



# AGREEMENT OF SALE IN HAWAII

A Hawaii **Agreement of Sale** is a long term purchase contract in which the seller provides financing to the buyer for an agreed-upon purchase price and the buyer repays the loan in installments.

In a traditional Hawaii real estate purchase, lenders are involved and a mortgage is placed on the property, commonly for a term of 15 or 30 years, until the loan is paid in full. Under an Agreement of Sale, the loan period has been customarily set for a shorter term between 1 to 5 years, and the monthly payments consist only of the interest accruing on the purchase price. At the end of the term of the agreement, the buyer pays a substantial balloon payment for the balance of the purchase price.

During the term of the Agreement of Sale, the seller retains legal title to the property, while permitting the buyer to take possession of it for most purposes other than legal ownership. When the full purchase price has been paid including any interest, the seller is obligated to convey the property to the buyer. In other states, a Hawaii Agreement of Sale is known as a "Contract for Deed", "Installment Sales Agreement" or "Land Contract".

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