
What Expenses Are Involved?

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

- Cost of title examination and title insurance
- State and local transfer taxes
- Adjustments for property taxes and other items already paid for by the seller
- Tax Prorations
- Charges imposed by the institution providing the mortgage, including “points” (a percentage charge for the mortgage) and fire and homeowner’s insurance
- Recording costs for the deed, mortgage and any other required filings
- and others.

How Can I Locate An Attorney?

Call the Pennsylvania Bar Association Lawyer Referral Service toll free at 800-692-7375. Many counties have this same service at the local level. Look in your Yellow Pages under “attorneys” for more details.

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Buying a Home

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

The main rule in approaching the purchase of a home is that you not sign anything until your attorney, the person trained to advise you, has reviewed and explained everything to you. By fully understanding the documents, you will be able to make informed and intelligent decisions.

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Special Note: This pamphlet has been issued to inform and not to advise. It is based on Pennsylvania law. The statements are general, and individual facts in a given case may alter their application or involve other laws not referred to here.

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 some cases, a title officer. It is important to understand the functions of these people so you can determine whether you are being treated fairly and properly.

What Is The Real Estate Agent's Role?

Unless you buy directly from the owner, the first person you will come into contact with will be the real estate agent, who is trained to help you find a home. You should remember that the agent is a professional salesperson who is generally under contract with and receives a commission from the seller. Therefore, the agent is representing the seller's interests in selling the home to you. The circumstances do not change even if there is more than one agent involved, because they still receive their share of the commission from the seller. They only receive that commission if the sale takes place.

Why Do I Need A Lawyer?

Your lawyer should participate in all phases of the transaction to help you in dealing with the other people involved. Your lawyer will explain to you the different phases of the transaction. There are many times when legal documents are prepared by the real estate agent. Remember, the agent does not represent you. Only your lawyer is ethically and legally bound to give you objective, unconflicted advice and loyalty in the transaction. Any document requiring your signature should be reviewed by your attorney. This is true regardless of what the document is or how it is described to you. In some instances, your lawyer may also provide additional services.

What Is The Agreement Of Sale?

The foundation for the purchase or sale of a home is a document known as the Agreement of Sale. It is a very important document, in that it sets forth all of the terms and conditions of the transaction. Frequently a preprinted form is used for the agreement by the seller's realtor, and the precise terms are added by filling in blanks on the form. Agreements of Sale contain detailed legal language that is often hard 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, you should be aware of the kind of deed you will receive. A deed is the evidence of your title to the property. You will also want to be sure that your obligation to buy is conditioned upon the type and amount of financing you want with terms you are sure you can afford. Your lawyer can make sure that unnecessary charges are eliminated from the transaction and also can help you avoid the problem of having to move out of your present residence before you are able to move into the new one. Other terms that your lawyer will assist you in providing for in the agreement include:

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

This list is not complete, but it does show how important it is to be thorough before the agreement is signed. Only your lawyer has the duty to worry about these and other details so that they do not become problems later. Unfortunately, many times a buyer will sign without fully understanding the terms of the agreement. 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, savings and loan association 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 also assist you in obtaining a mortgage to fit your needs.

In general, the mortgage market is competitive. This means that by shopping around for a mortgage, you may be able to save money. Your lawyer will be able to explain the procedures for obtaining a mortgage, as well as different types and rates of interest, "points" and legal documents involved. You may want to ask your lawyer or financial institution about alternative means of financing. These include, among others, seller financing or assumption of seller's current financing.

Why Is A Title Examination Necessary?

Before settlement, the title should be examined to determine whether there are any liens, encumbrances or other potential clouds on the title. Most institutions providing a mortgage will require that you purchase title insurance.

In some areas, the title examination or title search is done by your lawyer. In other areas, the search is done by a title insurance company. The buyer pays for the title search and for the title insurance. Your lawyer will examine it to determine that you will receive proper and legal title to the property. Only a lawyer is qualified to evaluate the legal implications that may arise as a result of the title examination.

In many parts of Pennsylvania, the title officer, who works for a title insurance company, is the person who will conduct the closing or settlement for your new home. It is the practice in other areas, however, for your attorney to handle the settlement for you.

What Does The Seller Have To Disclose?

The Real Estate Seller Disclosure Law took effect Aug. 30, 1996. Intended to make potential buyers aware of any material defects, this law requires a seller to complete a detailed disclosure form regarding the condition and structural soundness of the property that is for sale. The law also stipulates that sellers can be held liable for related damages if they fail to disclose defects they know about. This law applies to properties that are for sale both through a real estate agent and for sale by owner.

On the form, sellers are asked to provide detailed information about such areas as the installation and repair of the roof, gutters and downspouts; water leakage; termites and dry rot; shifting or movement of walls and foundations; additions and remodeling jobs; water, sewage and plumbing; heating and air conditioning; the electrical system; all appliances included in the sale and many other things including condominium or association assessments and mine subsidence, if applicable. There are many legalities involved in providing or failing to provide this form.

When Do I Receive Title To The Property?

The final stage in the purchase of property is called the closing or settlement. The closing may be held in the office of the title insurance company, in your attorney's office, or at the bank or any mutually agreeable location. At closing, the terms of the Agreement of Sale will be carried out, the mortgage documents will be signed, the title, in the form of a deed, will be transferred to the buyer, and the seller will be paid.

There are many documents to be signed and many others to be reviewed. Your lawyer will attend the settlement with you to help you understand exactly what takes place and to protect your interests should any problems arise prior to or at the settlement.