

protect your interests should any problems arise at or prior to settlement.

What Expenses Are Involved?

Your lawyer can explain to you what expenses are involved in addition to the purchase price. Among them are:

- Costs of title examination and title insurance
- State and local transfer taxes
- Adjustments and prorations for property taxes, school taxes and other items already paid for by the seller
- Lender fees, appraiser fees, flood certifications and tax certifications
- Primary and mortgage insurance, escrow for taxes and homeowners' insurance
- Recording costs for the deed, mortgage and any other required filings
- And others.

How Can I Locate a Lawyer?

Call the Pennsylvania Bar Association Lawyer Referral Service toll free at 800-692-7375 (in PA) or 717-238-6807 (out of state). Many counties have this same service at the local level. Look in your Yellow Pages under "attorneys" for more details.

Buying a Home

Buying or selling a home will be one of the most important financial decisions you will make in your lifetime. It should be a happy and rewarding experience. This pamphlet offers general information about the basics of buying a home and will help you understand how a lawyer can assist you with the various legal issues involved in the transaction.

The main rule when buying a home is to not sign anything until your attorney, the person trained to advise you, has reviewed and explained everything to you. Only by understanding the documents will you be able to make informed and intelligent decisions.

Who Will Be Involved?

When you buy a home, you will come into contact with a variety of specially-trained people. In many cases, the real estate agent will be your first contact, then your lawyer, your banker and, in many cases, a title agent. It is important to understand the functions and roles these people play so that you can determine whether you are being treated fairly and properly.

of the real estate agent's fee will be paid by the seller from the proceeds of the sale, you may be asked to pay a separate fee to your agent. It is important to understand what, if any, fee you will be asked to pay and what that fee covers. Do not be afraid to ask the agent difficult questions before you sign a contract; after all, they will be key players in this transaction.

What Is the Real Estate Agent's Role?

Many people engage a real estate agent to assist them with buying a home. A real estate agent may represent the seller, the buyer or sometimes both. It is important for you to understand who the agent represents. Real estate agents are trained to understand market conditions and housing trends, and should be familiar with the communities in which they offer their services. A well-trained real estate agent will listen to your needs and help you find a property best-suited to meet them. While the majority

Why Do I Need a lawyer?

Your lawyer should be involved with all aspects of the real estate transaction, from signing an agreement with the real estate agent through negotiating the agreement of sale, even attending settlement with you. A real estate transaction is filled with a variety of contracts and legal documents, and your lawyer is the person best suited to explain those documents to you. Some legal documents will be prepared by real estate agents, some by bankers and some by title agents. Only your lawyer has the skill, training and expertise necessary to explain the legal impact these documents may have on you, so it is critical that you review

Consumer Legal Information



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by the

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them with your lawyer before you sign them. Your lawyer is ethically and legally bound to give you objective, unconflicted advice and loyalty in the transaction. In addition to reviewing the various legal documents, your lawyer may also be able to give you valuable insight and guidance in other aspects of the transaction.

What Is the Agreement of Sale?

The foundation for the purchase or sale of a home is the Agreement of Sale. It is a very important document that sets forth the terms and conditions of the transaction. In most cases, a preprinted Agreement of Sale is used, with the agents for the buyer and seller filling in the blanks. Even though this is a standard form, Agreements of Sale contain detailed legal language that is often difficult to understand. Your lawyer is specially trained to provide you with the explanation you need and will be able to point out other factors you might wish to consider.

For example, your lawyer will be able to explain the type of deed you will receive. The deed is the evidence of your title to the property. You will also want to be sure that if you need a mortgage to buy the home, the agreement is properly conditioned upon the type and amount of financing, with terms that you are sure you can afford. Your lawyer can help to ensure that there are no unnecessary or inflated fees charged to you; can help to ensure you do necessary inspections to make sure the property you want to buy is the property that you are purchasing and can explain the risks and consequences of not going through with the transaction. Other terms that your lawyer will assist you in understanding and including in the agreement are:

- The dates and amount of payment required
- Settlement date
- Household items to be included in the sale
- A statement as to what happens if the property is damaged or destroyed before settlement
- The consequences if the agreement is broken by either party.

This list is not complete, but it shows how important it is to be thorough before the Agreement of Sale is signed. Your lawyer will help you identify these and other details thoroughly so they do not become a problem later. Many times buyers sign the Agreement of Sale without fully understanding its terms. Remember, once you sign a document, it is too late. Before signing, make sure you understand everything!

How Should I Obtain a Mortgage?

A mortgage is a loan, which is usually made to you by a bank, credit union or other financial institution. Unless you are going to pay cash for your home without borrowing, a financial institution will help you obtain a mortgage and show you what you will actually pay for your home over the term of the mortgage. Your lawyer can assist you in understanding the terms, conditions and fees associated with mortgage in order to help you find one that best fits your needs.

In general, the mortgage market is competitive. By shopping around for a mortgage at different financial institutions, you may be able to save money. Your lawyer will be able to explain the process for obtaining a mortgage, help you understand the good-faith estimates provided by the financial institutions and explain the various legal concepts involved. You may want to ask your lawyer about alternative

means of financing, such as seller financing or assuming the seller's current mortgage.

Why Is a Title Examination Necessary?

A title examination is critical because that is the only way for you to know what liens, easements or other claims may affect the property you want to buy. If you are borrowing the money from a financial institution, they will require you to pay for a title examination and purchase title insurance to protect them, the lender.

The buyer has the right to select his or her title company and pay for the title search and title insurance. In some areas, your real estate agent will encourage you to hire the title insurance company affiliated with their brokerage. While a title insurance agent is allowed to examine title and issue a policy, they do not have the training and expertise that a lawyer has in identifying legal issues that may affect title. Your lawyer will be able to examine the title search, address any legal concerns and verify that you receive the title promised in the Agreement of Sale.

Settlement may be held by a title officer, who works for the title insurance company. Your attorney may be able to conduct settlement, however, and you should discuss this with your attorney early in the transaction. Who better to have examining the mortgage documents and other legal documents than your attorney, whose duty of loyalty runs exclusively to you?

What Does the Seller Have to Disclose?

The Real Estate Seller Disclosure Law requires sellers to disclose material defects with the property, of which they have actual

knowledge. A material defect is a problem with a residential property that would have a significant adverse impact on the value of the property, or that involves an unreasonable risk to people on the property. The law requires a seller to complete a detailed disclosure form and may hold the sellers responsible for related damages if they fail to disclose known defects. This disclosure law applies to residential properties in most transactions, regardless of whether a real estate agent is involved.

In most real estate transactions, real estate agents suggest using a detailed disclosure form that has developed over the years. This form is more detailed than the law requires, but is a form with which many real estate agents are familiar. In addition to the requirements of the Seller Disclosure Law, a seller is required to honestly answer any questions that may be asked of them about the property or the surrounding neighborhood.

When Do I Receive Title to the Property?

The final stage in purchasing the property is called the closing, or settlement. The closing may be held in the title insurance company's office, in your attorney's office or at any mutually agreeable location. At closing, the terms of the Agreement of Sale will be carried out, mortgage documents will be signed, the title insurance binder will be marked up and the buyer will give money and receive the deed.

There are many documents to be signed and many others to be reviewed. Your lawyer should attend settlement with you and help you understand exactly what takes place to