
Wildfire Legal Issues for REALTORS®

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Presented by

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Upcoming Legal Live Webinar

“Real” estate cases, redux (RCR) , February 11th 1:30 p.m. – 2:30 p.m.

Webinar registrations and recordings:

<https://www.car.org/riskmanagement/live>



Recent Quick Guides/Legal Information

- 2025 New Laws (Part 1)
- Unrepresented Buyers and Listing Brokers
- Seller Payment (Concession) For Buyer’s Broker’s Compensation – C.A.R. Form SPBB

<https://www.car.org/riskmanagement/tools>



Legal Matters Podcast

- Episode 22: 2025 New Laws

<https://www.car.org/riskmanagement/Podcast>



Social Media

- Instagram: @car_legal “Wednesday Words to the Wise” latest post: on Disaster Relief efforts.
- Twitter: @CARealegal latest post: 1 year mandatory moratorium issued by the CA Department of Insurance.

• **During Escrow:**

Seller side:

- Residential Listing Agreement
- FHDS form –
 - Fire Hardening, Defensible space:
 - duty to discover local ordinance, no duty to inspect
- SPQ form –
 - Disclose insurance, whether or not used for repairs

Seller or Buyer side:

- RPA allocation of costs:
 - NHD report
 - Optional Wildfire Disclosure report
- FHDS Timing and cancellation

Buyer side:

- Insurance contingency –
 - relation to inspection and loan contingencies
- Contingency removal (CR-B), (BIE), (BIW)
- Wildfire Disaster Advisory
- Condition of property
- Uniform Vendor and Purchaser Risk of Loss Act
- Buyer early occupancy/Interim Occupancy
- Residential Lease

After Close:

- Seller in possession (SIP), Residential lease after sale (RLAS)
- Insurance: cancellation, relocation, coverage, expenses, rebuilding, links, property tax – after destruction, after rebuild
- Rent gouging

Resources:

- QAs, QGs, Disaster Relief Funds (C.A.R. and NAR), DOI website

Wildfire Legal Issues; During Escrow; Seller

Residential Listing Agreement

- Seller agrees to order and pay for Natural Hazard Disclosures (paragraphs 2F(3) and 7 E)

F(3)	7E	Investigation Reports	<input checked="" type="checkbox"/> Natural Hazard Disclosure <input type="checkbox"/> Structural Pest Control, <input type="checkbox"/> General Property Inspection, <input type="checkbox"/> Homeowners Association Documents, <input type="checkbox"/> Preliminary (Title) Report, <input type="checkbox"/> Roof Inspection, <input type="checkbox"/> Pool Inspection, <input type="checkbox"/> Septic/Sewer Inspection, <input type="checkbox"/> Other: _____	Seller shall order and pay for any reports selected within 5 (or _____) days of the Beginning Date of this Agreement
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- 2 earthquake, 2 fire, 2 flood zones
 - No NHD form in C.A.R. library. Included in any 3rd party report.

Wildfire Legal Issues; During Escrow; Seller

Residential Listing Agreement

- Seller cancellation right / broker compensation
 - (paragraph 4D(3))

OR (3) **Seller Interference with Listing:** If, without Broker's prior written consent, the Property is withdrawn from sale, conveyed, leased, rented, otherwise transferred, or made unmarketable by a voluntary act of Seller during the Listing Period, or any extension.

- What is being sold?
 - (paragraph 5A(1))

ITEMS EXCLUDED AND INCLUDED: Unless otherwise specified in a real estate purchase agreement, all fixtures and fittings that are attached to the Property are included, and personal property items are excluded, from the purchase price.

- The object of the listing may no longer exist

Wildfire Legal Issues; During Escrow; Seller

Fire Hardening and Defensible Space Disclosure and Addendum

- Only required for
 - Residential property with 1-4 units
 - If a TDS is required
 - Properties in a high or very high fire hazard zone
 - **Fire hardening only** – improvement constructed 1/1/2010 or before

Wildfire Legal Issues; During Escrow; Seller

Fire Hardening and Defensible Space Disclosure and Addendum

- Fire hardening
 - Seller discloses known conditions making home vulnerable
(paragraph 2B of FHDS: eaves, roof coverings, landscaping, windows, flashing, gutters)

Wildfire Legal Issues; During Escrow; Seller

Fire Hardening and Defensible Space Disclosure and Addendum (Form FHDS)

- Defensible space
 - Local ordinance. Seller **must find out**, disclose if there is or is not (§ 3A)
 - Compliance, part 1, representation (applicable State or local law)
 - **Default is** that **seller does not know** if the property is in compliance (§ 3B(1))
 - 2 options if known for seller. Is or Is NOT in compliance (§ 3B(2) and 3B(3))
 - Compliance, part 2, agreement (applicable State or local law)
 - **Default is** that buyer will obtain compliance within 1 year after close if no local law (§ 3C(1))
 - 2 options for buyer to take responsibility (§ 3C(2) and 3C(3))
 - 3 options for seller to take responsibility (§ 3C(4), (5) and (6))
(State compliance requires documentation of compliance within last 6 months)
 - Inspection. No obligation to obtain inspection
 - Can obtain from CalFire or other Authorized Defensible Space Inspector

Wildfire Legal Issues; During Escrow; Seller

Seller Property Questionnaire (Form SPQ)

9. **DISASTER RELIEF, INSURANCE OR CIVIL SETTLEMENT:** **ARE YOU (SELLER) AWARE OF...**
- A. Financial relief or assistance, insurance or settlement, sought or received, from any federal, state, local or private agency, insurer or private party, by past or present owners of the Property, due to any actual or alleged damage to the Property arising from a flood, earthquake, fire, other disaster, or occurrence or defect, whether or not any money received was actually used to make repairs ☐ Yes ☐ No
- If yes, was federal flood disaster assistance conditioned upon obtaining and maintain flood insurance on the Property ☐ Yes ☐ No
- (NOTE: If the assistance was conditioned upon maintaining flood insurance, Buyer is informed that federal law, 42 USC 5154a requires Buyer to maintain such insurance on the Property and if it is not, and the Property is damaged by a flood disaster, Buyer may be required to reimburse the federal government for the disaster relief provided.)

Wildfire Legal Issues; During Escrow; Seller and Buyer

Allocation of Costs (Form RPA)

- NHD report (§ 3Q(1))
 - Includes NHD form completed by NHD reporting company
(Seller agrees in listing to obtain but can allocate cost to buyer in RPA)
- **Optional** Wildfire Disclosure report (§ 3Q(2))
 - Prepared by Fortress Fire but available through six NHD reporting companies
 - Aerial photographs of property. Identifies possible vulnerabilities.

Wildfire Legal Issues; During Escrow; Seller and Buyer

Fire hardening/Defensible space (Form RPA)

- Seller disclosure, same time as delivery of documents
 - Fire hardening known vulnerabilities (§ 11C)
 - Defensible Space (§ 11D)

Seller to disclose (i) if local ordinance; (ii) if property in compliance; and (iii) propose addendum allocating responsibility
- Buyer termination rights (§ 11G)
 - FH and DS. B can cancel within 3/5 days after delivery (like TDS) (if disclosure after buyer's offer). Buyer silence deemed approval. (§ 11G(1))
 - DS. If B does not agree to seller's proposal of who will pay for compliance, within the time to return signed disclosures, then seller can issue a NBP and then cancel if still no response. FHDS, paragraph 3 C is essentially an addendum that requires mutual agreement.

Wildfire Legal Issues; During Escrow; Buyer

Insurance contingency (Form RPA)

- Assessment of availability and cost of insurance is its own contingency (§ 3L(4) and 8D)
 - Loan contingency. Lender can refuse to loan if buyer does not obtain insurance but that does not give buyer a right to cancel based on loan contingency (§ 8A(2))
 - Investigation Contingency. Inability to obtain insurance does not give buyer a contract right to cancel pursuant to investigation contingency (§ 12B(2))
 - Insurance contingency risks. If buyer removes, then buyer no longer has a contractual excuse to cancel after. If buyer does not remove, then seller can give a NBP.



BUYER CONTINGENCY REMOVAL No. _____

(C.A.R. Form CR-B, Revised 6/24)

In accordance with the terms and conditions of the Purchase Agreement, OR ☐ Request For Repair (C.A.R. Form RR), ☐ Response And Reply To Request For Repair (C.A.R. Form RRRR), ☐ Other _____

_____ dated _____, ("Agreement"),
on property known as 1 Somewhere Street, Someplace, CA ("Property"),
between _____ ("Buyer")
and _____ ("Seller").

Buyer and Seller are referred to as the "Parties."

1. **BUYER REMOVAL OF BUYER CONTINGENCIES:** With respect to any contingency and cancellation right that Buyer removes, unless Otherwise Agreed in a separate written agreement between Buyer and Seller, Buyer shall conclusively be deemed to have: (i) completed all Buyer Investigations and review of reports and other applicable information and disclosures; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and, expense, **if any**, for Repairs, corrections, or for the inability to obtain financing. Waiver of statutory disclosures is prohibited by law.

2. **Buyer removes ONLY the following individually checked Buyer contingencies:** (Paragraph numbers refer to C.A.R. Form RPA. Applicable paragraph numbers may be different for different forms.)

A. ☐ Loan (Paragraph 3L(1) and 8A)

B. ☐ Appraisal (Paragraph 3L(2) and 8B)

C. Investigation of Property (Paragraph 3L(3), 8C, and 12)

(1) ☐ Entire Buyer's Investigation Contingency (Paragraph 12)

OR (2) ☐ Only the part of the Investigation related to inspections concerning physical attributes of the Property (Paragraph 12B(1))

OR (3) ☐ All Buyer Investigations other than the physical attributes (Paragraph 12B(2))

OR (4) ☐ Entire Buyer's Investigation Contingency, EXCEPT: ☐ Other: _____

D. ☐ Insurance (paragraph 3L(4) and 8D)

E. Review of Seller Documents:

(1) ☐ Review of All Seller Documents (Paragraph 3L(5), 8E, 9B(6), 10A, and 11)

OR (2) ☐ Review of All Seller Documents, EXCEPT:

☐ Government Reports (Paragraph 10A);

☐ Statutory and other Disclosures (Paragraph 11);

☐ Other: _____

F. ☐ Preliminary ("Title") Report (Paragraph 3L(6), 8F, and 13)

G. ☐ Common Interest (HOA or OA) Disclosures (Paragraph 3L(7), 8G and 11L)

H. ☐ Review of leased or liened items (Paragraph 3L(8), 8H, and 9B(6))

Sale of Buyer's Property (Paragraph 3L(9) and 8K)

☐ Entering into contract for Buyer's Property ☐ Close of Escrow on Buyer's Property

☐ Other: _____

OR 3.

☐ **ALL Buyer contingencies are removed, EXCEPT:**

☐ Loan Contingency (**Paragraph 3L(1) and 8A**);

☐ Appraisal Contingency (**Paragraph 3L(2) and 8B**);

☐ Insurance (**Paragraph 3L(4) and 8D**);

☐ Contingency for the Close of Buyer's Property (**Paragraph 3L(9) and 8K**);

☐ Condominium/Planned Development (HOA) Disclosures (**Paragraph 3L(7), 8G and 11L**);

☐ Other: _____

OR 4.

☐ **BUYER HEREBY REMOVES ANY AND ALL BUYER CONTINGENCIES.**

5. **Once all contingencies are removed, whether or not Buyer has satisfied themselves regarding all contingencies or received any information relating to those contingencies, Buyer may not be entitled to a return of Buyer's deposit if Buyer does not close escrow. This could happen even if, for example, Buyer does not approve of some aspect of the Property or lender does not approve Buyer's loan.**

NOTE: If this form is attached to a Request for Repairs (C.A.R. Form RR), Seller Response and Buyer Reply to Request for Repairs (C.A.R. Form RRRR), or another form or document such as an addendum (C.A.R. Form ADM) or Amendment to Existing Agreement (C.A.R. Form AEA) it is only valid if Buyer and Seller agree to the requests made on that form or document.

Buyer _____

Date _____

or _____

Date _____

C. BROKER ADVICE: YOU ARE STRONGLY ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE PROPERTY. **IF YOU DO NOT DO SO, YOU ARE ACTING AGAINST THE ADVICE OF BROKERS.**

IF ANY BOX BELOW IS CHECKED, BUYER AGREES TO PAY FOR THE SPECIFIED INSPECTION UNLESS OTHERWISE AGREED IN THE PURCHASE AGREEMENT. BUYER IS RESPONSIBLE FOR CHOOSING THE PROVIDER AND ORDERING THE INSPECTION. IF YOU DO NOT SPECIFICALLY REQUEST A PARTICULAR INSPECTION NOW, YOU MAY DO SO IN THE FUTURE, IN WRITING. HOWEVER, IF YOUR CONTRACTUAL INVESTIGATION PERIOD HAS EXPIRED, SELLER MAY NOT ALLOW THE INSPECTIONS AT THAT TIME.

D. BUYER INVESTIGATION: Buyer represents and agrees that Buyer has independently considered the available Inspections and Investigations and AT THIS TIME has decided to order only those Inspections and Investigations checked below. Buyer may elect to change these elections during Buyer's investigation period. If Buyer does not investigate any of these items during the contractual investigation period, Buyer may lose the right to investigate these items later.

- | | | |
|-----|--------------------------|------------------------------|
| 1. | <input type="checkbox"/> | GENERAL HOME INSPECTION |
| 2. | <input type="checkbox"/> | WOOD DESTROYING PESTS |
| 3. | <input type="checkbox"/> | CHIMNEY |
| 4. | <input type="checkbox"/> | ELECTRICAL |
| 5. | <input type="checkbox"/> | HEATING/AIR CONDITIONING |
| 6. | <input type="checkbox"/> | LEAD PAINT |
| 7. | <input type="checkbox"/> | PLUMBING |
| 8. | <input type="checkbox"/> | SQUARE FOOTAGE |
| 9. | <input type="checkbox"/> | STRUCTURAL |
| 10. | <input type="checkbox"/> | EASEMENTS/ENCROACHMENTS |
| 11. | <input type="checkbox"/> | FOUNDATION/SLAB |
| 12. | <input type="checkbox"/> | LOT SIZE |
| 13. | <input type="checkbox"/> | BOUNDARIES |
| 14. | <input type="checkbox"/> | POOL/SPA |
| 15. | <input type="checkbox"/> | ROOF |
| 16. | <input type="checkbox"/> | SEWER |
| 17. | <input type="checkbox"/> | SEPTIC SYSTEM |
| 18. | <input type="checkbox"/> | SOIL STABILITY |
| 19. | <input type="checkbox"/> | SURVEY |
| 20. | <input type="checkbox"/> | TREE/ARBORIST |
| 21. | <input type="checkbox"/> | WELL |
| 22. | <input type="checkbox"/> | WATER SYSTEMS AND COMPONENTS |

- | | | |
|-----|--------------------------|------------------------------------|
| 23. | <input type="checkbox"/> | RADON GAS |
| 24. | <input type="checkbox"/> | FORMALDEHYDE |
| 25. | <input type="checkbox"/> | ASBESTOS |
| 26. | <input type="checkbox"/> | METHANE GAS |
| 27. | <input type="checkbox"/> | MOLD |
| 28. | <input type="checkbox"/> | PERMITS |
| 29. | <input type="checkbox"/> | PUBLIC RECORDS |
| 30. | <input type="checkbox"/> | ZONING |
| 31. | <input type="checkbox"/> | GOVERNMENT REQUIREMENTS |
| 32. | <input type="checkbox"/> | VACANT LAND/CONSTRUCTION FINANCING |
| 33. | <input type="checkbox"/> | CONSTRUCTION COSTS |
| 34. | <input type="checkbox"/> | AVAILABILITY OF UTILITIES |
| 35. | <input type="checkbox"/> | ENVIRONMENTAL SURVEY |
| 36. | <input type="checkbox"/> | NATURAL HAZARDS REPORTS |
| 37. | <input type="checkbox"/> | SUBDIVISION OF PROPERTY |
| 38. | <input type="checkbox"/> | USAGE (INCLUDING ADUs) |
| 39. | <input type="checkbox"/> | INSURABILITY |
| 40. | <input type="checkbox"/> | OTHER |
| 41. | <input type="checkbox"/> | OTHER |
| 42. | <input type="checkbox"/> | OTHER |

3. **WAIVERS:**

- A. **HOME INSPECTION WAIVER:** Broker recommends that Buyer obtain a home inspection, **even if Seller or Broker has provided Buyer with a copy of a home inspection report obtained by Seller or a previous buyer. IF YOU DO NOT DO SO, YOU ARE ACTING AGAINST THE ADVICE OF BROKERS.**

_____/_____
Buyer has decided not to obtain a general home inspection at this time. Unless Buyer makes a subsequent election in writing during Buyer's investigation period, if any, Buyer waives the right to obtain a general home inspection.

- B. **WOOD DESTROYING PEST INSPECTION WAIVER:** Broker recommends that Buyer obtain an inspection for wood destroying pests and organisms (whether paid for by Buyer or Seller). **IF YOU DO NOT DO SO, YOU ARE ACTING AGAINST THE ADVICE OF BROKERS.**

_____/_____
Buyer has decided not to obtain an inspection for wood destroying pests and organisms at this time. Unless Buyer makes a subsequent election in writing during Buyer's investigation period, if any, Buyer waives the right to obtain an inspection for wood destroying pests and organisms.

- C. **OTHER:** Broker recommends that Buyer obtain an inspection for the following items:

IF YOU DO NOT DO SO, YOU ARE ACTING AGAINST THE ADVICE OF BROKERS.

_____/_____
Buyer has decided not to obtain the inspection(s) noted above at this time. Unless Buyer makes a subsequent election in writing during Buyer's investigation period, if any, Buyer waives the right to obtain such inspection(s).

Wildfire Legal Issues; During Escrow; Buyer

Wildfire Disaster Advisory (Form WFDA)



WILDFIRE DISASTER ADVISORY (For use with properties in or around areas affected by a wildfire) (C.A.R. Form WFDA, Revised 6/22)

1. **WILDFIRE DISASTERS:** Buyer/Lessee is aware that as a result of recent wildfire disasters there are current and unresolved health and safety concerns related to the aftermath and clean-up of the wildfire disaster areas, as well as unknown and possible future concerns related to the rebuilding of infrastructure in the affected areas of the wildfires. Unfortunately, the impact of wildfires has not been limited to the fire areas themselves. Many areas have had air quality impacted by smoke and air particulates from distant fires. Additionally, fires continue to occur in previously unaffected areas. Fires may be an issue throughout the state of California.
2. **WILDFIRE DISASTER CONCERNS AND ISSUES:** The following non-exhaustive list represents concerns and issues that may impact Buyer/Lessee decisions about purchasing or leasing property impacted by a wildfire disaster, both currently and in the future. It is not intended to be, nor can it be, a check list for all issues that might arise when purchasing or leasing property impacted by a wildfire disaster; **concerns and issues include, but are not limited to:**
 - A. Insurance related issues such as past claims, the importance of identifying the insurability of the property, and the availability and the cost of insurance as early in the process as possible;
 - B. Lot clearing costs and requirements; toxic materials analysis, debris removal requirements;
 - C. Whether the home has been fire hardened, and if so to what extent, to help reduce the risk of the structure catching fire;
 - D. Local, state and federal requirements for cleanup and building approvals;
 - E. Air quality, soil quality, and any other environmental or personal health concerns, even after the wildfire event has ended;
 - F. Timelines, costs and requirements when obtaining required permits for building and utilities installation;
 - G. Availability of and access to electricity, gas, sewer and other public or private utility services;
 - H. Water delivery/potability; septic and/or sewer design; requirements and construction costs;
 - I. Potential redesign of streets and infrastructure including possible eminent domain, land condemnation and/or acquisition;
 - J. Inconvenience and delays due to road construction and unavailability of various goods, systems, or services; and
 - K. Impact that federal, state or local disaster declarations may have on materials prices, costs and rents.

Wildfire Legal Issues; During Escrow; Buyer

Wildfire Disaster Advisory (Form WFDA)

3. BUYER/LESSEE ADVISORIES: Buyer/Lessee is advised:

- A. To check early in your transaction to determine if you are able to obtain insurance on the property.
- B. To investigate to their own satisfaction any and all concerns of Buyer/Lessee about the intended use of the property.
- C. That the area of the wildfire disaster will likely be under construction for a protracted period of time after a fire, and Buyer/Lessee may be inconvenienced by delays, traffic congestion, noise, dust, intermittent utilities availability.
- D. That due to the extraordinary catastrophe of a wildfire, there may be changes and variations in local, state or federal laws, codes, or requirements throughout the ongoing process of planning and rebuilding in the wildfire disaster area.
- E. That some insurers have reduced or cancelled offerings for fire insurance or increased costs that impact a Buyer/Lessee's ability to afford or qualify for loans or meet income ratios for rentals.
- F. That if you are not able to obtain fire insurance and have removed property investigation or loan contingencies you may be in breach of the purchase or rental agreement.

4. RESOURCES: Below is a non-exhaustive list of potential resources provided as a starting point for Buyer/Lessee investigations and not as an endorsement or guarantee that any federal, state, county, city or other resource will provide complete advice.

- A. California Department of Insurance "WildfireResource" <http://insurance.ca.gov/01-consumers/140-catastrophes/WildfireResources.cfm>; 1-800-927-4357
- B. Governor's Office of Emergency Services "Cal OES"
California Wildfires Statewide Recovery Resources <https://wildfirerecovery.caloes.ca.gov/>
- C. California Department of Forestry and Fire ("Cal Fire") <https://calfire.ca.gov/> and <https://www.readyforwildfire.org/>
- D. California Department of Transportation <https://calsta.ca.gov/>
- E. California Attorney General <https://oag.ca.gov/consumers/pricengougingduringdisasters#8C1>
- F. The American Institute of Architects "Wildfire Recovery Resources" <https://aia.org/pages/165776-wildfire-recovery-resources>
- G. Buyer/Lessee is advised to check all local municipalities (County, City, and/or Town where the property is located) for additional resources.

5. FIRE HARDENING AND DEFENSIBLE SPACE ADVISORY:

- A. California law requires certain disclosures be made concerning a property's compliance with safeguards that may minimize the risk of a structure on the property catching fire (fire hardening) and that an agreement be reached concerning compliance with requirements that the area surrounding structures be maintained to minimize the risk of the spread of wildfires (defensible space). The fire hardening and defensible space laws only apply if, among other requirements, the property is located in either a high or very high fire hazard severity zone. If there exists a final inspection report covering fire hardening or defensible space compliance, such a report may need to be provided to the buyer. C.A.R. Form FHDS may be used to satisfy the legal requirements.

- B. **WHERE TO LOCATE INFORMATION:** Seller has the obligation to determine if compliance with the fire hardening and defensible

Wildfire Legal Issues; During Escrow; Buyer

Condition of Property (Form RPA)

- Property to be maintained in substantially same condition on date of acceptance (§ 7B(ii))
 - This requirement is not a contingency; it is a contractual obligation.

Wildfire Legal Issues; During Escrow; Buyer

California statute (Civil Code §1662) Uniform Vendor and Purchaser Risk Act

- Any contract hereafter made in this State for the purchase and sale of real property shall be interpreted as including an agreement that the parties shall have the following rights and duties, **unless the contract expressly provides otherwise**:
- (a) If, **when neither the legal title nor the possession** of the subject matter of the contract has been transferred, all or a material part thereof is destroyed without fault of the **purchaser** or is taken by eminent domain, **the vendor cannot enforce the contract**, and the **purchaser** is entitled to recover any portion of the price that he has paid;
- (b) If, **when either the legal title or the possession** of the subject matter of the contract has been transferred, all or any part thereof is destroyed without fault of the **vendor** or is taken by eminent domain, **the purchaser is not thereby relieved from a duty to pay** the price, nor is he entitled to recover any portion thereof that he has paid.
- This section shall be so interpreted and construed as to effectuate its general purpose to make uniform the law of those states which enact it.

- Buyer Early Occupancy Agreement (short term, before coe)
- Interim Occupancy Agreement (long term, before coe)
- Residential Lease / Month to Month Rental Agreement

Wildfire Legal Issues; During Escrow; Buyer

Buyer Early Occupancy (Form BEO)



BUYER EARLY OCCUPANCY ADDENDUM

(C.A.R. Form BEO, Revised 12/21)

This is an addendum to the Purchase Agreement, OR ☐ Other _____ ("Agreement"),
dated _____, on property known as 1 Somewhere Street, Someplace, CA ("Property"),
between _____ ("Buyer"),
and _____ ("Seller").

Buyer and Seller are referred to as the "Parties."

This addendum is intended for short-term occupancy (i.e. 29 days or less) by Buyer of Property before Close of Escrow. If occupancy is intended to be for 30 days or longer, use Interim Occupancy Agreement (C.A.R. Form IOA).

9. OTHER TERMS AND CONDITIONS/SUPPLEMENTS:

BROKERS: BROKERS DO NOT RECOMMEND EARLY OCCUPANCY. BROKER HAS ADVISED BUYER AND SELLER TO CONSULT A QUALIFIED CALIFORNIA REAL ESTATE ATTORNEY TO DETERMINE WHETHER ENTERING INTO SUCH AN ADDENDUM TEMPORARILY OR PERMANENTLY CHANGES THE NATURE OF THEIR STATUS AS BUYER AND SELLER, AND THE LEGAL CONSEQUENCES AND IMPLICATIONS OF AN EARLY OCCUPANCY. IF BUYER AND SELLER AGREE TO EARLY OCCUPANCY THEY ARE DOING SO AGAINST THE ADVICE OF BROKER AND AT THEIR OWN RISK.

By signing below Buyer and Seller acknowledge that each has read, understands, has received a copy of and agrees to the terms of this Buyer Early Occupancy Addendum.

Buyer _____	Date _____
Buyer _____	Date _____
Seller _____	Date _____

Wildfire Legal Issues; During Escrow; Buyer

Interim Occupancy Agreement (Form IOA)



INTERIM OCCUPANCY AGREEMENT

Buyer in Possession Prior to Close of Escrow
(Intended for possession of 30 or more days)

(C.A.R. Form IOA, Revised 12/24)

Date: _____, _____ ("Seller/Housing Provider")
and _____ ("Buyer/Tenant")
have entered into a purchase agreement for the real property described below. Close of escrow for the purchase agreement is scheduled to occur on _____ (date). Seller, as Housing Provider, and Buyer, as Tenant, agree as follows ("Agreement"):

1. PROPERTY:

- A. Housing Provider rents to Tenant and Tenant rents from Housing Provider, the real property and improvements described as:
1 Somewhere Street, Someplace, CA ("Premises").
- B. The Premises are for the sole use as a personal residence by the following named person(s) **only**: _____
- C. The personal property listed in the purchase agreement, maintained pursuant to **paragraph 11**, is included.
- D. The Premises may be subject to a local rent control ordinance _____

- 2. TERM:** The term begins on (date) _____ ("Commencement Date") and shall terminate at _____ ☐ AM/ ☐ PM on the earliest of: **(a)** the date scheduled for close of escrow of the purchase agreement as specified above, or as modified in writing; or

27. DAMAGE TO PREMISES: If, by no fault of Tenant, Premises are totally or partially damaged or destroyed by fire, earthquake, accident or other casualty that render Premises totally or partially uninhabitable, either Housing Provider or Tenant may terminate this Agreement by giving the other written notice. Rent shall be abated as of the date Premises become totally or partially uninhabitable. The abated

28. INSURANCE:

- A. Tenant's, guest's, invitees or licensee's personal property and vehicles are not insured by Housing Provider, manager or, if applicable, HOA, against loss or damage due to fire, theft, vandalism, rain, water, criminal or negligent acts of others, or any other cause. Tenant is advised to carry Tenant's own insurance (renter's insurance) to protect Tenant from any such loss or damage.

Wildfire Legal Issues; During Escrow; Tenant

Residential Lease/M-to-M rental(Form RLMM)



RESIDENTIAL LEASE OR MONTH-TO-MONTH RENTAL AGREEMENT (C.A.R. Form RLMM, Revised 12/24)

Date _____, _____ ("Tenant")
and _____ Rental Property Owner ("RPO"), Authorized
Broker or Agent, or Property Manager ("Housing Provider"), agree as follows ("Agreement"):

1. PROPERTY:

A. Housing Provider rents to Tenant and Tenant rents from Housing Provider, the real property and improvements described as:
1234 ABCD St, Anywhere, CA ("Premises").

2. **TERM:** The term begins on (date) _____ ("Commencement Date"). If Tenant has not paid all amounts then due; (i)

☐ A. **Month-to-Month:** This Agreement continues from the commencement date as a month-to-month tenancy. Tenant may terminate the tenancy by giving written notice at least 30 days prior to the intended termination date. Tenant shall be responsible for paying rent through the termination date even if moving out early. Housing Provider may terminate the tenancy by giving written notice as provided by law. Such notices may be given on any date.

☐ B. **Lease:** This Agreement shall terminate on (date) _____ at _____ ☐ AM/ ☐ PM. Tenant shall vacate the Premises upon termination of the Agreement, unless: (i) Housing Provider and Tenant have extended this Agreement in writing or signed a new agreement; (ii) mandated by any rent increase cap or just cause eviction control under any state or local law; or (iii) Housing Provider accepts Rent from Tenant (other than past due Rent), in which case a month-to-month tenancy shall be created which either party may terminate as specified in **paragraph 2A**. Rent shall be at a rate agreed to by Housing Provider and Tenant, or as allowed by law. All other terms and conditions of this Agreement shall remain in full force and effect.

Wildfire Legal Issues; During Escrow; Tenant

Residential Lease/M-to-M rental(Form RLMM)

28. **DAMAGE TO PREMISES:** If, by no fault of Tenant, Premises are totally or partially damaged or destroyed by fire, earthquake, accident or other casualty that render Premises totally or partially uninhabitable, either Housing Provider or Tenant may terminate this Agreement by giving the other written notice. Rent shall be abated as of the date Premises become totally or partially uninhabitable. The abated amount shall be the current monthly Rent prorated on a 30-day period. If the Agreement is not terminated, Housing Provider shall promptly repair the damage, and Rent shall be reduced based on the extent to which the damage interferes with Tenant's reasonable use of Premises. If damage occurs as a result of an act of Tenant or Tenant's guests, only Housing Provider shall have the right of termination, and no reduction in Rent shall be made.
29. **INSURANCE:**
- A. Tenant's, guest's, invitees or licensee's personal property and vehicles are not insured by Housing Provider, manager or, if applicable, HOA, against loss or damage due to fire, theft, vandalism, rain, water, criminal or negligent acts of others, or any other cause. **Tenant is advised to carry Tenant's own insurance (renter's insurance) to protect Tenant from any such loss or damage.**

Wildfire Legal Issues; After COE

Responsibility for damage and insurance during lease back

Seller in Possession (C.A.R. Form SIP) and Residential Lease After Sale (C.A.R. Form RLAS)

SIP provisions re insurance and responsibility for damage

- Seller is responsible for maintaining property in substantially the same condition as of date of acceptance
- Seller is not responsible for any damage or destruction that is not caused by seller or that is out of the control of seller
- Buyer is advised to obtain homeowners insurance to cover any damages that may occur after the close of escrow and
- Buyer is advised to consult with an insurance agent regarding coverage in light of the seller remaining in possession

RLAS provisions re insurance and responsibility for damage

- No explicit provision re risk of loss or advisory for the buyer to obtain insurance re seller in possession
- Tenant is advised to carry tenant's own insurance, that is, renter's insurance, to protect tenant from loss due to fire, theft, vandalism, negligence and criminal acts
- Optional requirement for the tenant to obtain liability insurance naming the owner and if applicable property manager as additional insured for injury or damage to or upon the property. If so, tenant is required to provide owner a copy of such policy.



SELLER LICENSE TO REMAIN IN POSSESSION ADDENDUM

(Intended for Possession of 29 days or less)

(C.A.R. Form SIP, Revised 12/24)

This is an addendum to the Purchase Agreement, OR ☐ Seller Counter Offer No. _____, ☐ Buyer Counter Offer No. _____,
☐ Other _____, ("Agreement"), dated _____,
on property known as 1 Somewhere Street, Someplace, CA ("Property"),
between _____ ("Buyer"),
and _____ ("Seller").

This Addendum is intended to grant Seller a license to remain in possession of, and use, the Property after the Close Of Escrow. It is intended for short-term occupancy (i.e. 29 days or less). If occupancy is intended to be for 30 days or longer, Parties are advised to use Residential Lease After Sale (C.A.R. Form RLAS). Regardless of the length of the time of possession, Buyer is advised to consult with a qualified local landlord attorney to discuss whether the possession could be interpreted as creating a landlord-tenant relationship between Buyer and Seller. **Note: Local rent control or other Law regarding tenant's rights may impact Buyer's and Seller's rights and obligations. Close Of Escrow shall be day "0" for the purposes of counting days for the term of this license to remain in possession.**

1. **TERM:** Seller is granted a license to remain in possession of Property for _____ calendar days after Close Of Escrow (or ☐ to _____ (date)) until 6 PM (or ☐ _____ ☐ AM/☐ PM). Seller has no right to remain in possession beyond this term and may be responsible for court awarded damages if Seller does remain.

8. **INSURANCE:** Seller's personal property (including vehicles) is not insured by Buyer, and, if applicable, not by the owner's association, against loss or damage due to fire, theft, vandalism, rain, water, criminal or negligent acts of others, or any other cause. Seller is advised to carry Seller's own insurance to protect Seller from such loss and to contact its own insurance carrier to discuss available options.

RPA, 7D

- D. **SELLER REMAINING IN POSSESSION AFTER CLOSE OF ESCROW:** If Seller has the right to remain in possession after Close Of Escrow pursuant to **paragraph 3M(2)** or as Otherwise Agreed: **The Parties are advised to (i) consult with their insurance and legal advisors for information about liability and damage** or injury to persons and personal and real property, and **(ii) consult with a qualified California real estate attorney where the Property is located to determine the ongoing rights and responsibilities of both Buyer and Seller with regard to each other, including possible tenant rights, and what type of written agreement to use to document the relationship between the Parties.** Buyer is advised to consult with Buyer's lender about the impact of Seller's occupancy on Buyer's loan.

Insurance Coverage Protections

- **No cancellation for one year:** No cancellation or non-renewal of insurance in designated wildfire areas for at least one year following state of emergency, per the commissioner's bulletin designating the protected areas.
- **No cancellation between renewal periods:** In the event of total loss to the structure, no cancellation between renewal periods while a home is being rebuilt, except in cases of fraud and misrepresentation. Insurers cannot use the fact that the primary insured structure is damaged as a result of the total loss, as the sole basis for canceling a policy. At least one renewal must be allowed.
- **Grace period for payment:** In the event of state of emergency, an insurer must allow a 60-day grace period for payment of premiums for residential property insurance.
- **Additional Living Expenses:** Reminder that standard form Homeowner's or Renter's policies may cover evacuation and relocation costs under "Additional Living Expenses" (ALE) coverage which typically includes food and housing costs, furniture rental, relocation and storage, and extra transportation expenses. SB 872 (passed in 2020) requires insurance companies to pay at least two weeks of ALE benefits to evacuees
- **Standard policy by law:** The standard residential homeowner's policy covering fire is dictated by law. (Ins. Code 2070 and 2071)

Bulletin 2025-1 One-Year Moratorium on Cancellation

- Due to the Governor's January 7, 2025, declarations, no admitted or non-admitted insurer shall issue a notice of cancellation or non-renewal due to wildfire risk **for one year, starting on January 7, 2025**, for any policy of residential property insurance in the following ZIP Codes:
- **Palisades Fire**: 90049, 90265, 90272, 90290, 90402, 91301, 91302, 91320, 91356, 91361, 91364, 91436
- **Eaton Fire**: 91001, 91006, 91007, 91011, 91016, 91020, 91024, 91042, 91101, 91103, 91104, 91106, 91107, 91108, 91206, 91208, 91214, 91706, 91731, 91732, 91775, 91780, 93563
- In addition, all admitted and non-admitted insurers must offer to rescind any notices of cancellation or non-renewal issued due to wildfire risk since the Governor's January 7, 2025 emergency declarations, and offer to reinstate or renew policies in effect at the time of the applicable emergency declaration, if any such notices of cancellation or nonrenewal were issued due to wildfire risk on or after the date of the emergency declaration, and the properties are located in ZIP Codes identified by this bulletin.
- Any consumer with questions about this bulletin, please call the Department's Consumer Hotline at: 800-927-4357

Rebuilding – What will insurance pay in the event the home is destroyed?

Will My Policy Completely and Totally Replace My Home If It Is Destroyed?

This depends on whether your policy is a replacement cost value policy or an actual cash value policy. If your policy is an actual cash value policy, it will not.

Actual cash value recover is determined as follows:

1. In case of total loss to the structure, the policy limit or the fair market value of the structure, whichever is less, or
2. In case of a partial loss to the structure, the amount it would cost the insured to repair, rebuild, or replace less a fair and reasonable deduction for physical depreciation, or the policy limit, whichever is less.
3. Fannie Mae and most lenders do not permit actual cash value

Replacement Policy – there are several types

1. “Guaranteed replacement cost” will pay to completely rebuild the home regardless of coverage limit
2. Other types will pay for replacement cost but only up to the policy limit, or a certain percentage above those limits.
3. Some policies do not have building code upgrades coverage.

What does fire insurance cover?

- Replacement Cost v Actual Cash Value

Replacement cost is the dollar amount needed to replace a damaged item with one of similar kind and quality without deducting for depreciation.

An actual cash value policy pays the amount needed to replace the item at the current market value. (Most lenders do not accept actual cash value policies).

- Additional living expenses associate with relocation
- Personal property
- Damage to home and other structures
- Trees are insured on a limited basis
- Water damage depending on the cause
- Building code upgrades may or may not be covered
- Safeguarding property by covering it and making temporary repairs

How does the process of receiving insurance payments actually work?

- Proof of loss form submitted
- Claims adjuster will visit property
- “Scope of Loss” is a preliminary evaluation by claims adjuster
- Finished estimate
- The insurance company may offer an on-the-spot settlement but be wary of full settlement offers
- Separate payments for personal property, real property and additional living expenses
- The first check is typically an advance
- What if there is a deed of trust against the property?

If your home is mortgaged, the check for home repairs will generally be made out to you and the mortgage lender. As a condition of granting a mortgage, lenders usually require that they are named in the homeowner’s policy and that they are a party to any insurance payments related to the structure.

Consumer Tips from the Department of Insurance

- Keep all receipts during your evacuation.
- Policy provisions, including deductibles, vary by company, and residents should check with their insurance company or agent as soon as possible to confirm coverage, limits, and any other limitations and documentation requirements. Most renter's policies also typically include ALE coverage.
- Document the date, time, and names of any insurance company employees you speak to regarding your coverage.
- Consumers should make sure any insurance agent or public adjuster offering their services has a valid license by checking online with the [Department of Insurance](#).
- Download the Department's [Top 10 Tips for Wildfire Claimants](#) (also [available in Spanish](#), [Mandarin](#), and [Vietnamese](#)), which includes information about claiming ALE benefits.
- Under existing law, public adjusters cannot solicit business for seven calendar days after a disaster.
- Don't forget copies of insurance policies, important papers, and a photo or video inventory of your possessions. An inventory can be completed quickly and easily on your smart phone and safely stored in the Cloud.

Information made available by the California Department of Insurance

- Residential Property Claims Guide
<https://www.insurance.ca.gov/01-consumers/105-type/95-guides/03-res/upload/IG-Residential-Property-Claims-Guide-Updated-091423.pdf>
- Residential Insurance: Homeowners and Renters (brochure)
<https://www.insurance.ca.gov/01-consumers/105-type/95-guides/03-res/upload/IG-Residential-Insurance-Homeowners-and-renters-Updated-052124.pdf>
- Residential Insurance: Homeowners and Renters (32-page guide)
<https://www.insurance.ca.gov/01-consumers/105-type/95-guides/03-res/res-ins-guide.cfm#standardbroker>
- Don't Get scammed After a Disaster
<https://www.insurance.ca.gov/01-consumers/105-type/95-guides/03-res/upload/IG-Don-t-Get-Scammed-Updated-091523.pdf>

Mortgage Relief Options

- Need to speak with lender.
- FNMA and Freddie Mac have policies that could permit temporary loan forbearance



Los Angeles County Assessor
JEFF PRANG



SPECIAL BULLETIN

FOR IMMEDIATE RELEASE:

January 8, 2025

Email: pio@assessor.lacounty.gov

CONTACT: Steve Whitmore

Office: 213.974.3101

Mobile: 213.407.0650

Link to full Bulletin

<https://us11.campaign-archive.com/?u=3d79962a0e2ac6a48c94d04e8&id=b261f2c144>

“Misfortune and Calamity” Property Tax Relief

Property damaged or destroyed by the windstorms or wildfires may qualify for temporary property tax relief through the *Misfortune and Calamity* program. Key details include:

- **Eligibility:** The damage must exceed \$10,000 in the current market value of the property.
- **Filing Deadline:** Claims must be filed within 12 months of the date of the damage.
- **Benefits:** Approved claims may result in temporary property tax relief, with adjustments made to reflect the reduced value of your property until repairs or rebuilding are completed.
- More information and to download the claim form **(ADS-820)**, may be accessed at **assessor.lacounty.gov/tax-relief/disaster-relief** or call **(213) 974-3211**.

Replacement of Property Damaged or Destroyed by Disaster

Revenue and Tax Code	Property Type	Location of Replacement Property	Type of Relief Available	Substantially Damaged or Destroyed Test	Type of Disaster	Time
Section 69	All property types	Within same county	Base year value transfer	Either land or improvements	Governor-proclaimed	Within 5 years (Extension up to 2 years under SB 303)
Section 69.3	Principal place of residence	In another county	Same	Same	Same	Within 3 years
Section 69.5 (superseded by Section 69.6 below)	Principal place of residence -- 55 or older or disabled	Within same county or if approved in another county	Same	Same	Any disaster or calamity	Within 2 years
Prop 19 -- Section 69.6 (replacing section 69.5 above)	Same	In any county	Same	Same	Either wildfire or for all other natural disasters, Governor-proclaimed	Within 2 years
Section 70.5	All property types	Reconstruction on site	Base year value retained on site of reconstruction	Same	Governor-proclaimed	Within 5 years
Section 170	All property types	Same	Same		Governor-proclaimed; any disaster or calamity	12 months or more

Anti-Price Gouging

Los Angeles	Bridge Fire (9/11/2024)	3/10/2025 (Penal Code 396(c))
	Palisades Fire (1/7/2025)	2/6/2025 (Penal Code 396(b), (d), (e), (f)) 7/6/2025 (Penal Code 396(c))
Ventura	Mountain Fire (11/7/2024)	5/6/2025 (Penal Code 396(c))
	Palisades Fire (1/7/2025)	2/6/2025 (Penal Code 396(b), (d), (e), (f)) 7/6/2025 (Penal Code 396(c))

- (e) - rent
- (b) – consumer goods and emergency supplies
- (c) – contractors emergency services (180 days)
- (d) – hotels and motels
- (f) - stay on eviction of residential tenant

Reminder: The **STATEWIDE** emergency declaration related to spread of Bird Flu will expire on 1/17/2025, unless extended.

- Rent cannot be increased by more than 10% above the rate charged before the emergency declaration. In effect for 30 days from the declaration of emergency but can be extended.
- This rent cap applies to both existing tenancies and new rentals
- Criminal prosecution can result in up to one year in jail and a \$10,000 fine. Civil liability includes penalties of up to \$2,500 per violation and mandatory restitution.
- Private right of action under unfair business practice (restitution)
- The small cap letters refer to specific types of services
- For full statewide chart view this link:
<https://www.caloes.ca.gov/office-of-the-director/policy-administration/legal-affairs/price-gouging/>

What is the baseline “rental price?”

Rule:

It is unlawful for any person, business, or other entity, to increase the rental price, as defined, advertised, offered, or charged for housing, to an existing or prospective tenant, by more than 10 percent upon a declaration of emergency.

What is the 10% based on?

- For housing rented within one year prior to the time of the declaration of emergency the actual rental price paid by the tenant
- For housing not rented at the time of the declaration of emergency but rented or offered for rent within one year prior to the declaration of emergency the most recent rental price offered before the proclamation or declaration of emergency
- For housing not rented and not offered for rent within one year prior to the declaration of emergency 160% of the fair market rent established by HUD.

Resources

- **C.A.R. Resources**

- QGs: Wildfire Issues – Defensible Space and Fire Insurance
 - car.org/riskmanagement/tools/wildfireissues
- QAs: Fires: Basic Real Estate Legal Issues; Home Hardening Fire Disclosures
 - car.org/riskmanagement/qa/disasters-folder/firestorms
 - car.org/riskmanagement/qa/disclosure-folder/Home-Hardening
- C.A.R. Disaster Relief: car.org/difference/realtorscare
- California Disaster Resources: car.org/difference/realtorscare/cadisasterresources
- CA Wildfire/Natural Disaster Resources: www.smartzonecar.org/disaster-relief

- **NAR Resources**

- REALTORS® Relief Foundation: <https://rrf.realtor>

- **Government Resources**

- SBA: <https://www.sba.gov/article/2025/01/10/sba-offers-financial-relief-los-angeles-county-businesses-residents-impacted-devastating-wildfires>
- FEMA: <https://www.instagram.com/lacounty4ad/p/DEvnX0uMwTi/>
- CA DOI: <https://www.insurance.ca.gov>
- FHA: [HUD No. 25-013 | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](https://www.hud.gov/press/20250110)
- Freddie Mac: <https://freddiemac.gcs-web.com/news-releases/news-release-details/freddie-mac-reminds-homeowners-impacted-devastating-wildfires>
- Fannie Mac: [Resources if Impacted by a Disaster | Fannie Mae](https://www.fanniemae.com/resources/impacted-by-disaster)
- Tax returns: [California provides tax relief for those affected by Los Angeles wildfires | Governor of California](https://www.sos.ca.gov/newsroom/press-releases/20250110)

- **Other Resources**

- ABA, LACBA, Brokerage firms,