
Wildfire Legal Issues for REALTORS®

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Presented by

Robert Bloom, C.A.R. Senior Counsel

Neil Kalin, C.A.R. Assistant General Counsel



Wildfire Specific Issues

- Price Gouging and eviction prohibitions
- Prohibitions on unsolicited, below market offers
- Insurance Coverage
 - Cancellation, renewals, payment grace period, living expenses,
- So. Cal. Fires insurance orders
- Coverage terms
 - Cash value v replacement value
- Rebuilding
- Payments
- Mortgage provisions
- DOI information
- Mortgage relief
- Tax
 - IRS
 - Franchise Tax Board
 - Property tax
- Resources

Contract Terms Impacting Fire Preparedness

- Post-fire issues
- Pre-fire issues
- Post-closing issues

Anti-Price Gouging

Los Angeles	Bridge Fire (9/11/2024)	3/10/2025 (Penal Code 396(c))
	Los Angeles County Fires and Windstorm Event (1/7/2025)	1/7/2026 (Penal Code 396 (b)) 1/7/2026 (Penal Code 396(c)) 3/8/2025 (Penal Code 396 (d), (e), (f))
Statewide	2024 Bird Flu (12/18/2024)	1/17/2025 (Penal Code 396(b), (d), (e), (f)) 6/16/2025 (Penal Code 396(c))
Ventura	Mountain Fire (11/7/2024)	5/6/2025 (Penal Code 396(c))
	Los Angeles County Fires and Windstorm Event (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 and re-rent at higher price

- Prohibits increasing the rental price advertised, offered or charged for housing by more than 10% after a declaration of emergency. 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. DRE has stated their intent to diligently investigate complaints.
- 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/>

January 14, 2025

DRE Warns Against Price Gouging in Wildfire Areas

Sacramento, California – Unfortunately, Southern California is experiencing record-setting wildfires this year that has led to the evacuation of thousands of people and the loss of hundreds of homes.

With this in mind, the California Department of Real Estate (DRE) reminds licensees and consumers that price gouging is a criminal offense in counties where a state of emergency has been declared.

The anti-price gouging law is triggered when the emergency declaration is issued and applies to rental housing, including hotels and motels, as well as consumer food items and other goods and services and continues for 30 days from the date of that declaration, unless it is extended.

To protect California consumers affected by wildfires, DRE will diligently investigate complaints of unlawful price gouging related to rental housing by licensees and will take appropriate disciplinary action if the evidence warrants.

The law (Penal Code section 396) is intended to protect victims of disasters from being further harmed.

Price gouging is punishable by a fine of up to \$10,000 and/or imprisonment for up to one year. Charges of unlawful business practices can also be brought against licensees who violate anti-price gouging laws.

DRE encourages all licensees to share in the commitment to helping, rather than taking advantage of wildfire survivors.

If you are a consumer who believes they may be a victim of price gouging as it relates to real estate transactions and rental housing, complaints can be submitted to DRE at: <https://dre.ca.gov/Consumers/FileComplaint.html>.

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.

FY2025 FINAL FAIR MARKET RENTS DOCUMENTATION SYSTEM

- ▶ https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2025_code/select_Geography.odn

Select Geography

First select a state:

Alabama - AL
Alaska - AK
American Samoa - AS
Arizona - AZ
Arkansas - AR
California - CA
Colorado - CO
Connecticut - CT
Delaware - DE
District of Columbia - DC

Then select a county:

Alameda County, CA
Alpine County, CA
Amador County, CA
Butte County, CA
Calaveras County, CA
Colusa County, CA
Contra Costa County, CA
Del Norte County, CA
El Dorado County, CA
Fresno County, CA

Clear Counties

Or press below for statewide FMRs for California:

Statewide FMRs

Or select a FY 2025 HUD Metropolitan Fair Market Rent Area:

Abilene, TX MSA

Select HUD FMR Area

FY2025 FINAL FAIR MARKET RENTS DOCUMENTATION SYSTEM HTTPS://WWW.HUDUSER.GOV/P ORTAL/DATASETS/FMR/FMRS/FY 2025_CODE/SELECT_GEOGRAP HY.ODN



LOS ANGELES-LONG BEACH-GLENDALE, CA HUD METRO FMR AREA SMALL AREA FY 2025 FAIR MARKET RENTS

All Housing Choice Voucher programs operated in the Los Angeles-Long Beach-Glendale, CA HUD Metro FMR Area will use Small Area FMRs as defined by ZIP codes.

For FMR information for other programs, please click [here](#).

Los Angeles County, CA is part of the Los Angeles-Long Beach-Glendale, CA HUD Metro FMR Area, which consists of the following counties: Los Angeles County, CA. All information here applies to the entirety of the Los Angeles-Long Beach-Glendale, CA HUD Metro FMR Area.

In metropolitan areas, HUD defines Small Areas using ZIP Codes within the metropolitan area. Using ZIP codes as the basis for FMRs provides tenants with greater ability to move into "Opportunity Neighborhoods" with jobs, public transportation, and good schools. They also provide for multiple payment standards within a metropolitan area, and they are likely to reduce need for extensive market area rent reasonableness studies. Lastly, HUD hopes that setting FMRs for each ZIP code will reduce overpayment in lower-rent areas.

NOTE: ZIP Code areas are defined by the postal service to facilitate the efficient delivery of mail. Because of this, ZIP code areas may cross city, county, and in some limited instances, state lines. Consequently, ZIP codes which cross county lines may lie within more than one metropolitan area, or cover parts of one or more nonmetropolitan counties and part of a metropolitan area.

Los Angeles-Long Beach-Glendale, CA HUD Metro FMR Area Small Area FMRs By Unit Bedrooms					
ZIP Code	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
90001	\$1,600	\$1,810	\$2,290	\$2,940	\$3,240
90002	\$1,600	\$1,810	\$2,290	\$2,940	\$3,240
90003	\$1,600	\$1,810	\$2,290	\$2,940	\$3,240
90004	\$1,870	\$2,100	\$2,650	\$3,370	\$3,730
90005	\$1,940	\$2,170	\$2,740	\$3,480	\$3,860

Common questions re price gouging

- ▶ Does the price gouging law apply to sales?

No, it applies to rental housing

- ▶ What if the property is subject to the TPA (the statewide rent cap and just cause eviction law) which only permits an increase in rent that is less than 10%?

The price gouging law does not preempt the TPA or any other rent control law. Any rent increase must adhere to whichever rent law is more restrictive.

- ▶ What if the owner is renting out their own property? Are they still subject to the price gouging law?

Yes. 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 if the owner receives offers to rent that are above the 10% limit? Can they accept them?

No. The price gouging law states that the owner cannot advertise, offer or **charge** rent above the limit.

- ▶ In the above example, what if the owner is insistent on accepting an offer above the price gouging limit? What should the agent do?

- ▶ Work to convince the owner that accepting a lease for more than the permissible rent would violate the law and subject them to criminal and civil penalties. However, if they are intent on accepting the offer, then it may be necessary to terminate your representation of the owner at least in regard to that property. You cannot participate in negotiating for a rental price above the price gouging limits.

- ▶ Is the price gouging law in effect only in the counties in which there is a declared state of emergency?

- ▶ No. It's in effect wherever there is increase consumer demand as a result of the emergency.

- ▶ New Quick Guide: "Price Gouging Law and Residential Rental Properties"

Prohibition on eviction based on sheltering displaced persons – executive order

- ▶ Prohibits landlords from using the unlawful detainer process to evict a tenant for violating a term of their lease that would otherwise prohibit them from sheltering one or more people displaced by the recent emergency.
- ▶ Otherwise, unauthorized occupancy violates the no-assignment or subletting provisions of most leases.
- ▶ The order does not prohibit landlords from enforcing other lease terms, such as those regarding criminal activity or property damage.
- ▶ The order is in effect until March 8, 2025.

Prohibition on unsolicited and undervalued offers to purchase property in specified zip codes of LA County for three months

- Applies beginning January 6
- Specified zip codes: 90019, 90041, 90049, 90066, 90265, 90272, 90290, 90402, 91001, 91040, 91104, 91106, 91107, 93535, or 93536
- Prohibits making any unsolicited offer to an owner of real property to purchase or otherwise acquire any interest in the real property for an amount less than the fair market value of the property or interest in the property on January 6, 2025, for three months from the date of the Order.
- Violators can be convicted of a misdemeanor punishable by a fine of up to \$1,000 or by imprisonment for up to six months, or both.
- Text of Executive Order (# N-7-25) [EO-N-7-25-_-Land-Speculation-1.14.25-bl- GGN-Signed_.pdf](#)
- Quick Guide "[Prohibition on Making Unsolicited Offers in Fire Emergency Zones](#)"

DRE's Public Notice re Unsolicited Below Market Offers

https://dre.ca.gov/Consumers/PublicNotice_01172025_LA_Wildfires.html

- **What is an unsolicited offer?**
 - ✓ Properties not listed or advertised. Via text, email, phone. Person is offering to "help people in financial distress."
- **What can unlawful, unfair, or fraudulent practices look like?**
 - ✓ The person making the offer or saying that they represent a buyer threatens that you might not qualify for insurance in the future, so you should sell your property to them or their buyer.
 - ✓ The person promises all cash, a quick closing, a hassle-free transaction, a pre-closing cash advance, full payment of any liens, low or no commission, or the opportunity to avoid foreclosure if you sell your property to them or their buyer. The person making the unsolicited offer is vague when answering your questions.
 - ✓ The offer on the property is far below what your property was worth before the fires. Even if your property is damaged or destroyed, it's important that you take the time to have a professional help you determine the value of the property.
 - ✓ If you receive an unsolicited offer from a person for what seems to be a lower price than what you believed your property to be worth just before the recent wildfires, or otherwise feels unfair or fraudulent please report that to DRE at LAFires@dre.ca.gov.

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 Non-Renewals After a Declared Disaster:** When there is a total loss to a residential property as a result of a declared disaster, the insurance company is required to offer a renewal of the policy for at least the next two annual renewal periods, but no less than 24 months from the date of the loss. (Cal. Ins. Code section 675.1[a][3]). [See January 9 Dept of Ins Notice 2025-01](#)
- ▶ **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)

Updated Bulletin Expands 1 year moratorium on cancellation:

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: 90024, 90025, 90049, 90073, 90077, 90095, 90263, 90265, 90272, 90290, 90402, 90403, 91301, 91302, 91307, 91316, 91320, 91335, 91356, 91361, 91364, 91367, 91403, 91406, 91411, 91436
- Eaton Fire: 91001, 91006, 91007, 91008, 91010, 91011, 91016, 91020, 91023, 91024, 91042, 91046, 91101, 91103, 91104, 91105, 91106, 91107, 91108, 91123, 91125, 91126, 91206, 91208, 91214, 91706, 91731, 91732, 91775, 91780, 93563
- Hurst Fire: 91321, 91040, 91042, 91311, 91331, 91340, 91342, 91344, 91345, 91350, 91351, 91352, 91355, 91381, 91387, 91390, 93510
- Lidia Fire: 91042, 91342, 91390, 93510, 93550, 93551
- Sunset Fire: 90046, 90028, 90036, 90038, 90048, 90068, 90069, 90210, 91604
- Woodley Fire: 91316, 91325, 91330, 91335, 91343, 91402, 91405, 91406, 91411, 91436
- 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. "Basic" will pay for replacement cost but only up to the policy limit. "Extended" will pay a certain percentage above those limits.
2. Some policies do not have building code upgrades coverage.
3. "Guaranteed replacement cost" must completely rebuild the home regardless of the coverage limit

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.

Standard California Mortgage Provisions

- “Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss.”
- “... to generally assign rights to insurance proceeds to the holder of the Note up to the amount of the outstanding loan balance.”
- Will typically require the lender to be named as an additional insured and loss payee.
- “During such repair and restoration period, Lender shall have the right to hold such insurance proceeds . . . Lender may disburse proceeds for the repairs and restoration in a single payment or, in a series of progress payments as the work is completed.”

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

Fannie Mae, Freddie Mac and FHA have policies that could permit temporary loan forbearance.

- It will be necessary to speak with the lender or servicer

Bank of America, Citi, JPMorgan Chase, U.S. Bank, and Wells Fargo have committed to loan relief.

- These financial institutions will offer their qualified borrowers in specified LA County zipcodes shown below
 - 90-day mortgage payment forbearance periods, streamlined processes for requesting initial relief without submitting forms or documents, payment options that do not require immediate repayment of unpaid amounts (i.e., no balloon payments) at the end of the forbearance period, and the opportunity for additional relief.
 - Relief from mortgage-related late fees accruing during the forbearance period for 90 days.
 - Protection from new foreclosures or evictions for at least 60 days.
 - Institutions will not report late payments of forborne amounts to credit agencies
 - The relief is available to qualified residents who are customers of these institutions in Los Angeles County in the following ZIP codes: 90019, 90041, 90049, 90066, 90265, 90272, 90290, 90402, 91001, 91104, 91106, 91107, or 93536.
- **Borrowers must contact their mortgage servicer to obtain relief.** A copy of the commitments can be found [here](#).

Mortgage Relief Options

270 state-chartered banks, credit unions, and mortgage lenders and servicers have committed to providing mortgage relief for property owners in designated fire areas as a result of the devastation in Los Angeles and Ventura Counties.

- Similar to an announcement last week by five major lenders,
- 90-day mortgage payment forbearance periods, streamlined processes for requesting initial relief without submitting forms or documents, payment options that do not require immediate repayment of unpaid amounts (i.e., no balloon payments) at the end of the forbearance period, and the opportunity for additional relief.
- Relief from mortgage-related late fees accruing during the forbearance period for 90 days.
- Protection from new foreclosures or evictions for at least 60 days.
- Institutions will not report late payments of forborne amounts to credit agencies
- The relief is available to qualified residents who are customers of these institutions in Los Angeles County in the following ZIP codes: 90019, 90041, 90049, 90066, 90265, 90272, 90290, 90402, 91001, 91104, 91106, 91107, or 93536.

The relief is available to qualified residents who [customers of these institutions](#)



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**.

We Are Here for You

IRS announces tax relief for taxpayers impacted by wildfires in California; various deadlines postponed to Oct. 15

The Internal Revenue Service announced today tax relief for individuals and businesses in parts of California affected by wildfires and straight-line winds that began on Jan. 7, 2025. These taxpayers now have until Oct. 15, 2025, to file various federal individual and business tax returns and make tax payments.

- The tax relief postpones various tax filing and payment deadlines that occurred from Jan. 7, 2025, through Oct. 15, 2025 (postponement period). As a result, affected individuals and businesses will have until Oct. 15, 2025, to file returns and pay any taxes that were originally due during this period.
- This means, for example, that the Oct. 15, 2025, deadline will now apply to:
- Individual income tax returns and payments normally due on April 15, 2025.
- 2024 contributions to IRAs and health savings accounts for eligible taxpayers.
- 2024 quarterly estimated income tax payments normally due on Jan. 15, 2025, and estimated tax payments normally due on April 15, June 16 and Sept. 15, 2025.
- Quarterly payroll and excise tax returns normally due on Jan. 31, April 30 and July 31, 2025.
- Calendar-year partnership and S corporation returns normally due on March 17, 2025.
- Calendar-year corporation and fiduciary returns and payments normally due on April 15, 2025.
- Calendar-year tax-exempt organization returns normally due on May 15, 2025.
- In addition, penalties for failing to make payroll and excise tax deposits due on or after Jan. 7, 2025, and before Jan. 22, 2025, will be abated as long as the deposits are made by Jan. 22, 2025.
- <https://www.irs.gov/newsroom/irs-announces-tax-relief-for-taxpayers-impacted-by-wildfires-in-california-various-deadlines-postponed-to-oct-15#:~:text=The%20declaration%20permits%20the%20IRS,granted%20additional%20time%20to%20file.>

FTB postpones income tax filing and payment deadlines

- For taxpayers affected by the Los Angeles wildfires, the Governor's office announced that California will provide postponed income and franchise tax filing and payment deadlines in alignment with the filing postponement provided by the IRS. This means taxpayers in Los Angeles County will be granted a postponement to October 15, 2025, to file California tax returns on 2024 income and make any tax payments that would have been due January 7, 2025, through October 15, 2025. **This applies to all taxpayers located in Los Angeles County, even if they were not directly impacted by the fires.**

According to the Governor's announcement, this includes relief from the following deadlines:

- Quarterly estimated tax payments normally due on January 15, April 15, June 15, and September 15, 2025;
- Passthrough entity elective tax payments normally due on March 15 and June 15, 2025;
- Business entity corporate or passthrough entity tax returns normally due on March 15 and April 15, 2025;
- Individual tax returns and payments normally due on April 15, 2025; and
- Tax-exempt organization returns normally due on May 15, 2025.
- **We confirmed that similar to the relief granted by the IRS, this relief will also apply to taxpayers outside Los Angeles County whose tax professionals are located in Los Angeles County.** In addition, the Governor's office has announced that the CDTFA will provide an automatic three-month extension for tax filing deadlines for taxpayers within Los Angeles County for those Los Angeles County taxpayers whose 2024 third quarter return was for less than \$1 million in tax. This means that the January 30 returns are now due April 30, 2025. The CDTFA will also provide Los Angeles County taxpayers relief from interest and penalties and create flexible payment plans for businesses.

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

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

Wildfires and Contracts

Post-fire issues

- Can a seller cancel a listing agreement?
 - Also, NHD reports,
- Can a buyer cancel a purchase agreement?
 - Condition of Property
 - Vendor and purchaser risk of loss act
 - Buyer occupancy before close
- Can a buyer force a seller to sell?
 - If so, at what price
 - Specific Performance
 - Real estate unique. Court of equity.
- Can a seller cancel a purchase agreement?
 - Risk act
 - Case law
- Can a tenant cancel a lease agreement?
 - Lease term. Object of contract
- Can a tenant compel a landlord to pay for tenant's relocation during rebuild or repairs?
 - Lease term.

Wildfires and Contracts

Pre-fire issues

- Buyer terms
 - Insurance contingency
 - Contingency removal (CR-B, BIE, BIW)
 - Advisories (BHIA, WFDA)
- Seller or Buyer terms
 - Allocation of costs (NHD report, Optional Wildfire Disclosure report)
 - FHDS timing and cancellation Seller Purchase agreement terms
 - Fire hardening, defensible space (discovery, knowledge, agreement, inspection)
 - Seller Property Questionnaire
- Post-closing occupancy (SIP, RLAS)

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.

- Q. Can a seller impacted by wildfires cancel a listing?
- A. Probably yes. Especially if property totally or substantially destroyed.

Vacant Land Sales



VACANT LAND LISTING AGREEMENT

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

Date Prepared: _____

1. **EXCLUSIVE AUTHORIZATION:** _____ ("Owner")
hereby employs and grants _____ ("Broker")
the exclusive and irrevocable right to: ☐ SELL, ☐ LEASE, ☐ EXCHANGE, ☐ OPTION, or ☐ OTHER _____
the real property described as 1 Somewhere Street,
situated Someplace (City), _____ (County), California, _____ (Zip Code),
Assessor's Parcel No. _____ ("Property") for the Listing Period in **paragraph 2A(1)**.

F(2)	7E	Investigation Reports	<div><input checked="" type="checkbox"/> Natural Hazard Disclosure</div> <div><input type="checkbox"/> Structural Pest Control,</div> <div><input type="checkbox"/> General Property Inspection,</div> <div><input type="checkbox"/> Homeowners Association Documents,</div> <div><input type="checkbox"/> Preliminary (Title) Report,</div> <div><input type="checkbox"/> Roof Inspection,</div> <div><input type="checkbox"/> Pool Inspection,</div> <div><input type="checkbox"/> Septic/Sewer Inspection,</div> <div><input type="checkbox"/> Other: _____</div>	<p>Owner shall order and pay for any reports selected within 5 (or _____) days of the Beginning Date of this Agreement</p>
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Vacant Land Sales



CALIFORNIA
ASSOCIATION
OF REALTORS®

VACANT LAND PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

(C.A.R. FORM VLPA, Revised 12/24)

Date Prepared: _____

1. OFFER:

- A. **THIS IS AN OFFER FROM** _____ (“Buyer”).
☐ Individual(s), ☐ A Corporation, ☐ A Partnership, ☐ An LLC, ☐ Other _____.
- B. **THE PROPERTY** to be acquired is 1 Somewhere Street, situated
in Someplace (City), _____ (County), California, _____ (Zip Code),
Assessor's Parcel No(s). _____ (“Property”).
Further Described As _____.
(Postal/Mailing address may be different from city jurisdiction. Buyer is advised to investigate.)
- C. **THE TERMS OF THE PURCHASE ARE SPECIFIED BELOW AND ON THE FOLLOWING PAGES.**

Vacant Land Sales

L(1)	8A	Loan(s)	17 (or _____) Days after Acceptance	<input type="checkbox"/> No loan contingency
L(2)	8B	Appraisal: Appraisal contingency based upon appraised value at a minimum of purchase price or <input type="checkbox"/> \$ _____	17 (or _____) Days after Acceptance	<input type="checkbox"/> No appraisal contingency Removal of appraisal contingency does not eliminate appraisal cancellation rights in FVAC.
L(3)	8C	<input type="checkbox"/> Purchase of Manufactured Home Buyer has (or <input type="checkbox"/> has not) entered into contract to purchase a personal property manufactured home	17 (or _____) Days after Acceptance <input type="checkbox"/> Shall remain in effect until the Close Of Escrow of the Property	REMOVAL OR WAIVER OF CONTINGENCY: Any contingency in L(1)-L(10) may be removed or waived by checking the applicable box above or attaching a Contingency Removal (C.A.R. Form CR-B) and checking the applicable box therein. Removal or Waiver at time of offer is against Agent advice. See paragraph 8K.
L(4)	8D	<input type="checkbox"/> Construction Loan Financing A draw from the construction loan will not (or <input type="checkbox"/> will) be used to finance the Property	17 (or _____) Days after Acceptance	
L(5)	8E, 15	Investigation of Property Informational Access to Property Buyer's right to access the Property for informational purposes only is NOT a contingency and does NOT create additional cancellation rights for Buyer.	17 (or _____) Days after Acceptance 17 (or _____) Days after Acceptance	
L(6)	8F	Insurance	17 (or _____) Days after Acceptance	

☐ **CR-B attached**

		Possession	Time for Performance	Additional Terms
M	3R	Vacant Lot Delivery <input type="checkbox"/> Lease/tenant in place	Upon notice of recordation On COE Date	Property to be delivered subject to tenant rights, except _____.

Vacant Land Sales

Q(1)		Natural Hazard Zone Disclosure Report, including tax information	<input type="checkbox"/> Buyer <input type="checkbox"/> Seller <input type="checkbox"/> Both _____ <input type="checkbox"/> Provided by: Click here to select your Service Provider	<input type="checkbox"/> Environmental <input type="checkbox"/> Other _____
Q(2)	15B(1)(D)	Environmental Survey (Phase I)	<input type="checkbox"/> Buyer <input type="checkbox"/> Seller <input type="checkbox"/> Both _____	
Q(3)	10	Gov't Point of Sale Requirements Inspections and reports	<input type="checkbox"/> Buyer <input type="checkbox"/> Seller <input type="checkbox"/> Both _____	

C. BUYER AND SELLER ADVISORIES: (Note: All Advisories below are provided for reference purposes only and are not intended to be incorporated into this Agreement.)

☒ Buyer's Vacant Land Additional Investigation Advisory (C.A.R. Form BVLIA)

☒ Fair Housing and Discrimination Advisory (C.A.R. Form FHDA)

☒ Wire Fraud Advisory (C.A.R. Form WFA)

☒ Cal. Consumer Privacy Act Advisory (C.A.R. Form CCPA)

(Parties may also receive a privacy disclosure from their own Agent.)

☐ Wildfire Disaster Advisory (C.A.R. Form WFDA)

☐ Statewide Buyer and Seller Advisory (C.A.R. Form SBSA)

☐ Trust Advisory (C.A.R. Form TA)

☐ Short Sale Information and Advisory (C.A.R. Form SSIA)

☐ REO Advisory (C.A.R. Form REO)

☐ Probate Advisory (C.A.R. Form PA)

☐ Other _____

☐ Other _____

Vacant Land Sales

- G. ADDITIONAL DISCLOSURES:** Within the time specified in **paragraph 3N(1)**, if Seller has actual knowledge Seller shall provide to Buyer, in writing, the following information:
- (1) **LEGAL PROCEEDINGS:** Any lawsuits by or against Seller, threatening or affecting the Property, including any lawsuits alleging a defect or deficiency in the Property or common areas, or any known notices of abatement or citations filed or issued against the Property.
 - (2) **AGRICULTURAL USE:** Whether the Property is subject to restrictions for agricultural use pursuant to the Williamson Act (Government Code §§ 51200-51295).
 - (3) **DEED RESTRICTIONS:** Any deed restrictions or obligations.
 - (4) **FARM USE:** Whether the Property is in, or adjacent to, an area with Right to Farm rights (Civil Code § 3482.5 and § 3482.6).
 - (5) **ENDANGERED SPECIES:** Presence of endangered, threatened, "candidate" species, or wetlands on the Property
 - (6) **ENVIRONMENTAL HAZARDS:** Any substances, materials, or products that may be an environmental hazard including, but not limited to, asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks, and contaminated soil or water on the Property.
 - (7) **COMMON WALLS:** Any features of the Property shared in common with adjoining landowners, such as walls, fences, roads, and driveways, and agriculture and domestic wells whose use or responsibility for maintenance may have an effect on the Property.
 - (8) **LANDLOCKED:** The absence of legal or physical access to the Property.
 - (9) **EASEMENTS/ENCROACHMENTS:** Any encroachments, easements, or similar matters that may affect the Property.
 - (10) **SOIL FILL:** Any fill (compacted or otherwise), or abandoned mining operations on the Property.
 - (11) **SOIL PROBLEMS:** Any slippage, sliding, flooding, drainage, grading, or other soil problems.
 - (12) **EARTHQUAKE DAMAGE:** Major damage to the Property of any of the structures from fire, earthquake, floods, or landslides.
 - (13) **ZONING ISSUES:** Any zoning violations, non-conforming uses, or violations of "setback" requirements.
 - (14) **NEIGHBORHOOD PROBLEMS:** Any neighborhood noise problems, or other nuisances.
 - (15) **SURVEY, PLANS, PERMITS AND ENGINEERING DOCUMENTS:** If in Seller's possession, Copies of surveys, plans, specifications, permits and approvals, development plans, licenses, and engineering documents, if any, prepared on Seller's behalf on in Seller's possession.
 - (16) **VIOLATION NOTICES:** **Seller shall disclose any notice of violations of any Law filed or issued against the Property.**
- H. MELLO-ROOS TAX; 1915 BOND ACT:** Within the time specified in **paragraph 3N(1)**, Seller shall: (i) make a good faith effort to obtain a notice from any local agencies that levy a special tax or assessment on the Property (or, if allowed, substantially equivalent notice), pursuant to the Mello-Roos Community Facilities Act, and Improvement Bond Act of 1915, and (ii) promptly Deliver to Buyer any such notice obtained.
- I. KNOWN MATERIAL FACTS:** Seller shall, within the time specified in **paragraph 3N(1)**, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including, but not limited to, known insurance claims within the past five years, or provide Buyer with permission to contact insurer to get such information (C.A.R. Form ARC), and make any and all other disclosures required by Law.
- J. SELLER VACANT LAND QUESTIONNAIRE:** Seller shall, within the time specified in **paragraph 3N(1)**, complete and provide Buyer with a Seller Vacant Land Questionnaire (C.A.R. Form VLQ).

Vacant Land Sales

13. CHANGES DURING ESCROW:

- A. Prior to Close Of Escrow, Seller may engage in the following acts ("**Proposed Changes**"), subject to Buyer's rights in **paragraph 13B: (i)** rent or lease any vacant unit or other part of the premises; ~~(ii) alter, modify, or extend any existing rental or lease agreement;~~ **(iii)** enter into, alter, modify, or extend any service contract(s); or **(iv)** change the status of the condition of the Property.
- B. (1) At least **7 Days** prior to any Proposed Changes, Seller shall Deliver written notice to Buyer of such Proposed Change
(2) Within **5 Days** after receipt of such notice, Buyer, in writing, may give Seller notice of Buyer's objection to the Proposed Changes in which case Seller shall not make the Proposed Changes.

15. BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:

- A. Buyer shall, within the time specified in **paragraph 3L(5)**, have the right, at Buyer's expense unless Otherwise Agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations").
- B. Buyer Investigations include, but are not limited to:
- (1) Inspections regarding any physical attributes of the Property or items connected to the Property, such as:
 - (A) A general inspection.
 - (B) An inspection for lead-based paint and other lead-based paint hazards.
 - (C) An inspection specifically for wood destroying pests and organisms. Any inspection for wood destroying pests and organisms shall be prepared by a registered Structural Pest Control company; shall cover the main building and attached structures; may cover detached structures; shall NOT include water tests of shower pans on upper level units unless the owners of property below the shower consent; shall NOT include roof coverings; and, if the Property is a unit in a condominium or other common interest subdivision, the inspection shall include only the separate interest and any exclusive-use areas being transferred, and shall NOT include common areas; and shall include a report ("Pest Control Report") showing the findings of the company which shall be separated into sections for evident infestation or infections (Section 1) and for conditions likely to lead to infestation or infection (Section 2).
 - (D) A phase one environmental survey, paid for and obtained by the party indicated in **paragraph 3Q(2)**. If Buyer is responsible for obtaining and paying for the survey, Buyer shall act diligently and in good faith to obtain such survey within the time specified in **paragraph 3L(5)**. Buyer has **5 Days** after receiving the survey to remove this portion of the Buyer's Investigation contingency.

Vacant Land Sales

- formed, and should not be relied upon by Buyer.
- H. **ZONING AND LAND USE:** Past, present, or proposed laws, ordinances, referendums, initiatives, votes, applications, and permits affecting the current use of the Property, future development, zoning, building, size, governmental permits and inspections. Any zoning violations, non-conforming uses, or violations of "setback" requirements. (Buyer should also investigate whether these matters affect Buyer's intended use of the Property.
 - I. **UTILITIES AND SERVICES:** Availability, costs, restrictions, and location of utilities and services, including but not limited to, sewerage, sanitation, septic and leach lines, water, electricity, gas, telephone, cable TV, and drainage.
 - J. **ENVIRONMENTAL HAZARDS:** Potential environmental hazards, including but not limited to, asbestos, lead-based paint and other lead contamination, radon, methane, other gases, fuel, oil or chemical storage tanks, contaminated soil or water, hazardous waste, waste disposal sites, electromagnetic fields, nuclear sources, and other substances, including mold (airborne, toxic, or otherwise), fungus or similar contaminant, materials, products, or conditions.
 - K. **GEOLOGIC CONDITIONS:** Geologic/seismic conditions, soil and terrain stability, suitability and drainage including slippage, sliding, flooding, drainage, grading, fill (compacted or otherwise), or other soil problems.
 - L. **NATURAL HAZARD ZONE:** Special Flood Hazard Areas, Potential Flooding (Inundation) Areas, Very High Hazard Zones, State Fire Responsibility Areas, Earthquake Fault Zones, Seismic Hazard Zones, or any other zone for which disclosure is required by Law.
 - M. **PROPERTY DAMAGE:** Major damage to the Property of any of the structures or non-structural systems and components and any personal property included in the sale from fire, earthquake, floods, landslides, or other causes.

Vacant Land Sales

SELLER VACANT LAND QUESTIONNAIRE

(C.A.R. Form VLQ, Revised 6/23)

16. DISASTER RELIEF, INSURANCE OR CIVIL SETTLEMENT:

ARE YOU (SELLER) AWARE OF...

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 correct damage..... ☐ Yes ☐ No

Explanation:

Vacant Land Sales



BUYER'S VACANT LAND ADDITIONAL INSPECTION ADVISORY

(C.A.R. Form BVLIA, Revised 6/23)

E. YOU ARE ADVISED TO CONDUCT INVESTIGATIONS OF THE ENTIRE PROPERTY, INCLUDING, BUT NOT LIMITED TO THE FOLLOWING:

1. **FINANCE:** Financing the purchase of vacant land and especially financing construction loans for the improvement of vacant land can provide particular challenges, including subordination agreements and insurance requirements. Buyer is advised to seek the assistance of reputable lenders in assistance with their decisions regarding financing of the property.
2. **CONSTRUCTION COSTS:** If Buyer is contemplating building improvements on the property, Buyer is advised that they will have to contact any contractors, service providers, suppliers, architects, utility companies regarding the costs of improvements. Buyer is advised to get written bids from all such persons regarding their decision to develop the property.
3. **UTILITIES:** Unimproved property may or may not have utilities available to the property. Buyer(s) is advised to obtain information from the public or private utility provider about the availability and cost of providing utilities to the property and whether necessary easements are in place to allow such utilities to the property.
4. **ENVIRONMENTAL SURVEY:** Unimproved land may have had or may have hazardous materials stored upon or under the land or been used by persons engaged in activities exposing the land to hazardous materials. The land may also be host to protected vegetation or animal life. Buyer(s) is advised to satisfy themselves as what hazards or protected plant or animal life are on the property and what impact they may have on Buyer's future plans for the property by seeking the help of a qualified professional.
5. **NATURAL HAZARDS REPORTS:** Buyer(s) is advised that while certain disclosures are required by state, federal and local laws, hazard disclosure companies can provide additional disclosures for both natural and man-made hazards or nuisances for a cost. Buyer is advised to seek the advice of a natural hazards reporting company regarding additional reports and disclosures that buyer may wish to obtain.

Other Listing Agreement Issue: Ordering Reports

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; 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.

Post-fire buyer rights

- Q. Can a buyer cancel a purchase?
- A. No early possession. Yes.
 - Early possession. Probably yes, anyway, under C.A.R. lease because agreement allows buyer, as buyer or tenant, to terminate occupancy agreement. Then exercise contract or Risk Act.

Post-fire buyer rights

- Q. Can a buyer force a seller to sell?
 - At reduced price?
 - How? Specific performance
 - Real estate unique?
 - Courts of equity
 - Dixon v. Salvation Army
- A. No, or certainly, not likely

Post-fire seller rights

- Q. Can a seller cancel a purchase agreement?
 - Risk Act – on its face does not apply

- 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.

- Dixon v. Salvation Army
- A. Yes, but even if not, buyer cannot enforce (see slide above)

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.**

Q. Can a tenant compel a landlord (housing provider) to pay for tenant's relocation during rebuild or repairs?

A. Not if landlord (housing provider) exercises cancellation.

Q. If neither tenant nor landlord (housing provider) cancels, does tenant have to pay rent during rebuild or repair?

A. If tenant pays, then landlord (housing provider) will probably be obligated to use money to pay for alternate housing. If tenant remains, the reduced rent to accommodate for reduced value.

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.

1. **IMPORTANCE OF OBTAINING PROPERTY INSURANCE:** If the property you are purchasing is destroyed or damaged due to natural disaster or accident or some other event, insurance may be available to help with the cost of repair or rebuilding. In the absence of property insurance, the homeowner would be responsible for the full expense. If the property is purchased with a loan, or refinanced, the lender will require an insurance policy protecting its interest. Insurance policies can cover damage due to one or more of the following: fire, flood, earthquake and other causes. The policy or an insurance broker should be consulted to determine when coverage applies and whether a supplement or rider can be purchased to provide additional coverage or if a separate policy is necessary.
2. **PROPERTY INSURANCE AND PURCHASE CONTRACT TERMS:** Your real estate purchase contract may contain a contingency that gives you the right to legally cancel the agreement within a specified time if you are unable to obtain or afford property insurance. This cancellation right may be a specific contingency pertaining to insurance or may be part of an overall investigation contingency. If buyer waives or removes the applicable contingency before determining the availability and cost of property insurance, buyer is acting against the advice of broker. Additionally, if the property is part of an HOA, lenders may require and buyers will want to know that the HOA has adequate insurance to cover the areas for which the HOA is responsible.
3. **CALIFORNIA'S PROPERTY INSURANCE MARKET:** Some insurance carriers in California have stopped issuing new property insurance policies and others are limiting the number and location of new policies, due to rising replacement costs and an increase in natural disasters. These changes may affect both the availability and cost of insurance. However, over 50 insurance carriers are admitted to sell property insurance in California so it may be possible to obtain insurance even if some carriers will not write a new policy covering the property you intend to buy. An insurance broker may also be able to find a non-admitted insurance carrier offering to insure the property you intend to buy. Because locating an affordable insurance policy could take time and effort, buyers are advised to make all insurance inquiries as early in the home buying process as possible.
4. **INSURANCE CONDITIONS:** Many insurance carriers impose physical condition standards before issuing a policy, or reserve the right to cancel policies even after they are issued, if certain minimum standards are not confirmed in an inspection or otherwise. Physical conditions standards could include, but are not limited to, prohibition of "knob and tube" electrical wiring, requirements related to piping/plumbing materials, standards related to the age and/or quality of the roof or foundation, minimal safety standards related to handrails, tripping hazards, and defensible space requirements.
5. **RESOURCES:** The California Department of Insurance (DOI) maintains a website addressing Residential Home insurance. Resources on this State government webpage include: (i) Top Ten tips for Finding Residential Insurance; (ii) Residential Insurance Company Contact List; (iii) Home Insurance Finder; and (iv) information on other insurance issues. The webpage also includes information on how to contact the DOI, and suggestions on what to do if you cannot find insurance. The webpage and link to other documents is located at <https://www.insurance.ca.gov/01-consumers/105-type/5-residential/index.cfm>.
6. **BROKER RECOMMENDATION:** Buyer is advised to explore available property insurance options early in the home buying process and to consult with a qualified insurance professional of buyer's choosing to understand insurance availability and cost prior to removal of any related contingencies. Real estate brokers do not have expertise in this area.



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; 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; 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; Seller

Fire Hardening and Defensible Space Disclosure and Addendum

- Only required for
 - Residential property with 1-4 units, including mobilehomes
 - 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 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; 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.