

How an award- winning transaction will help families in North Texas

After four years of dedication to closing a deal, commercial practitioner Heather Konopka-Chaves, CCIM, helped a local nonprofit expand its housing options for families in need.

by Summer Mandell

October 12, 2017, was an important day for the Community Enrichment Center (CEC) in Tarrant County. After four years, the nonprofit organization, which provides resources for families in crises, finally closed on 50 condominium units in Hurst it had been pursuing since 2013.

This milestone for the CEC happened thanks to Heather Konopka-Chaves, CCIM, whose professionalism, persistence, and passion helped the nonprofit overcome years of roadblocks so it can expand its housing options for Texas families facing violence, poverty, and homelessness. Heather's efforts also earned her the 2017 William C. Jennings Award for outstanding commercial real estate transaction of the year.

It really is a relationship business

When Heather first spoke with Randy Clinton, president and CEO of the CEC, they didn't talk about properties. Heather took her usual approach for expanding her network: developing a relationship by making an old-fashioned human connection.

During this first conversation, Clinton shared details about his role at the CEC and explained its mission. Heather was familiar with the CEC. Her two daughters volunteered with the nonprofit in the past. Her mother, who had passed away about two weeks before she first spoke with Clinton, benefited as a customer of the organization's resale shop. And at that difficult moment in her life, Heather was happy to have that human connection with Clinton instead of



talking shop. "Later, I wrote a handwritten note thanking Mr. Clinton for what he does and letting him know I'm a broker and I'm available if he needs anything," says Heather.

A few weeks after she sent the note, Clinton called and asked for her help.

"Mr. Clinton expressed a need for growth since they wanted to expand their services in the Mid-Cities Region to serve more low-income families, homeless families, and victims of family violence," Heather says. "We discussed 50 units out of a 116-unit fractured condominium project that would fulfill their need."

The property

The 116 units were built in 1984 as condominiums, and some units sold initially while the rest sat on the market. Eventually, one owner purchased 50 units while other units remained owner-occupied, making the property a fractured condo project.

The 50 units were now for sale, and under the direction of her new client, Heather sent a letter of intent. "A letter of intent lets that seller know the buyer is interested, names the price, earnest money, and closing date," Heather explains. "It stipulates the pertinent points that will go into a more detailed contract, and it's usually non-binding." But after sending the letter, they soon discovered the owner of the 50 units had passed away without a will. The estate had to go through probate.

Unrequited offers

Heather and her client waited six months while the probate process moved forward. At the direction of her client, she resubmitted a letter of intent on May 13, 2014. They heard nothing from the listing broker, who also owned the property management company managing the 50 units.

On June 19, 2014, Heather's client directed her to send a contract with a copy of a \$20,000 earnest money check to the owner's spouse. Again, they heard nothing.

But Heather wouldn't give up. She continually contacted the listing broker until she finally heard from him that they were still in probate and would let her know when the property would be up for sale.

"Due to the nature of the CEC's need for a property and their desire to purchase, we waited another year and eight months," says Heather. "In March 2016, we received updated financials along with information that indicated the property could be coming to market. I met with the board of the

CEC and presented the numbers, updated sales comps, and we planned the direction."

Again, she contacted the listing broker. Again, they heard nothing.

In another twist, the probate process uncovered that the owner's title was held with his ex-wife with whom he'd had multiple children. He'd remarried and had more children. The owner's ex-wife was the one who'd received the contract and copy of the earnest money check in 2014, but she never entered into a contract.

A trustee was appointed, and Heather and her client waited another year.

Good news comes ... four years later

"On March 12, 2017, I received a full offering memorandum from the listing broker of the property indicating it was available for sale," says Heather. "I contacted my clients, and following nonprofit rules and regulations, I met with the board, provided updated sales comps, and evaluated the numbers. The CEC determined the property still met their need and could fulfill their vision, so we submitted another letter of intent."

In the four years since the process began, the market improved and property supply had decreased. Heather and her client now had to go head-to-head with multiple offers. She helped her client come up with their most competitive offer. "Successfully, my client and the sellers reached an agreement: \$1.1 million above the original list price in 2013, and \$100,000 in earnest money. But we did it!"

In early June, Heather received the first draft of a contract from the listing broker and spent the month negotiating. In early July, they executed a contract to purchase the 50 units.

More time, more money, and disrepair

The executed contract had a 21-day due diligence time frame. The sellers had three days to deliver due diligence materials, and for every day those items weren't received, the time frame got extended. "By August 22, 2017, we had not received all the due diligence items and submitted notification," says Heather.

The HOA for the condo required that

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the resale certificates be paid for prior to delivery, which cost \$350 per unit. "The buyers agreed to allow \$17,500 of the \$100,000 earnest money on deposit at the title company for said resale certs, with an agreement they would be reimbursed out of seller's proceeds at closing," Heather says.

In addition to challenges obtaining due diligence materials, there were problems gaining access to some of the units. Numerous deferred maintenance items and foundation issues were also uncovered. And one unit was involved in a pending lawsuit with a unit that wasn't part of the 50.

Instead of viewing it as a setback, Heather saw it as an opportunity. "In negotiating the repairs and issues we discovered, we achieved a \$50,000 price reduction, and all parties agreed to move towards closing," she says.

Approximately four years and two weeks after Heather's first discussion with Randy Clinton, they closed on the 50 units.

"During the transaction, I remained in contact with all parties, met numerous times with the CEC board, and followed up constantly," she says. She also took a lower fee as a donated portion of her commission to the CEC, her way of giving back.

More than just a real estate deal

Heather stayed motivated despite the years of hurdles to close this deal. "I don't let roadblocks hold me back, especially when I'm working on behalf of my clients," she says. But she may also have been motivated by her old-fashioned human connection to an organization and people she'd spent four years getting to know; that had been there for her mother; that supports a cause she believes in.

Regardless of what drives her, Heather's steadfast commitment to helping the CEC purchase the property it needed means there will be more safe housing and support for families in her Texas community.

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