



The Life and Times of a Real Estate Transaction by Shannon Underwood

Congratulations! Your many hours of prospecting, phoning, emailing, showing properties and negotiating a Purchase Contract, on behalf of your clients, has paid off and you now have an accepted contract! Following is a step by step guide to what happens next. Before I get into what happens NEXT, let's talk a little bit about what steps you took to get to this point.

What Happens Before a Purchase Contract is Even Written?

Each transaction in real estate is a result of a relationship that you, as an agent, have built with your client, whether that client is a Buyer or a Seller. That relationship may have come about as a result of your own sphere of influence (friends, family, co-workers, acquaintances), a lead from your own or the companies' web site that you spent time calling and emailing, or possibly someone that you met while sitting an open house. The point here is that each transaction involves PEOPLE and is the result, often times, of quite a lot of time invested on your part.



Before the Purchase Contract is written and acceptance between both parties happens, you will have:

1. Spent time sending your clients properties via email (usually).
2. Spoken with them on the phone and by email, answering their questions about the properties that they are viewing or about our real estate market or living in Hawaii in general.
3. Taken them out to view properties in person and helped them to investigate the properties that they are interested in.
4. Spoken to them and most likely provided them a current market analysis (CMA) of properties in the area that they are interested in to assist them with deciding on what price to offer.
5. **Checked the permit reports on the property of interest and informed your clients of the status of permits. (EXTREMELY IMPORTANT)**
6. AND FINALLY – written up a Purchase Contract (or contracts) on the property that they wish to pursue.
7. **Gotten your contract reviewed and signed by your Broker or a Broker-in-Charge.**
8. Presented the contract to your clients and gone over it with them to help them understand it, gotten their initials and signatures on all pages of the contract and other required documents like the HCR Hawaii Island Disclosure. Provided a copy of all documents signed by your clients to them at the time that they are signing.
9. Presented the offer to the Sellers agent and negotiated back and forth via Counter Offers until there is an agreement of minds and all parties have signed both the original Purchase Contract and the Counter Offer if, one exists, and all parties have received a copy of the signed contract. **HOORAY.....You now have an accepted Purchase Contract!!**



HOORAY—We Have Acceptance!! Now What?

1. It's time to open an escrow account. **Complete the Escrow Instructions** that can be found on the For Agents page of the company web site www.HawaiiCoastRealty.net/for_agents.cfm and print up a copy of the Escrow Closing Checklist to help you keep track of the documents and

actions that need to be completed along the way. The Escrow Closing Checklist needs to be completed and signed by you and sent to Shannon Underwood when your escrow closes.

2. **Send copies of your escrow instructions and all of the signed documents to your Broker for review and signature.**
3. When your Broker sends you back your signed Escrow Instructions, contact the chosen escrow company (stated in the Purchase Contract F-4) and request to open a new escrow. You will need to provide them with the Buyers and Sellers names, the names of the agents involved in the transaction and who is representing who, the TMK of the property and copies of your signed escrow instructions and all contract documents. Escrow will give you an escrow number; write this down in your file and on your Escrow Instructions.
4. **Send a copy of the Purchase Contract & Counter Offer to your clients Lender if they are using one.**
5. **Inform your clients that escrow has been opened and send them the contact information of the escrow company and the Escrow Officer who is going to be handling their transaction.** I usually do this via an email and I give them the office name, address, name of escrow officer, phone numbers, email address and fax number for the office. In this same email I inform the client that they need to contact escrow about getting their earnest money deposit (Section B of the Purchase Contract) sent in either by wire transfer or by a check delivered to escrow. I also make them aware of when their inspection period will end (Section J-1), and what their obligations are regarding financing (Sections H-3 & 4), if this is applicable to their contract. I also remind them of the scheduled closing date of their contract (Section F-2) and assure them that I and the Escrow Officer are here to help keep their transaction on track and moving forward in a timely fashion.
6. **Create a Timeline.** On the HCR For Agents web page, there is a Timeline that you can use which is extremely helpful for you and your clients. The Timeline is more detailed than the Escrow Instructions and is designed to help you and your clients stay abreast of what is due when.
7. **The inspection period has begun.** The inspection period is the time for the Buyers to do their due diligence on the property they are purchasing. They can hire a professional inspector to do a home inspection (ALWAYS RECOMMEND THIS), or do the inspection themselves or have some other representatives do the inspection. You as their Realtor should NOT do their inspection. You are NOT a licensed home inspector. The Buyer may cancel their contract for any reason during the inspection period. Be aware of when this period ends.
8. **Help your clients stay on top of the financing contingency** if they are getting financing. Pay attention to the dates when their loan application, pre-qualification/ pre-approval and conditional loan commitment letters are due. This is very important because a contract can be cancelled if these items are not received and delivered to the other agent by the dates agreed to.
9. **Home Owner Association/ Condo Documents** (if agreed to in the contract) are usually requested to be delivered within 7 – 10 days from the acceptance date. (See Section M) Whether you are representing the Buyer or the Seller, you will want to be sure that these are delivered in a timely fashion and reviewed in the period agreed to. This is also very important because it is another area where a Buyer may cancel the contract if they do not like what they see.
10. **Hurry up and wait.....**In the beginning of the escrow there is a lot of activity with the inspection period, opening documents to be filled out and the client getting their loan paperwork together. Once those portions have been taken care of, it is just a matter of time for the lender to put the loan together and for escrow to get all final documents set up. I try to prepare my clients ahead of time for this “Hurry up and wait” scenario.
11. **The termite inspection** (if one is agreed upon in the contract), will usually



happen about two to three weeks out from the closing date, although the company is usually chosen within the first week. (See section L – Termite Provisions of the contract)

12. **Be sure that the Staking or Survey** (if agreed to) have been completed and that the reports and or letters have been delivered to all parties (Buyer, escrow, your file, office file) If the decision was made not to have a Staking or Survey completed, there should be a Staking/Survey Waiver for the file.
13. **Change over of utilities.** Don't forget to remind your client prior to closing that they need to get the utilities changed into their name if they are the Buyer and out of their name if they are the Seller.
14. **A final walk through (Section J-3)** usually occurs no sooner than 3 or 4 days prior to closing. This is when a Buyer can go back through the property to make sure that it has been maintained in the condition that it was agreed upon. Any cleaning or repairs that were agreed to should have been done prior to this. This is the Buyers final walk through, not their agents. We usually do not recommend doing a final walk through on your clients' behalf for liability reasons. They may hire their home inspector to re-inspect the property if they can not be here to do it themselves.
15. **The final push to closing** occurs when all required documents are received by the lender and escrow. When all documents required from the Buyers and Sellers are signed and into escrow, escrow will submit the paperwork to the Bureau of Conveyances for Recording.



16. **HOORAY-----You Have a Closing!!!** – Escrow will usually call you when they have heard that the transaction was recorded and closing has occurred. **Call your clients and let them know and congratulate them and thank them for their business.** You are welcome to thank your clients in whatever manner you like. Some agents purchase gifts for their clients, some send them a thank you card, some like to take their clients out to celebrate.

17. **Be sure that your file is complete by using the Escrow Closing Checklist** (available on the agent page of company web site) **and email the completed checklist to Shannon Underwood.**

18. **HOORAY --- You FINALLY get a paycheck!!!** Please allow a maximum of two days to process and deliver your check to you. The check from the closing comes from Escrow to the Broker and the Broker must review the file for completion, figure out your commission and cut your check and commission voucher and do other administrative reports before you will be paid.



Things to remember:

Everyone involved in the transaction needs copies of documents, this includes your clients, the escrow officer, the Lender (if the Buyer is getting a loan) your personal file AND the office file.

PLEASE NOTE: Office copies should be emailed to your Shannon Underwood at SAUnderwood65@gmail.com throughout the transaction. Keep an electronic copy of your transactions on your computer for a minimum of 3 years.