



DATE: June 23, 2008
TO: Escrow Department Personnel – Southern California
FROM: Kim Dawson & Tena Jones – Escrow Administration

We have been receiving a lot of inquiries relative to the City of Los Angeles Residential Property Report and the Water Conservation Retrofit Certificate of Compliance. We hope that the information contained in this memo will answer your questions and provide you with information to assist you in correctly addressing any properties you may close in the City of Los Angeles.

Clauses

We have revised all of the clauses that are in your systems in order to properly reflect the requirements for the City of LA Report and Department of Water and Power Compliance Certificates. There are now 4 clauses that deal with City of LA as follows:

- *City of Los Angeles Report of Residential Property Records (includes the Water Conservation Clause)*
- *City of Los Angeles Report of Residential Property Records Received After Close of Escrow*
- *City of Los Angeles Report of Residential Property Records Outside of Escrow (includes the Water Conservation Clause).*
- *City of Los Angeles Water Conservation Retrofit*

As you can see from the clauses below we can **receive the report after close of escrow or the report can be done outside of escrow**, but we cannot WAIVE the report.

☞ Copies of the clauses are attached for your reference. These are all available in your production systems.

Can You WAIVE the City Report Requirement?

The answer is **NO**. You cannot waive a City Ordinance. Section 11.00(m) of the Los Angeles Municipal Code is very clear that it is "unlawful for any person to violate any provision or fail to comply with any of the requirements of the code". The code goes on to say that every violation of this code is punishable as a misdemeanor and a fine of no more than \$1,000 or by imprisonment in the County Jail for a period of no more than six (6) months, or both.

☞ (Although it is a faxed copy – we have attached the Division D Ordinance and Section 11.00(m) dealing with penalties for your reference).

Can Principals Choose To Handle The City Report Outside of Escrow?

Yes they can. You will need to use the LandAmerica approved clause (see the attached sample which can be found in your production systems).

What Do I Do With REO Transactions?

REO transactions are NOT exempt from the law. In fact, we contacted the City of Los Angeles and they specifically indicated that the REO customers must sign (whoever is legally authorized to sign on behalf of the REO company) and their signature is only declaring Item (B) in section 1. You must then also have the Buyer complete Section II and sign. If you read the bold printed sentence at the top of the form it reads:

City of Los Angeles - Department of Building and Safety	
REPORT OF RESIDENTIAL PROPERTY RECORDS DECLARATIONS ATTACHMENT	
(Per L.A.M.C. Sec. 22.12, 22.13., refunds are not granted for a report where ANY work has been done on the report.)	
PROJECT ADDRESS	ASSESSOR'S ID
Description of property being sold: • Vacant Lot • One Family Dwelling • Other Residential Building	
The Owner must complete item B in Section I for all reports. If the owner cannot complete all declarations under item A of Section I, the Buyer must complete Section "II. Buyer's Declaration."	

If the principals refuse to sign this document, you will be forced to do an amendment that the City Report is to be handled OUTSIDE OF ESCROW (and you need to use the LandAmerica clause). Remember, it is NOT escrow holder's responsibility to secure or ensure that these reports are being done. We have, over time, been given this duty by the Real Estate Community, of which we have happily complied.


What If The Transaction I'm Handling Had A Report Issued Within The Last Six Months?

The Reports from the City of Los Angeles Building and Safety and Department of Water and Power are both good for 6 months. This means if you have a file that closed within 6 months of your closing, the principals may use the same report and do not have to obtain a new report. You should still put the requirements of the report in your instructions and indicate the Seller is going to deposit the reports which are dated within 6 months of your closing date. You should have the Buyer acknowledge a copy of those existing reports.

Can I Get Information For the City of LA Report and Department of Water and Power Online?

Yes. Following is the link to the Automated Residential Property Report System and a copy of the webpage for your reference.

<http://netinfo.ladbs.org/autores/autores.nsf>

<p>AUTORES</p> <p>Home</p> <p>Search Parcel</p> <p>Request For RPR</p> <p>Resume Shopping Cart</p> <p>Request a Refund</p> <p>Search/Status</p> <p>Parcel Information Key</p> <p>Help</p>	<p>www.ladbs.org (select Residential Property Report)</p> <p>Version: 2.51</p> <p>City of Los Angeles</p> <p>Residential Property Report System</p>  <p><i>Welcome to the City of Los Angeles' Automated Residential Property Report System (Autores). At this site you can order a new "Report of Residential Property Records and Pending Special Assessment Liens" (also known as a Residential Property Report, RPR, or Form 9), check on the status of an RPR, and, if you have the RPR No. and County Assessor Identification Number (also known as AIN or Book-Page-Parcel No.), print a completed RPR. Instructions for using Autores and phone numbers for customer assistance are available by clicking on HELP to the left of this screen. Please review the instructions before placing a call as your questions may be answered in that text. If the instructions do not answer your questions, do not hesitate to call for assistance.</i></p> <p><i>Los Angeles Municipal Code Section 96.300 requires that the seller of residential property provide an RPR to the buyer before entering into an agreement of sale or exchange of residential property or prior to the close of escrow in connection therewith. There is a fee of \$70.20 for each report requested.</i></p>
--	---

You can complete the Residential Building Report Application online (or print a copy):

http://www.ladbs.org/permits/permit_related_forms/9aform_Autores.pdf

(We have also enclosed a copy of the report for your convenience. Please note that this report is only current as of the date of this memo)

Here is the link to obtain an original current Certificate of Compliance form the DWP:

<http://www.ladwp.com/ladwp/cms/ladwp005999.pdf>



Whenever you are faced with any questions relative to the City of Los Angeles Report Requirements, never hesitate to get management (either local or regional) involved. Together we can make sure we move forward in the proper way to enable your customers, you as the escrow holder and LandAmerica to be protected.

CITY CLAUSES – SAMPLES**CLAUSE #1****CITY OF LOS ANGELES REPORT OF RESIDENTIAL PROPERTY RECORDS**

In compliance with the City of Los Angeles Ordinance No. 144,942, seller(s) shall furnish buyer(s), through escrow, prior to the close, a report of Residential Property Records and Pending Special Assessment Liens (Residential Property Records Report). Among other things this report contains information pertinent to the property's authorized occupancy and use, legal number of units, sewer connection and permits, weed abatement, pending special and/or future assessment liens, smoke detectors, impact hazard glazing ordinance and information relative to rent stabilization. Seller(s) shall deliver a check to escrow in the amount of \$[amount to fill in], payable to the Department of Building and Safety, together with a completed application, immediately upon opening of escrow. Escrow holder's only duty, concern or responsibility is to forward the completed application and Sellers check to the City of Los Angeles and, upon receipt from the City, to forward the report to the Buyer(s) & Seller(s), prior to the close of escrow. Parties are advised that no ordinance contains a provision which states or implies that a signed waiver or other such document can be accepted in lieu of a Residential Property Report issued by the City of Los Angeles. For complete information regarding this report, please visit the City of Los Angeles Building and Safety website at www.ladbs.org.

CITY OF LOS ANGELES WATER CONSERVATION RETROFIT:

In accordance with Section 122.03(b) of the Los Angeles Municipal Code, seller(s) shall comply with the water conservation measures and deposit a Certificate of Compliance with escrow holder prior to the close of escrow. Escrow holder is authorized and instructed to forward the Certificate of Compliance to the Department of Building and Safety along with the \$[] filing fee, to be deducted from the proceeds due the undersigned seller(s) at the close of escrow. For more information, you can visit the Los Angeles County Department of Water and Power at www.ladwp.com.

CLAUSE #2**“CITY OF LOS ANGELES REPORT OF RESIDENTIAL PROPERTY RECORDS RECEIVED AFTER CLOSE OF ESCROW”**

In the event the residential property report to be issued by the City of Los Angeles is not received by buyer(s) and escrow holder prior to the close of escrow, buyer(s) and seller(s) instruct escrow holder to proceed with the closing of this transaction and the recordation of all documents without the benefit of same.

Buyer(s) and Sellers(s) signatures on this instruction shall constitute their complete knowledge and understanding of the important information which is reported by the City of Los Angeles in this report, which among other things contains information pertinent to the property's authorized occupancy and use, legal number of units, sewer connection and permits, weed abatement, pending special and/or future assessment liens, smoke detectors, impact hazard glazing ordinance and information relative to rent stabilization. All parties are advised to review the City of Los Angeles Building Regulations Division D which specifically outlines all report requirements.

Because all parties have specifically instructed escrow holder to close without the receipt of this report, escrow holder and Real Estate Brokers (if any) are to be held harmless from any and all liability and/or responsibility in connection with this instruction, and any ramification that may occur as a result of same. Seller agrees that they shall remain fully liable and responsible for the correction of any irregularities which may be disclosed on the 9 report, if any, at Seller's expense outside of this escrow. Escrow holder and Real Estate Brokers (if any) are not to be held liable or responsible in any manner whatsoever with regards to any corrective work completed after the close of escrow. Escrow holders' only concern shall be to forward the issued 9 report to the Buyer(s) and Seller(s), immediately upon the receipt of same.

Parties are advised that no ordinance contains a provision which states or implies that a signed waiver or other such document can be accepted in lieu of a Residential Property Report issued by the City of Los Angeles. For complete information regarding this report, please visit the City of Los Angeles Building and Safety website at www.ladbs.org

CLAUSE #3**CITY OF LOS ANGELES WATER CONSERVATION RETROFIT:**

In accordance with Section 122.03(b) of the Los Angeles Municipal Code, seller(s) shall comply with the water conservation measures and deposit a Certificate of Compliance with escrow holder prior to the close of escrow. Escrow holder is authorized and instructed to forward the Certificate of Compliance to the Department of Building and Safety along with the \$[] filing fee, to be deducted from the proceeds due the undersigned seller(s) at the close of escrow. For more information, you can visit the Los Angeles County Department of Water and Power at www.ladwp.com.

CLAUSE #4**CITY OF LOS ANGELES REPORT OF RESIDENTIAL PROPERTY RECORDS OUTSIDE OF ESCROW**

In compliance with the City of Los Angeles Ordinance No. 144,942, seller(s) shall furnish buyer(s), **OUTSIDE OF THIS ESCROW**, a report of Residential Property Records and Pending Special Assessment Liens (Residential Property Records Report). Among other things this report contains information pertinent to the property's authorized occupancy and use, legal number of units, sewer connection and permits, weed abatement, pending special and/or future assessment liens, smoke detectors, impact hazard glazing ordinance and information relative to rent stabilization. Because all parties have specifically instructed escrow holder that this report will be obtained and complied with by the parties **OUTSIDE OF ESCROW**, escrow holder and Real Estate Brokers (if any) are to be held harmless from any and all liability and/or responsibility in connection with this instruction, and any ramification that may occur as a result of same. Parties are advised that no ordinance contains a provision which states or implies that a signed waiver or other such document can be accepted in lieu of a Residential Property Report issued by the City of Los Angeles. For complete information regarding this report, please visit the City of Los Angeles Building and Safety website at www.ladbs.org.

CITY OF LOS ANGELES WATER CONSERVATION RETROFIT:

In accordance with Section 122.03(b) of the Los Angeles Municipal Code, Seller(s) shall comply with the water conservation measures and shall complete and forward to the Department of Water & Power a completed Certificate of Compliance **OUTSIDE OF THIS ESCROW**. Seller(s) shall provide Buyer(s) with a copy of same, **OUTSIDE OF ESCROW**. Escrow Holder and Real Estate Brokers (if any) are to be held harmless from any and all liability and/or responsibility in connection with this instruction, and any ramification that may occur as a result of same. For more information, you can visit the Los Angeles County Department of Water and Power at www.ladwp.com.

Division D Ordinance and Section 11.00(m) Penalties**PENALTIES FOR FAILURE TO COMPLY
WITH ANY REQUIREMENTS
OF THE LOS ANGELES MUNICIPAL CODE****SECTION 11.00(m) OF THE LOS ANGELES MUNICIPAL CODE**

(m) (Amended by Ord. No. 150,560, Eff. 3/19/78.) It shall be unlawful for any person to violate any provision or fail to comply with any of the requirements of this Code. Any person violating any of the provisions or failing to comply with any of the mandatory requirements of this Code, shall be guilty of a misdemeanor unless such violation or failure is declared herein to be an infraction. An infraction shall be tried and by punishable as provided in Section 19c of the Penal Code and the provisions of this section.

Every violation of this Code is punishable as a misdemeanor unless provision is otherwise herein made, and shall be punishable by a fine of not more than \$1,000.00 or by imprisonment in the County Jail for a period of not more than six (6) months, or by both such fine and imprisonment. **(Amended by Ord. No. 160,063, Eff. 7/28/85.)**

Every violation of this Code which is provided for therein to be an infraction is punishable by a fine as set forth in this Code section, or as otherwise provided in this Code, not to exceed \$50.00 for the first violation, \$100.00 for a second violation of the same provision within one year, and \$250.00 for each additional violation of the same provision within one year.

Each person shall be guilty of a separate offense for each and every day during any portion of which any violation of any provision of this Code is committed, continued or permitted by such person, and shall be punishable accordingly.

In addition to the penalties hereinabove provided, any condition caused or permitted to exist in violation of any of the provisions of this Code shall be deemed to be a public nuisance and maybe summarily abated as such by the City. Each day that such a condition continues shall be deemed to be a new and separate offense.