

Real Estate Transactions in a Safer at Home Environment (COVID-19)

As of March 19, 2020, all Californians are under a stay at home order pursuant to an Executive Order issued by Governor Newsom due to COVID-19. Real estate practitioners are considered essential service providers and permitted to conduct business outside of the home provided they maintain social distancing as much as possible and otherwise minimize contact with others. Local law may be more restrictive. Real estate clients are not exempt. It is still possible to engage with existing and prospective clients during this challenging period. What follows are some general guidelines for continuing your business relationships. See <https://www.carcovidupdates.org/> for detailed information, including further best practices [here](#).

1. How should I handle active listings?

First, have an honest conversation with your client about the potential impact to the expected amount of time it will take to sell their home, the eventual purchase price, and changes to the marketing plan. Talk about possibly extending the listing term to allow for reasonable additional time to market and sell their home and if a buyer is found, prepare your seller for requests for longer contingency or escrow periods than could have been previously expected. Be sure to document your discussion and copy the seller.

2. Can I market property during this period?

Yes. But, REALTORS® should minimize all face-to-face marketing or sales activities, including showings, listing appointments, and property inspections, and practice social distancing during any such interaction, but eliminate open houses. This is a time to get comfortable and creative with the wide variety of technology tools that will allow you to connect virtually. Video conferencing tools and smart phones provide the opportunity to perform many of these activities virtually.

3. What if my seller wants to cease all marketing?

The broker and seller can mutually agree to postpone marketing to a time when the broker can more effectively market the property. They can also agree to extend the listing period to make up for the lack of marketing.

4. What are my options for taking new listings during this period?

A broker and seller can still enter into a listing agreement, and by mutual agreement include a postponed marketing or even effective date. If the seller wants to begin marketing the property before the agreed marketing or effective date, then the change should be documented in a written instruction from the seller to the listing broker, such as C.A.R. Form MT, Modification of Listing. Check local MLS rules and inform the seller of any time requirements to input the listing into the MLS. There are many pre-marketing activities that can be arranged virtually, including advice on preparing the home for sale, completion of disclosure forms by the seller and performance of repairs.

5. I have a buyer who wants to make an offer, can I still present offers?

Yes. Any transaction with a willing buyer and seller can proceed and even close under the current conditions. All contractual requirements can be reviewed and signed digitally utilizing zipForm.

6. What about pending transactions that are unable to close due to COVID-related causes?

Use C.A.R. Forms CVA and NUCC to work with the parties to record how they want to resolve any COVID-related closing issues. These forms allow the parties to extend a contingency, postpone the closing date, and, in the right circumstances, cancel, or enter into some other mutually acceptable result upon a documented COVID-related difficulty. Due to changes in the law, C.A.R. Forms CVA and NUCC have been discontinued.

7. Can inspections still be performed within these restrictions?

Home inspection service providers and agent required visual inspections are permitted to continue, unless precluded by local law. If Buyers are reluctant to enter a property prior to close of escrow and want to waive a home or other inspection, buyer-side REALTORS® should document the decision on C.A.R. Form BIW, Buyer Inspection Waiver and the purchase agreement should be modified with a Contingency Removal, C.A.R. Form CR.

8. Will pending transactions be able to close and record?

Closings continue to take place, but you should talk to the lender or title or escrow company about how they are handling the signing of closing documents. Most county recorders are open for electronic recordings and if unavailable within your county, ask your lender about gap insurance to cover any delay in recording.