

# CONSUMER'S GUIDE TO THE AGREEMENT OF SALE

*for use with 2005 revisions to PAR Form A/S-R*

A consumer service of the  
Pennsylvania Association of REALTORS®



Pennsylvania  
Association of  
REALTORS®

**CONSUMER'S GUIDE TO THE AGREEMENT OF SALE  
ACKNOWLEDGMENT OF RECEIPT**

The Consumer's Guide to the Agreement of Sale has been developed by the Pennsylvania Association of REALTORS® to help consumers who may be interested in buying or selling a home better understand the major terms of the PAR Standard Agreement for the Sale of Real Estate. This Guide is not a substitute for professional advice and counsel from a real estate broker and/or an attorney representing the consumer.

Signing this acknowledgment does not create any contractual relationship between the listed broker and the signing consumer. Any business relationship between the broker and consumer will be established in a separate written agreement between the broker and consumer.

I acknowledge that I have received the Consumer's Guide to the Agreement of Sale.

PRINT NAME \_\_\_\_\_ SIGNED \_\_\_\_\_ DATE \_\_\_\_\_  
PRINT NAME \_\_\_\_\_ SIGNED \_\_\_\_\_ DATE \_\_\_\_\_  
PRINT NAME \_\_\_\_\_ SIGNED \_\_\_\_\_ DATE \_\_\_\_\_  
BROKER (COMPANY NAME) \_\_\_\_\_  
PROVIDED BY \_\_\_\_\_ DATE \_\_\_\_\_

-Consumer Copy -

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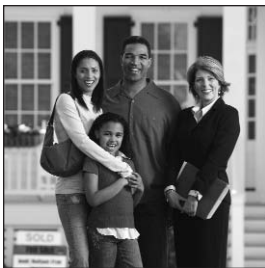
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-Broker Copy -

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Welcome to the Consumer's Guide to the Agreement of Sale. This booklet is designed to help you to better understand the Standard Agreement for the Sale of Real Estate, which is produced, copyrighted and distributed by the Pennsylvania Association of REALTORS® ("PAR").



This form, often just referred to as "the Agreement," is used by most REALTORS® across the state, and by many attorneys as well. Because it is the form that sets out all the terms agreed to by the buyer and seller, it may be the single most important form in your transaction.

It is very important to read and understand **all** the terms and conditions in the Agreement. This booklet covers many common questions about the form, but it is not a substitute for the professional help of a REALTOR® and an attorney. If you don't understand something, ask your REALTOR® and/or attorney for more information **before** signing the Agreement.

Be sure to read the NOTICES AND INFORMATION paragraphs located on the back of the Agreement. (If the REALTOR® is using computer-generated forms the Notices will be printed on separate pages after the main body of the form.) Some of the Notices are required by law or regulation, while others are more informational, but all contain information that will help you to better understand the content of the Agreement.



As you go through the Guide, this icon will alert you to "check out" certain Notices that relate to a particular paragraph or clause in the Agreement.

**And remember, as you go through the Agreement of Sale, ask your REALTOR® (pronounced "REAL-tor") if you have any questions.**

### **What's a REALTOR®?**

Many consumers believe that the term REALTOR® is used for all real estate practitioners. In fact, only real estate professionals who belong to the National Association of REALTORS® (as well as the state and local Association) may use the term REALTOR®. As a condition of membership, all REALTORS® are bound by a Code of Ethics that goes above and beyond the requirements of state licensing law. Ask your real estate agent if he or she is a REALTOR®.

## GETTING STARTED

Whether you've done it once, a dozen times, or never before, a real estate transaction can be a terrifying, stressful, and exhilarating experience.

The good news is that by the time you read this booklet you've already gotten over some of the biggest hurdles in the whole process. As a seller, you've made the decision to put your home on the market; as a buyer, you've committed to the home buying process and may have even seen a few houses.

Now that things are moving along, the next big step for a buyer is to make an offer on a particular property. But when you sit down in front of this 10 page form filled with real estate jargon and "legalese," how can you be sure you understand what it all means?

The best advice is to arm yourself with a REALTOR® and/or attorney who can guide you through the process, explain your options, and answer your questions. Reviewing this booklet BEFORE making an offer or considering an offer from a buyer should address many of the questions you're likely to have. Where you still need more information, you will have plenty of time to ask your REALTOR® to clarify things before getting into the stress of negotiations.

### Making an Offer

Buyers should never make an offer on a property in haste without fully thinking through all of their options. After all, if the offer is accepted it now turns into a legally binding contract and may not be easy to get out of. But once a buyer has decided to pursue a particular property, it is wise to start the process as soon as possible. It can take anywhere from one to two hours to fill out a complete Agreement of Sale, and there are many decisions that must be made during that time.

The process of completing the Agreement of Sale will often take place at the REALTOR®'s office. With the use of fax machines and the increased acceptance of computer generated forms, however, the Agreement can be filled out almost anywhere -buyers might not even be in the same room as the REALTOR® while they're filling it out. If you have particular needs in this regard (for example, you're buying a home in another area of the state and can't easily travel there for more than a day or two at a time), speak to your REALTOR® about the technology available in his or her office.

### The Agreement of Sale

In some areas of the country, a buyer might make an offer by submitting a form with only a few terms -sometimes one page or less. After the buyer and seller agree on this framework, the seller takes the house off the market while the parties negotiate all the other terms and conditions that will apply.

In Pennsylvania, however, the vast majority of "offers" are made by presenting the seller with a completely filled out Agreement of Sale that lists all the terms and conditions requested by the buyer. The buyer and seller negotiate the complete terms of the Agreement, and if both sign off on the Agreement, the end result is a legally binding contract.

Taking a couple of hours to fill out an entire agreement for a property you might not actually end up buying might seem like a lot of effort, and it is. Does it take more time and effort to make an offer with such complete terms? Yes. Experience has shown, however, that the effort helps both the buyer and seller by laying out ALL the terms and conditions desired by both parties so there are fewer surprises during the transaction.



## Everything is Negotiable

While completing the Agreement of Sale, you will make many decisions about "terms." The terms are the details and specifics of the Agreement, which need to be acceptable to both the buyer and seller.

Although the Agreement contains a great deal of pre-printed text, perhaps the most important phrase for both the buyer and seller to remember is that "Everything is negotiable." Some terms to be negotiated can include: purchase price, date of settlement, items to be included or excluded, financing arrangements, and property inspections, just to name a few. Remember that all the time frames for performing under the contract are also negotiable, even though certain time frames are often pre-printed in the text for convenience. To protect yourself legally, you may want to have your attorney review the Agreement before you sign it.



## What the Buyer Should Bring

Buyers will need to have certain items and information readily available when filling out the Agreement of Sale. Some of these items include:

- Your checkbook. You'll need to give a deposit on the property.
- Information about your finances. The seller will almost always want to verify a buyer's financial ability to buy or obtain a mortgage before deciding to accept the Agreement. Depending on the practice in your market, a mortgage pre-approval may be sufficient. In other markets, sellers might ask buyers to fill out a separate financial information form.
- Information regarding available funds. You will want to make sure you have enough money for down payment and settlement.
- All buyers! If you and other people (for example, your spouse or business partner) are buying a property together, you will need to complete and sign the Agreement together.

If you have any questions about what to bring with you when filling out the Agreement, ask your REALTOR®.

## WHO ARE THE BROKERS?

The boxes at the top of the Agreement contain information that identifies the broker or brokers who are providing real estate services in the transaction and their relationship(s) to the buyer and seller. It is very important that you understand the relationship you have with each broker and the legal duties that they owe you (or that they don't owe you).

REMEMBER: Unless you have entered into a written agency contract creating a legal relationship between you and the broker, the broker may NOT be representing your interests and may be representing the other party. If you have a question about how these relationships work, review the Consumer Notice (the first form the REALTOR® gave you) and ask the REALTOR® to clarify his or her role in the transaction.

## THIS AGREEMENT

The first section of the Agreement states the date the Agreement was first presented as an offer and identifies all the buyers and sellers.

The date in this paragraph is generally NOT the same as the “acceptance date,” or the date a valid contract exists. This date is simply used as a convenience to identify when the buyer’s offer was first presented.

When identifying the Buyer and Seller in the transaction, it is very important to list ALL buyers and ALL sellers, preferably by the name listed on the deed (for sellers) or the name to be put on the deed (for buyers). For example, if a husband and wife own a property jointly, both names should be listed in the Agreement. If the property is deeded only to the wife, though, only her name would be listed. Similarly, if the property is owned by a business entity, the name of that business should be listed.

On the seller’s side, listing all sellers helps to make sure that all owners of record actually sign the Agreement. If the property is owned by several individuals and one fails to sign the Agreement, the Agreement may not be valid. For buyers, attorneys and title companies will often use the listed buyers’ names to prepare a new deed. If the buyers forget to list someone who should be on the deed, it may hold up the transaction or could require making this legal change after the fact at additional expense.

## THE PROPERTY

The next part of the Agreement is a description of the property to be purchased. In most cases, the property will be identified both by the street address, including the municipality and county, as well as by a more thorough legal description of the property. If there is any doubt or confusion about the actual location of the property or the property boundaries, talk to your REALTOR® about obtaining a survey.

## PURCHASE PRICE

The purchase price is the first of many terms stated in the Agreement. While many buyers and sellers assume that this is the most important part of the Agreement, there are many other negotiable terms that can be just as important as the purchase price. Other important terms include settlement date, financing terms, inspections, what items are included in the sale, and so on. To make your offer as attractive as possible to the seller, be sure to pay attention to all the terms in the Agreement -don’t focus only on the purchase price.

How much should a buyer offer to pay for the property? Which offer should sellers accept? These are decisions that depend on many different factors. Buyers and sellers will need to consider things such as whether there are other offers, the recent sale prices of similar homes, how long the property has been on the market, and the motivations of the buyer and seller. Your REALTOR® can help you review the issues to consider, but the REALTOR® can’t make the final decision for you.

