Take Charge of Your Money

A University of Hawai‘i Cooperative Extension Service Project

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Course Objectives

• Increase your knowledge about financial planning
• Improve your ability to make informed decisions
My Offer was Accepted!
Presenters

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Learning Objectives

• Learn about the basics of the escrow process
• Become aware of time frames and important review periods
• Learn the importance of using trusted professionals
The Escrow Process

What Happens Once You Have an Offer Accepted?
Sample Timeline Details

Day 1
- Initial Deposit Due
- Acceptance Date

Day 5
- Buyers Sign Loan Application
- Prequalification Letter Due

Day 7
- Condo Docs / CC&R’s Due
- Receipt of Seller’s Disclosures

Day 10
- Review Title Report & Permits

Day 14
- Accept/Reject Seller’s Disclosure Statement

Day 15
- Additional Deposit Due
- Home Inspection Completed (Buyer Pays)
- J-1 Inspection Period Ends
- Appraisal Completed
**Sample Timeline Continued**

**Day 30**
15 Days Prior to Close
• Review Survey
• Conditional Loan Letter
• Termite Inspection (Seller Pays)

**Day 35**
10 Day Prior to Close
• Final Loan Letter

**Day 32**
12 Days Prior to Close
• Final Walk Through
• Signing
• Property Cleared & Cleaned

**Day 43**
• Cash Funds to Escrow

**Day 45**
• Closing Date
J-1 Inspection Period

- Negotiable time frame for Buyer to perform due diligence
- Typically between 10 -15 days
- Buyer performs professional home inspection
- Buyer can cancel or negotiate credits/repairs
Start the Loan Process

- Initial Deposit is due to Escrow Company
- Pre-qualification Letter from Lender
- Mortgage Loan Application from Lender
- Order Appraisal
Review of Documents

- Seller’s Real Property Disclosure Statement
- Condo/Association Documents
- Preliminary Title Report by Escrow Company
Loan Process

- Additional Loan deposit due (upon completion of J-1)
- Conditional Loan Approval
- Final Loan Approval
- Closing Documents
Termite Inspection

- Seller pays for termite inspection
- Buyer chooses termite inspector
- Seller must abide by termite inspector recommendations if active termites are found
Survey

- Survey -- single family home purchases only
  - Outlines the boundaries of the property
- Encroachments
  - When one or more improvements crosses an owner’s property line
Survey

- De minimus
  - In Hawai'i for residential property, there is a 6” allowance for encroachments

- Easements
  - Right of use, such as electrical, sewer, or drainage
Final Walk-through

- Usually 3 days prior to closing
- Buyer to verify:
  - Property in similar condition
  - Any agreed-upon repairs were completed
  - Property was cleaned per the contract
Signing & Closing

- With Loan Officer, Escrow Officer, and Realtor
- At least 3 days prior to closing
- Closing funds must be in 2 business days prior to closing
What to Expect from your Real Estate Agent

- Guidance throughout the escrow process
- Help in scheduling inspections, walk-through, and signing
- Referrals to trusted specialized professionals
- Negotiation with Seller’s agent
- Thorough attention to detail to make sure you stay in contract
What to Expect from Your Loan Officer

- Be prepared to deliver all financial documents to your loan officer
- During the process, you may need to provide updated documents
- Be flexible with time frames as there are often delays with the loan process
Summary

- Work closely with your agent and loan officer during the process
- Buyers have multiple “out” clauses
- Always use trusted professionals
- Be thorough with your research of the property
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