The Baltimore Distressed Property Seller's Checklist

7 Critical Steps to Protect Yourself Before Signing a Cash Offer in Maryland

Selling a distressed, inherited, or fire-damaged property in Baltimore City or County can be an overwhelming process. While "We Buy Houses" signs are everywhere, not all cash buyers are legitimate, and local Maryland laws contain strict requirements that can derail your sale.

Use this 7-point checklist to vet buyers, navigate Baltimore's unique bureaucratic hurdles, and ensure your home sale closes smoothly and legally.

Phase 1: Vetting the Buyer (Avoiding Wholesaler Scams)

Many "cash buyers" are actually middlemen (wholesalers) who do not have the money to buy your house. They want to tie up your property and sell the contract. Verify their legitimacy with these steps:

☐ 1. Demand a 4-Point Proof of Funds (POF) Letter

Before signing any purchase agreement, you must see proof they have the cash. Check for four things:

- **Name Match:** The name on the bank statement must exactly match the buyer/LLC on the contract.
- **Recent Date:** The letter must be dated within the last 30 days.
- **Bank Signature:** It should be on official bank letterhead and signed by a bank officer.
- **Liquid Cash:** Reject letters that say "pre-approved for a line of credit" or "hard money." You want to see actual liquid cash in an account.

☐ 2. Check the Contract for "Assignment" Clauses

Read the buyer's name on the contract. If it says *"John Doe and/or Assigns"*, you are dealing with a wholesaler. They reserve the right to assign (sell) your contract to a real buyer. If they can't find one, they will use an inspection contingency to back out, wasting weeks of your time. Ensure you are dealing with a **direct buyer**.

Phase 2: Preparing for Baltimore Bureaucracy

A 7-day closing is a myth in Baltimore if your title isn't perfectly clear. Local bureaucracy can slow down the transfer of a distressed property.

- [ ] **3. Locate Your Ground Rent Payoff (If Applicable)**

  Many older Baltimore rowhomes are subject to Ground Rent. To legally transfer the property, the title company must verify there are no arrears. If you don't know who owns your ground rent, the title company will have to hunt them down, which can delay closing by weeks. Have your most recent ground rent bill ready.

- [ ] **4. Identify Historic District (CHAP) Restrictions**

  If your property is in Fells Point, Canton, or Federal Hill, it may fall under CHAP (Commission for Historical and Architectural Preservation) guidelines. Novice out-of-state buyers often back out when they realize they can't easily gut the facade. Disclose CHAP status upfront to ensure your buyer has the capital and experience for historic rehabs.

> **Baltimore City Lien Certificates & Water Bills**
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> To sell a property in Baltimore, the title company must pull a clean municipal lien certificate and verify your DPW water bill is paid. If you owe thousands in back water bills or have active Vacant Building Notices (VBNs), the title company will simply deduct these from your final cash payout at closing.

Phase 3: Navigating Maryland Law (Tenants & Foreclosure)

- [ ] **5. Comply with the Maryland TOPA Law (For Landlords)**

  If you have a tenant living in the property, you **cannot** legally sell the house right away. Under the 2024 Tenant Opportunity to Purchase Act (TOPA), you must send a formal written notice to your tenant giving them 30 days to buy the property. Only after they decline (or 30 days pass) can you sell to a cash investor.

- [ ] **6. Understand the PHIFA Protection Act (For Pre-Foreclosure)**

  If you are more than 60 days behind on your mortgage, you are protected by the Protection of Homeowners in Foreclosure Act (PHIFA). **It is illegal for anyone to charge you an upfront fee to "stop your foreclosure."** Any cash buyer making an offer must provide state-mandated PHIFA disclosures and give you a strict right-of-rescission period.

Phase 4: Setting the Terms of the Sale

☐ 7. Get the "Leave it Behind" Policy in Writing

If you are selling an inherited home, a hoarder home, or a property with massive junk accumulation, make sure the purchase agreement explicitly states the property is being sold **"As-Is, with all remaining personal property left behind."** This ensures the buyer takes full legal responsibility for the expensive cleanout and commercial dumpsters after closing, and you can simply walk away with your keepsakes.

Ready to Sell Your Distressed Property?

Don't navigate Baltimore's complex real estate landscape alone. Make sure you are working with a verified, local direct cash buyer with a proven track record of handling ground rents, tax liens, and probate sales.

Disclaimer: This checklist is for informational purposes only and does not constitute legal or financial advice. Always consult with a qualified Maryland real estate attorney or title professional.