

# Wally Tingley & Associates

*For Real Estate Solutions*

## Wrap Outline & Information

WRAPAROUND FINANCING (Wrap): Non –qualifying Seller financing is designed to effectuate the purchase/sale of property without Buyer having to qualify for a new mortgage loan.

In the State of Texas, if a Seller/Buyer desire to do a seller financing transaction whereby the seller's property is encumbered by an underlying mortgage, the ONLY transaction they can do is a wraparound mortgage. Wraps have been done in Texas for 150+ years but have come into prominence since 1989 when the institutional lenders took away assumable mortgages and wraps became the legal way to basically assume the seller's underlying mortgage whereby the buyer executes a Note and Deed of Trust to the seller which mirrors the underlying mortgage(s) and any equity over and above any existing liens. Since 1989, the law makers in Texas have enacted multiple laws regarding seller financing wraparound mortgages. The Wally Wrap is Texas Law compliant and offered and administered by Wally Tingley, one of Texas' best known and experienced residential real estate attorneys.

### WALLY WRAP™ How it Works

1. Seller provides Buyer non-qualifying wrap financing for maximum 5 years (balloon) period; without payoff of Seller existing mortgage.
2. Buyer provides cash down payment to negotiated Seller wrap financing; within the max 5 year balloon period, Buyer pays off wrap financing (including Seller existing mortgage) by refinancing or sale of home.
3. Seller realizes deferred equity (if any) at payoff; Buyer has utilized wrap as interim financing to own property and sell or refinance into mortgage loan.

### Who could be a MOTIVATED Buyer and/or Seller.

- a. Seller Motivations - URGENCY: Out of area move; divorce; job loss; behind in payments; medical expenses; impending new home closing; etc.
- b. Buyer Motivations – HAVE CASH: 2 years from bankruptcy; credit issues; new business owner (realtor, loan officer, lawyer, etc); etc.

What sets us apart is that **we require as a condition to the contract that we perform a PCC (Pre Closing Conference)** to which all parties to the contract must attend. In fact, even though we have receipted earnest money and an executed contract **the contract is not binding nor is any money at risk to either party until the PCC is performed.** The PCC is designed to be the question/answer forum for all parties, so once we have completely gone through the contract we then cover all the risks to sellers and buyers that are involved in doing a wrap transaction in Texas. At the end of the PCC all parties will sign the document evidencing agreement to all terms and avoiding future disagreements and conflicts.

### The Wally Wrap process is as follows:

1. Fill out our worksheet and email the information to [info@wallytingley.com](mailto:info@wallytingley.com) we will format a letter of Intent to meet the tenor of the agreement between the seller and buyer. Once the parties have signed we will have your formatted contract back to you within 24-48 hrs. We can set the PCC within 2-3 days after receipting the contract.
2. Once you have received the formatted Wally Wrap contract the Seller and Buyer will need to initial and execute the contract. The contract can then be brought to our office to be receipted. Earnest money should be made out to Wally Tingley & Associates. It can be cash, money order, or cashiers check.
3. Once we perform the PCC we can close at the earliest on the 8<sup>th</sup> day after the date of receipting the contract, as new Texas law states that there must be a 7 day “cooling off” period from the date of receipting a seller financing wraparound mortgage contract to when it can be closed.