

Real Estate Ownership: Pennsylvania

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Status: **Law stated as of 16 Jul 2024** | Jurisdiction: **Pennsylvania, United States**

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A Q&A guide to commercial real estate laws for owners and purchasers in Pennsylvania. This Q&A addresses state laws and customs that impact the ownership and the purchase and sale of commercial real estate, including real property taxes, transfer taxes, instruments for transferring fee title, execution and recording requirements, necessary disclosures, title insurance matters, and risk of loss. Federal, local, or municipal law may impose additional or different requirements. Answers to questions can be compared across a number of jurisdictions (see Real Estate Ownership: State Q&A Tool).

Types of Estates and Taxable Real Property

1. When an estate in real property is conveyed, granted, or demised, is it deemed to be transferred as an absolute fee simple estate?

In Pennsylvania, a deed using either or both words “grant” and “convey” passes an absolute fee simple title to the premises. However, if the deed expressly limits the conveyance to a lesser estate, then the deed does not pass an absolute fee simple title. (21 P.S. § 2.)

2. Is there specific language which must appear in a deed to convey an absolute fee simple estate?

In Pennsylvania, either or both of the words “grant” and “convey” pass an absolute fee simple title to the premises, unless there is an express limitation of the estate conveyed (21 P.S. § 2). It is preferable to use the specific wording “grant, bargain, sell, and convey” to obtain the benefit of the title covenant implied from this language (21 P.S. § 8).

3. What other freehold estates are permitted? Briefly describe each.

Pennsylvania permits the following freehold estates:

- Fee simple estates. There are three kinds of fee simple estates recognized in Pennsylvania:
 - a fee simple absolute, where an owner is entitled to exclusive use of the property, subject to limits established by local, state, and federal law or by easement or deed restrictions (21 P.S. § 2; *In re Condemnation Proceeding by South Whitehall Tp. Auth.*, 940 A.2d 624, 628 (Pa. Cmwlth. 2008));
 - a fee simple determinable, which terminates when a specified event occurs and reverts automatically to the grantor (*T.W. Phillips Gas & Oil Co. v. Jedlicka*, 42 A.3d 261, 267 (Pa. 2012)); and
 - a fee simple subject to a condition subsequent, which provides the grantor with the power to terminate the estate when the specified condition occurs (*Stolarick v. Stolarick*, 363 A.2d 793, 797 (Pa. Super. 1976)).
- Life estates. A life estate is an estate that the owner holds for the duration of someone’s life. The duration of the life estate is typically linked to the life of the owner of the estate, however, the life of

someone else can also be used to measure the duration of the estate (*In re: Paxson Trust I*, 893 A.2d 99, 115 (Pa. Super. 2006)). When the measuring life is someone other than the owner, the life estate is referred to as an estate *pur autre vie*. The owner of a life estate *pur autre vie* may devise their interest, although this interest is deemed to be personal property. (20 Pa. C.S.A. § 6115.)

The life estate is similar to the fee simple estate in that the holder has many of the characteristics of what is thought of as ownership. For example, the life tenant may:

- Possess and enjoy the property.
- Freely convey, encumber, or lease its interest.

However, the life estate differs from the fee simple estate in two major respects:

- The life estate is of a limited duration since it is tied to the life of a mortal being.
- The life tenant's use of the property is not completely unfettered. The life tenant must exercise due care to observe the rights of those who take title to the property once the life estate is extinguished.

Real Property Taxes

4. In relation to real property taxes, please describe:

- The kind of property that is taxable as real property.
- Any kind of real property that is exempt from real property taxes.
- The current rate and nature of the taxes (for example, assessed value or school tax).
- The payment and collection procedures.

Property Treated as Real Property

In Pennsylvania, all real estate, including land and buildings, not excluded or exempt by law is taxable (72 P.S. § 5020-201(a)).

Personal property may also be deemed taxable real property if it is incorporated into the real property. Such property is known as a fixture. However, the property retains its character as personal property

and may not be subject to real property taxes if the personal property is either:

- Not physically attached to the real estate.
- Attached in a way that it can be removed without physical damage to the real property or building.

(See *In re Sheetz, Inc.*, 657 A.2d 1011, 1013 (Pa. Cmwhth. 1995).)

There are a few exceptions to personal property that may be treated as taxable property, but generally the following found in any mine, manufactory, or industrial establishment would not be deemed taxable real property:

- Machinery.
- Tools.
- Appliances.

(72 P.S. § 5020-201(a).)

Exemptions

The Pennsylvania Constitution specifies certain types of property that **may** be exempted from taxation (Pa. Const. art. VIII, § 2(a)).

Provided certain statutory requirements are met, the types of real property that may be exempted include:

- Places of religion worship.
- Burial places.
- Public property.
- Property owned by a branch of honorably discharged servicepeople that is used for benevolent, charitable, or patriotic purposes.
- Institutions of purely public charity.

(Pa. Const. art. VIII, § 2(a).)

An exempt property must:

- Be specifically exempt by Pennsylvania's Constitution.
- Satisfy the "purely public charity" test.

In 1997, the General Assembly enacted legislation known as the Institutions of Purely Public Charity Act (Charity Act) that codifies the test established by the Supreme Court of Pennsylvania (10 P.S. §§ 371

to 385). The Charity Act includes definitions and provisions intended to clarify what constitutes a purely public charity (10 P.S. §§ 375, 376, and 385).

Rate and Nature of Taxes

There is no state real property tax. County, municipal, and school district taxes are imposed. The rates vary by jurisdiction and the taxes are based on the assessed value of the property. Tax bills are issued early in the calendar or fiscal year and are not payable in arrears.

Payment and Collection

Most county and municipal taxes are levied on a calendar year basis. Counties and municipalities issue bills within the first few months of the calendar year. Most school district taxes are based on a July 1 fiscal year (Philadelphia being an exception and using a calendar year for its school tax).

Delinquent real estate taxes are generally collected under the following statutory procedures:

- The Real Estate Tax Sale Law (RETSL) (72 P.S. §§ 5860.101 to 5860.803).
- The Municipal Claim and Tax Lien Act (MCTLA) (53 P.S. §§ 7101 to 7203).

The procedures under the two statutes are similar but not identical.

The RETSL requires counties to create tax claim bureaus that are responsible for collecting delinquent taxes (72 P.S. §§ 5860.201 and 5860.204). The RETSL involves a slow and deliberate process involving initial upset sales designed to give the taxpayer every opportunity to receive notice of and pay overdue taxes. There is no right of redemption after a sale under the RETSL (72 P.S. §§ 5860.501(c)).

The MCTLA's application depends generally on the size of the city or other municipality.

The MCTLA also provides for an initial upset sale (53 P.S. § 7279). However, unlike the RETSL, taxpayers have a right of redemption under the MCTLA which varies by the class of municipality (53 P.S. § 7293).

Tax assessment, payment, and collection practices vary by jurisdiction. Consult with local counsel or a title company (or contact the applicable taxing authority directly) to verify these details.

Instruments and Execution Requirements

5. What deeds (or other instruments) are used to convey fee title and which is most commonly used? Briefly describe each.

In Pennsylvania, deeds are used to convey fee title and are classified based on the grantor's warranty of title made by the grantor in the deed.

The following kinds of deeds are used in Pennsylvania:

- **Special warranty deed.** A special warranty deed is the most common deed form used in Pennsylvania. In a special warranty deed, the grantor covenants to warrant and defend the title to the real property only against claims arising by, through or under the grantor, but not the grantor's predecessors in title (21 P.S. § 6).
- **General warranty deed.** In a general warranty deed the grantor covenants to warrant and defend title to the property against all claims whatsoever, regardless of whether the claims arose before or during the grantor's ownership of the real property (21 P.S. § 5).
- **Quitclaim deed.** A quitclaim deed contains no covenant of warranty. It does not purport to convey anything more than the interest of the grantor when it is conveyed. Title companies generally do not insure quitclaim deeds.

6. Are there any specific state or local recording requirements necessary to record a deed? In particular, please specify if:

- Specific officers must sign for a corporation or other entity.
- Specific language is required to evidence the authority of a signatory for a corporation or other entity.
- A certificate of authority to do business in your state is required if the grantee on the deed is a foreign company.
- The corporation's seal is required on the signature page.
- There are specific margins or headings required for the deed.
- A cover page is required for recording.
- There are any other requirements.

The following general requirements are not exclusive. There may be additional local recording obligations. Confirm the applicable procedures with a title company or by contacting the recording office directly (see Question 12).

For information on whether Pennsylvania has adopted of electronic signatures, electronic recording, or remote online notarization (RON), see Question 21.

Officers

To obtain the benefit of the recording statute, one must record a deed in the office for the recording of deeds in the county where the real property being conveyed is situated (21 P.S. § 351).

The recorder of deeds must refuse a deed for recording unless a certificate of the residence of the grantee is attached (16 P.S. § 9781).

The following certification satisfies the requirement:

I HEREBY CERTIFY that the correct address of the within-named Grantee is

[ADDRESS OF GRANTEE].

[SIGNATURE OF GRANTEE/SIGNATORY SIGNING ON GRANTEE'S BEHALF]

Parties should consult the specific county recorder of deeds in advance for the proper form, as recording requirements vary from county to county. For instance, deeds conveying real property located in Allegheny County must contain a certificate of residence for the grantee for both the address to mail notices to the grantee and the address to mail tax bills (which is often the mailing address for the mortgagee).

A grantor must acknowledge a deed before it is accepted by the recorder of deeds for recording (21 P.S. §§ 42 and 444; see Question 7).

Pennsylvania law authorizes (but does not require) counties to implement a Uniform Parcel Identifier System (21 P.S. § 333). The recorder of deeds in some counties will not accept a deed for recording unless it includes the parcel identification number.

No specific officer is required by law to sign a deed for a corporation or other entity. An entity's governing documents and authorizing resolution, if applicable, determine who is authorized to sign on its behalf.

Some county recorders require a corporate resolution or power of attorney to evidence that the party signing the deed has corporate authority.

Language for Signature Block

There is no requirement to use specific language in a signature block to prove the authority of a signatory for the corporation or other entity.

Authorization to Do Business

There is no requirement for a grantee that is a foreign entity to have a certificate of authority to do business in Pennsylvania as a condition to the recording of a deed.

Corporate Seal

A corporation's seal is not required for the valid execution of a deed. It is also not required for the deed to be recorded. (15 Pa. C.S.A. § 1506(b).)

Margins or Headings

Specific margin and heading requirements are typical, but these are imposed by the local recorder of deeds and may vary from county to county. Additionally, some recorders may require that the following language appear at the beginning of the deed:

- A Uniform Parcel Identifier number.
- "Prepared by and return to" language.

Cover Page

There is no statewide requirement for a cover page.

Recording requirements vary from county to county. Contact the county recorder for local requirements before presenting a deed for recording.

7. Provide the statutory form of acknowledgment for:

- An individual.
- A corporation.
- A limited liability company.
- A limited partnership.
- A trustee.

Pennsylvania statutory law provides model short form acknowledgment certificates (57 Pa. C.S.A. § 316). The examples below are:

- Based on the statutory short forms.
- Presumptively valid but not mandatory (57 Pa. C.S.A. § 315(c)). Any other form of certificate must comply with the Revised Uniform Law on Notarial Acts (RULONA) (57 Pa. C.S.A. §§ 301 to 331). For a version commonly used in Pennsylvania that meets the RULONA's requirements, see [Standard Document, Special or General Warranty Deed \(PA\)](#).

Pennsylvania has adopted remote online notarization (RON) (57 Pa. C.S.A. §§ 301 to 331; see Question 21). There may be specific requirements for acknowledgments certified using RON. For more information, see [Electronic Signatures, Recording, and Notarization Laws for Real Estate Transactions: State Comparison Chart: Pennsylvania](#).

Individual

[Commonwealth of Pennsylvania/State of [STATE]]

County of [COUNTY]

This record was acknowledged before me on [DATE] by [INDIVIDUAL NAME].

[NOTARIAL OFFICER SIGNATURE]

[NOTARIAL STAMP]

[Notary Public/[OTHER TITLE]]

My commission expires: [DATE]

Representative Capacity (Corporation, Limited Liability Company, Limited Partnership, or Trust)

[Commonwealth of Pennsylvania/State of [STATE]]

County of [COUNTY]

This record was acknowledged before me on [DATE] by [SIGNATORY NAME] as [SIGNATORY TITLE] who represents that [he/she/they] [is/are] authorized to act on behalf of [CORPORATION NAME/LIMITED LIABILITY COMPANY NAME/LIMITED PARTNERSHIP NAME/TRUST NAME].

[NOTARIAL OFFICER SIGNATURE]

[NOTARIAL STAMP]

[Notary Public/[OTHER TITLE]]

My commission expires: [DATE]

Disclosures, Necessary Filings, and Transfer Taxes

8. Must the ultimate (whether direct or indirect) beneficial owner of an entity that owns real property be publicly disclosed? Briefly describe what is required and in what circumstances.

Under the federal Corporate Transparency Act (CTA) (31 U.S.C. § 5336), non-exempt entities formed or registered to do business in the United States must report their beneficial ownership information (BOI) to the Treasury Department's Financial Crimes Enforcement Network (FinCEN). The reporting deadline depends on the entity's date of formation or registration. Reporting companies must also update their BOI report with any changes to previously reported information.

For more information on the CTA, see Practice Note, Corporate Transparency Act (CTA) Beneficial Ownership Reporting and FinCEN's [FAQs](#).

Under Pennsylvania law, the beneficial owner of an entity that owns real property need not be disclosed.

Deeds are typically recorded in the name of the entity owner. Names do not need to be disclosed in the real estate records. The following names do not need to be disclosed in the entity records of the [Pennsylvania Department of State](#):

- Corporate shareholders.
- Limited liability company members.
- Limited partners of limited partnerships.
- General partner of a general partnership.

A limited partnership certificate, which must be filed with the Pennsylvania Department of State to form a limited partnership, must include the name of each general partner (15 Pa. C.S.A. § 8621).

No filing is required to form a general partnership (15 Pa. C.S.A. § 8422). If the partners elect to register a fictitious name with the Pennsylvania Department of State, the filing must include the names of the general partners (54 Pa. C.S.A. §§ 311(a)(4)).

9. When a corporation is the fee title owner of real property, must it record any documents to evidence a merger, conversion, or name change?

In Pennsylvania, when a corporation is the fee title owner of real property, it is not technically required to record any document to evidence a merger, conversion, or name change.

However, recording of a deed of confirmation makes it easier for the fee owner to convince a subsequent purchaser (or, more likely, its title insurer) that it has good and marketable title when the time comes to sell the property.

An event like this may trigger a transfer tax under either or both of the following:

- State realty transfer tax statute.
- Local realty transfer tax ordinance.

A transfer under a statutory merger is generally exempt from the state transfer tax, unless the [Pennsylvania Department of Revenue](#) reasonably determines that the primary intent for the merger is avoidance of transfer tax. (61 Pa. Code § 91.193(b)(12).)

10. In connection with state and local transfer, stamp, or similar taxes and direct transfers of real property:

- Describe any taxes which apply when fee title ownership is directly transferred.
- What transfer tax returns (or other documents) must be filed for direct transfers of real property?
- What is the timing for filing the returns and paying the transfer taxes on direct transfers?
- Are transfer taxes customarily paid by the purchaser or the seller in a direct transfer of real property?

Applicable Taxes for Direct Transfers

In Pennsylvania, unless there is an exemption that applies to the transaction, both parties must pay a 1% state transfer tax when fee title ownership is directly transferred (61 Pa. Code § 91.111). There is also a local transfer tax. While most municipalities impose a 1% transfer tax, the amount varies from municipality to municipality. For example, the total transfer tax due for real property in Philadelphia is 4.278% (with 3.278% going to the City of Philadelphia and 1% going to the Commonwealth), and the total transfer tax due for real property in the City of Pittsburgh is 5% (with 3% going to the City of Pittsburgh, 1% going to the Pittsburgh School District, and 1% going to the

Commonwealth) (see the [City of Philadelphia website](#) and the [Allegheny County website](#)).

The state transfer tax statute provides that, in the case of any sale of real estate, the amount of consideration paid or to be paid, including liens or encumbrances which survive the conveyance, constitutes the value on which the state tax is paid (72 P.S. § 8101-C).

The transfer tax is based on an artificial value called the “computed value” when there is:

- A sale for consideration of less than the actual monetary worth of the real estate.
- Certain other specified transactions, for example:
 - a gift;
 - a sale by execution on a judgment;
 - a foreclosure of a mortgage;
 - a transaction without consideration;
 - a taxable lease;
 - any exchange of properties; or
 - when real estate is owned by an entity that becomes an “acquired company.”

(72 P.S. § 8101-C.)

The computed value is the product of both:

- The assessed value of the property for local real estate tax purposes.
- The common level ratio factor assigned to the county where the property is situated by the [State Tax Equalization Board](#).

(72 P.S. § 8101-C.)

Local municipalities often, but not always, follow the state realty transfer tax law. There may be additional local transfer tax obligations. Confirm any local transfer tax requirements with a title company or by contacting the applicable taxing authority or recording office.

Returns

The recorder of deeds collects both state and local transfer taxes. The state transfer tax statute requires that every deed presented for recording either:

- States the true, full, and complete value.
- Is accompanied by a “Statement of Value” (in essence, the realty transfer tax return) executed by a responsible person connected with the transaction.

These requirements do not apply to real estate transfers exempt from taxation based on family relationship. (72 P.S. § 8109-C.)

The Statement of Value must:

- Reflect evidence of the connection between the responsible person signing the statement and the transaction.
- State the true, full, and complete value of the real property or the reason why the conveyance instrument is exempt from the transfer tax.

(72 P.S. § 8109-C.)

The Statement of Value [form](#) is prescribed by the [Pennsylvania Department of Revenue](#) and is self-explanatory. The local municipality may have its own version of a Statement of Value.

Filing and Payment Deadlines

The execution, delivery, acceptance, or presentation of the document for recording triggers the state transfer tax on a deed. The transfer tax cannot be avoided by choosing not to record the deed.

The tax is due at the earlier of:

- The time the deed is presented for recording.
- 30 days from the acceptance of the document.
- 30 days from becoming an acquired company.

(72 P.S. § 8102-C.)

The date of acceptance of a document is rebuttably presumed to be the date it was executed. This date is specified in the body of the document as the date of the instrument. (61 Pa. Code § 91.102.)

A person will face the following civil and criminal penalties for the failure to pay transfer tax:

- If an underpayment is due to fraud, the person owes 50% of the underpayment (72 P.S. § 8109-C.1(a)).
- A person failing to pay the full amount of transfer tax due on a document is guilty of a summary offense (72 P.S. § 8110-C(b)).
- Any person who makes a false statement of value or declaration of acquisition, when they do not believe the statement or declaration to be true is guilty of a second degree misdemeanor (72 P.S. § 8110-C(e)).

Customs

It is customary to equally split transfer taxes (both state and local) between the parties.

Unless a party to a deed is an exempt party as defined by statute, the obligation to pay the property transfer tax on a taxable deed is the joint and several legal duty of the grantor and the grantee. The grantor and grantee may discharge this duty as they agree, but without prejudice to the rights of Pennsylvania against the parties. (61 Pa. Code § 91.111(b).)

However, the party responsible for paying the transfer tax is negotiable.

11. In connection with state and local transfer, stamp, or similar taxes and indirect transfers of ownership interests in real property:

- Does an indirect transfer of real property ownership interests trigger transfer taxes? For example, would the transfer of corporate or membership interests of an owner of real property trigger transfer taxes?
- What transfer tax returns (or other documents) must be filed for indirect transfers of real property ownership interests?
- What is the timing for filing the returns and paying the transfer taxes on indirect transfers?
- Are transfer taxes customarily paid by the purchaser or the seller in an indirect transfer of real property ownership interests?

Applicable Taxes for Indirect Transfers

The Pennsylvania realty transfer tax statute provides that a Pennsylvania realty transfer tax be imposed on “real estate companies” (as defined in the statute) after certain changes in the ownership interest in the entity.

If an entity is a real estate company and 90% or more of its interests are transferred within a rolling three-year period, the entity is deemed to be an “acquired company.” A transfer is considered to have occurred within the three-year period if, during that period, the transferring party provides the transferee a legally binding commitment or option, enforceable at a future date, to execute the transfer. (72 P.S. § 8102-C.5(a).)

If an entity is deemed an acquired company, a transfer tax based on the “computed value” of the property is imposed as if the property had been conveyed outright. (To see how a computed value is assessed, see Question 10.)

The definition of an acquired company may be slightly different under a local transfer tax ordinance of a municipality.

There may be additional local transfer tax obligations. Confirm any local transfer tax requirements with a title company or by contacting the applicable taxing authority or recording office.

Returns

A company does not need to complete a tax return. Instead, after becoming an acquired company, it must present a declaration of acquisition with the recorder of each county where the acquired company owns real property (72 P.S. § 8102-C.5(c)).

The declaration of acquisition [form](#) is prescribed by the Pennsylvania Department of Revenue and is self-explanatory. Certain municipalities may have their own form of declaration.

Filing and Payment Deadlines

An acquired company must record a declaration of acquisition and pay the transfer tax within 30 days after becoming an acquired company (72 P.S. § 8102-C.5(c)).

The statute provides for civil and criminal penalties for the failure to pay transfer tax. The statute provides the following penalties:

- If any part of any underpayment of tax is due to fraud, an amount equal to 50% of the underpayment is added to the tax.
- In the case of failure to record a declaration of acquisition on the date prescribed, unless it is shown that this failure is due to reasonable cause:
 - 5% of the amount of this tax is added to the tax if the failure is not for more than one month; and
 - an additional 5% for each additional month (or partial month) is added while the failure continues, not exceeding 50% in the aggregate.

(72 P.S. § 8109-C.1.)

The criminal penalties for failure to pay transfer tax for an acquired company are the same as those for a direct transfer (see Question 10).

Customs

When a company becomes an acquired company, the company itself owes the transfer tax. No particular custom applies to the decision of whether the transferor or the transferee is to assume some, or all, of the transfer tax obligation. However, the party responsible for paying the transfer tax is negotiable.

Recording Interests and Title Insurance

12. Where are ownership interests recorded and how are they indexed?

In Pennsylvania, the office of the recorder of deeds records ownership interests in the county where the real property is located. Some larger counties and self-rule counties no longer have an elected official known as the recorder of deeds. For instance, Allegheny County (Pittsburgh) now records deeds and real estate documents in its [Department of Real Estate Office](#).

Grantor and grantee indices are used to index the recorded interests (16 P.S. § 9851). In counties that have adopted a uniform parcel identifier system, there is also a uniform parcel identifier index (16 P.S. § 9854.2).

Local requirements vary. Consult the applicable recording office for the county or counties in which the real property is located.

13. Do title insurance companies or attorneys typically conduct title searches?

In Pennsylvania, a title search is typically conducted by a title insurance company. Attorneys typically do not perform title searches, except in smaller and rural counties.

14. What form of title assurance is available to a purchaser? For example, is an abstract of title, a title insurance policy, or a title opinion more common?

Title insurance policy is available in Pennsylvania and is the common form of title assurance. Title insurance companies will issue title insurance

policies for owners, lenders, and the holders of leasehold rights.

15. Are title insurance premiums or service charges for owners' title insurance policies regulated? Is the cost of title insurance negotiable within a specified range of rates? Are there any discounts available for reissued policies?

The [Title Insurance Rating Bureau of Pennsylvania \(TIRBOP\)](#):

- Regulates title insurance.
- Sets premium rates. Title premium rates are not negotiable in Pennsylvania.

A purchaser of a title insurance policy may be entitled to a discounted rate if the real property to be insured is identical to, or is part of, real property insured within ten years immediately before the date the insured transaction closes. Additionally, a purchaser of a lender's title insurance policy may be entitled to a discounted rate if both an owner's policy and a lender's policy are issued, in which case only one premium (usually the owner's policy premium) is charged.

More information on rates can be found in the [TIRBOP Rate Manual](#).

16. List the title endorsements available for an owner's title insurance policy for non-residential property.

The following is a nonexclusive list of endorsements commonly used in Pennsylvania commercial real estate transactions. Not all endorsements are applicable to each transaction. For a full list of available endorsements, see the Title Insurance Rating Bureau of Pennsylvania (TIRBOP) [website](#) or consult with a title company.

The following owner's policy endorsements are some of the more commonly used endorsements approved by TIRBOP:

- PA 301 (Survey Exception).
- PA 400 (Manufactured Housing Unit).
- PA 810 (Condominium Current Assessments).

- PA 820 (Planned Unit Development – Current Assessments).
- PA 910 (Commercial Environmental Protection Lien).
- PA 1031, 1032, 1035 (Covenant, Conditions, and Restrictions).
- PA 1070 (General Endorsement).
- PA 1100 (Waiver of Arbitration).
- PA 1201 (Access and Entry).
- PA 1211 (Indirect Access and Entry).
- PA 1230 (Single Tax Parcel).
- PA 1240, 1241 (Multiple Tax Parcels).
- PA 1250, 1251, 1252 (Contiguity).
- PA 1280 (Location).
- PA 1312, 1313 (Encroachments – Boundaries and Easements).

Risk of Loss

17. Is the risk of loss during the contract period typically on the seller or on the purchaser if the contract is silent?

Under Pennsylvania law, if the contract is silent on the issue, the risk of loss during the contract period (the period between signing the contract of sale and closing) is on the purchaser. Upon the execution of a contract of sale, the purchaser becomes the equitable or beneficial owner of the property through the doctrine of equitable conversion and bears any loss that may happen to the estate between the contract and the conveyance (*DiDonato v. Reliance Standard Life Ins. Co.*, 249 A.2d 327, 329 (Pa. 1969)).

Real Property Investment Vehicles

18. What are the most common forms of investment vehicle for real property and what are the most common entities used?

The most common investment vehicle for real estate in Pennsylvania historically has been a limited partnership having as its general partner either

a corporation or a limited liability company (LLC). However, after the capital tax was eliminated in 2016, practitioners are now using LLCs more often to own investment real estate. This is due to their flexibility and the potential cost savings since a second entity (the general partner) is no longer required.

While the capital tax was in effect, LLCs were not commonly used to own investment real estate. This was because they were taxed as corporations, not partnerships, for purposes of Pennsylvania's capital stock tax, regardless of the entity's classification for federal income taxes.

19. Are real estate investment trusts (REITs) or similar entities currently permitted? If so, are they common?

Although there is no specific real estate investment trusts (REITs) statute, several Pennsylvania entities may be used to form a REIT, including:

- Statutory business trusts.
- Limited liability companies.
- Corporations (not tax-exempt).
- Limited partnerships.

Regulation and Taxation

20. Is there significant regulation and taxation of real property locally? Is there significant variation in the regulation and taxation?

There is significant regulation of real property at the local (municipal and county) level in Pennsylvania. The regulation varies significantly from jurisdiction to jurisdiction.

Most properties are subject to three types of local real estate taxes:

- School district tax.
- County tax.
- Local municipality tax.

There is no state real property tax.

Ad valorem real property taxes are a major source of local tax revenue. Property taxes are assessed on the county level and are used as the basis of

county, municipal (city, township, and borough), and school taxes. Each taxing body sets up a tax rate (millage). Property taxes differ significantly from county to county based on the millage applied to the assessment.

Electronic Signatures, Recording, and Notarization Laws

21. Has your state adopted laws permitting electronic signatures, electronic recording, and remote notarization? In particular, include information on whether:

- The Uniform Electronic Transactions Act (UETA) or another law giving electronic signatures legal effect has been adopted.
- The Uniform Real Property Electronic Recording Act (URPERA) or another law permitting the recording of electronic signatures has been adopted.
- The Revised Uniform Law on Notarial Acts (RULONA) or another law permitting remote online notarization (RON) has been permanently adopted and/or temporary remote online notarization is permitted on an emergency basis due to the coronavirus pandemic.

Despite Pennsylvania's adoption of the applicable electronic laws referred to below, the transaction parties or recording offices may not be required to accept documents executed or notarized electronically. Before relying on any of the below electronic laws for a particular transaction, counsel should confirm (as applicable) that:

- All parties to the transaction agree to accept electronic signatures, remotely notarized documents, or both, and intend to be bound by them.
- The applicable recording office accepts electronic signatures and remotely notarized documents for recording.

Electronic Signatures

Pennsylvania has adopted the UETA (73 P.S. §§ 2260.301 to 2260.312). UETA only applies to transactions between parties that have agreed to transact electronically (73 P.S. § 2260.301).

Real Estate Ownership: Pennsylvania

Electronic Recording

Pennsylvania has adopted the URPERA (21 P.S. §§ 483.1 to 483.9).

Remote Online Notarization

Pennsylvania has adopted RON (57 Pa. C.S.A. §§ 301 to 331).

There may be specific requirements for performing RON. Reference should be made to the statute, any applicable emergency orders, and any rules promulgated by the secretary of state or other state

authority to understand all RON requirements and conditions.

For a state-by-state chart covering key provisions of RON laws, emergency orders permitting RON during the COVID-19 pandemic, and pending electronic recording and RON laws, see [Electronic Signatures, Recording, and Notarization Laws for Real Estate Transactions: State Comparison Chart](#). To view and customize comparison charts on electronic signatures, recording, and notarization laws across states, see [Quick Compare Chart, State Laws on Electronic Signatures, Electronic Recording, and Remote Notarization](#).

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