

Purchaser's Guide

Purchasing real estate, whether it's a home for your family or an investment property, is an important decision with long-term financial implications. There is little room for error, making it crucial to get the deal done right the first time around. To guide you through the process, we've compiled a checklist that will navigate you through the buying experience. However, we strongly recommend retaining experienced counsel for each transaction.

Understanding the Different Types of Real Estate

1. **Condominium**: Condominium ownership differs from standard homeownership. When buying a condominium, you own the apartment unit outright, but you share common ownership in the building's common areas with other residents. In addition to common ownership, condo owners also pay common fees that are determined by the condominium board of directors. Real estate taxes parallel normal single-family homeownership and are paid by the owner of the unit. An important thing to keep in mind when shopping for a condo is the by-laws and rules & regulations of the condominium building. Some condominiums can have stricter rules than others, so be sure to inquire into these documents and understand how they would affect your ability to use the unit and common areas.
2. **House**: Houses are the most-common form of ownership in Philadelphia and can take the form of single-family, multi-family or rowhomes. Generally, buying a home does not come with restrictions on what you can do with the property, so long as the use is residential. However, it's important to research the home's zoning district to see if there are any restrictions that might arise during large renovations, rebuilds, or add-ons. It's also important to note that some townhomes are part of HOA communities so it's important to review these documents in advance.

Contract Terms

- The first step in the process is to make an offer to the seller. In Philadelphia, an offer is considered a contract, so involving an attorney early-on in the process can help you obtain the best purchase price and contract terms for the deal. Your attorney can help negotiate terms that protect you throughout the process and in the event the deal falls through, you can retain the deposit money.
- Hiring an experienced attorney with a background in real estate will help you navigate and understand complicated parts of the process, ensure that you receive favorable terms in the contract, and increase your confidence that you are making the right decision on the right terms. If you are buying a condo, an attorney can help you understand the building's by-laws and rules & regulations before committing to the deal.
- An attorney will also (1) help highlight and enforce the rules and responsibilities of the parties in the sale, (2) negotiate credits after inspection(s), (3) create appropriate contingencies to recover your deposit money if there are any issues, and (4) help you avoid disputes over deposit money.



- Often, buyers will request a “financing contingency” term in the contract, which protects the buyer if they are unable to obtain a mortgage or other financing to complete the sale. If you are purchasing a condo, you may need to discuss various additional requirements with your lender.
- Once the real estate contract is finalized and the offer is accepted, the buyer will be required to put down a deposit, which is generally 3-7% of the purchase price in Philadelphia.
- More sophisticated purchasers, particularly those who are buying real estate as an investment, may want to consider forming an LLC to make the purchase. LLCs can help protect individuals from personal liability and shield the individual’s privacy. An attorney can help advise you on whether an LLC is the right structure for your purchase.

Closing Process

- Once an offer is accepted and the contract executed, 45-90 days usually pass until the closing date – though this timeline may vary according to your situation. During this period the buyer will conduct various inspections, perform a title and lien search, and other due diligence on the property.
- The buyer will also use the period between signing the contract and closing to obtain necessary mortgage and financing approvals.
- Buyers will usually be able to conduct a walk-through of the property 24-48 hours before closing to make sure that it meets the terms and standards of the deal and to ensure the property is in the same or similar condition as when it was first viewed.
- Closing dates are meant to be flexible. While the contract might provide for a specific date, it will usually allow for some flexibility in the timeline to take into account the various moving parts of the deal. If you think you will require a hard deadline, this is a point to be discussed with your attorney and addressed before signing the contract.
- Closing costs will differ based on each buyer’s situation. In general, all buyers can expect to pay half of the transfer tax (4.278% when combining Pennsylvania and Philadelphia taxes), along with pro-rated property tax, attorney’s fees, mortgage fees, and title fees. Buyers in Philadelphia should also expect to pay around \$500 towards the broker’s fee.
- At the closing, the deed and other documents related to the transaction will be transferred from the seller to the buyer. At that point the buyer becomes the legal owner of the property.

Contact us at (215) 717-2200 to learn more about we can help you with your real estate purchase.