

EXPLANATION OF DOUBLE (BACK-TO- BACK) CLOSING

A double close has the following requirements:

- The first half cannot be a short sale.

- The end buyer must be a cash buyer or using hard money/private lender

- The commitment will say that title is vested in the owner of record, i.e. the seller in the first transaction.

It will also disclose to the end buyer that two deeds will be recorded and there may be a delay in recording the second deed as the closing agent must wait for the deed in the first transaction to be recorded.

- The funds transferred to the first title company must be disclosed as a line item on the Hud-1.

- The contract from the investor to the end buyer discloses to the buyer that the seller has a contract to purchase only and is not the title owner at the time of execution.

If all the above conditions are met and the title is clean & insurable, then we can conduct a double closing wherein the middleman need not fund the first transaction.

My title company puts this EXACT language in their title commitment also:

“For Informational purposes only: This is a simultaneous land flip transaction wherein sellers proceeds will be used for the purchase of the property from the current title owner identified on Schedule A and this payment will be reflected on the HUD-1 at closing. Consequently, there may be a delay in recording the deed.”