATE	ZIP CODE
_____	_____	_____

TRANSACTION DATA

CONTRACT SALES PRICE	No. OF 1099-S forms required for the sale of this property	2 OR MORE 1099 FORMS - S If 2 or more 1099-s forms are required for this transaction, record the dollar amount for the seller based on the seller's declaration	BUYERS PART OF REAL ESTATE TAX	CONTINGENT TRANSACTION	EXCHANGE
(Line 401 of HUD-1 form) Note: If this is an exchange, provide total dollar value of cash, notes and debt relief received by this exchanger. \$ _____		\$ _____	Show any real estate tax, on a residence, charged to the buyer at settlement. \$ _____	Is this a contingent transaction wherein gross proceeds cannot be determined with certainty at time of closing? <input type="checkbox"/> Yes	Was (or will there be) other property services received? <input type="checkbox"/> Yes

SELLER INFORMATION - PLEASE PRINT CLEARLY

SELLER'S LAST NAME FIRST NAME M.I. _____		
SELLER'S FORWARDING STREET ADDRESS _____		
CITY	STATE	ZIP CODE (or country if not USA)
_____	_____	_____

SELLER'S SOCIAL SECURITY NUMBER _____	OR	SELLER'S TAX IDENTIFICATION NUMBER _____
You are required by law to provide your closing agent with your correct Taxpayer Identification Number. If you do not provide your closing agent with your correct Taxpayer Identification Number; you may be subject to civil or criminal penalties imposed by law under the Tax Reform Act of 1986, under Internal Revenue Code Sections 6045(E), 6676, 6722, 6723 and 7203.		Under penalties of perjury, I certify that the number shown above is my correct Taxpayer Identification Number. Seller's Signature _____ Date Signed _____

SELLER INFORMATION SHEET

Seller Information

Seller #1 full name (First, Middle and Last): _____

Seller Birthday: ___/___/___ Seller DL Number: _____ Seller SSN: _____

Current Address: _____

Past Addresses (last 10 years): _____

Marital Status: _____

Seller #2 full name (First, Middle and Last): _____

Seller Birthday: ___/___/___ Seller DL Number: _____ Seller SSN: _____

Current Address: _____

Past Addresses (last 10 years): _____

Marital Status: _____

Names on Title

Is seller(s) only name on title? Yes No –if no, who else is on title? _____

Relation to Seller(s) _____

Are they alive? Yes No –if no, do they have a will? Yes No –if no, may need Affidavit of Heirship

Marital History

Marriage? No Yes – If yes, Spouses name: _____ Date of Marriage: ___/___/___

Did spouse live in property? No Yes – If yes, include in contract.

Divorce? No Yes – If yes, County/State _____ Date of Divorce: ___/___/___

Death? No Yes – If yes, need copy of Death Certificate

Is there a will? No Yes – If yes, is it probated? No Yes Currently in probate

Mortgage Info

Do you have a Recent Statement? No Yes

Lender Name _____ Loan Number _____

Delinquent on Payments? No Yes

Please fill out this page and return with completed contract