



ESCROW HEIGHTS INC.

4425 Atlantic Avenue Ste. A24 Long Beach, CA 90807

Ph: (562) 912-7657

Fx: (562) 912-7670

Question:

What is a 9A report, and what are the requirements of the City of Los Angeles when selling residential property?

Answer:

There are three things that impact a transaction for any residential property in the Incorporated City of Los Angeles. It is important to keep in mind that most of the areas of the San Fernando Valley (for instance, Encino, Studio City, Sylmar, Chatsworth, etc.) are in the City of Los Angeles.

1) Increased transfer tax: (Applies to all real estate transfers, residential and non-residential).

The County of Los Angeles charges a seller \$1.10 per each thousand dollars of a sales price. When the property is in the City of Los Angeles, there is an additional \$4.50 per thousand. At a sales price of \$400,000.00 properties outside the City of Los Angeles would require a transfer tax paid at recording in the amount of \$440.00. If the property is located in the City of Los Angeles, for the same sales price of \$400,000.00, the combined County and City Transfer tax is \$2,240.00.

2) Certificate of Compliance for Water Conservation Retrofit, Department of Water and Power:

A Certificate of Compliance has to be completed and signed during escrow by 1) A Licensed Retrofit Inspector, a Licensed Plumbing Contractor, OR a Licensed Real Estate Agent, 2) the buyer and 3) the seller. This certificate states that the property is in compliance with the City of Los Angeles ordinances regarding low flow toilets and shower heads (water conservation measures). The completed Certificate of Compliance is filed with the DWP at closing, along with a \$15.00 fee, which is typically paid by the seller, but can be paid by any party in the transaction.

3) Residential Property Report (formerly known as a 9A report): This report is required and issued by the City of Los Angeles, Department of Building and Safety. It has many different purposes to it. First, the purpose of the report is to inform buyers of potential or pending special assessments to the property, such as plans for new sewers or sidewalks, which the City of Los Angeles may be planning. Over the years, Building and Safety has added other items to this report, as a way to make sure properties are in compliance with various minimum code requirements, at the time ownership is transferred. An application (typically completed by the seller) must be completed, including declarations that the property IS or WILL BE brought to compliance with the particular requirements of the City. This application is then sent to building and safety with a fee of \$70.20, and the City then provides the Report. The report will include copies of permits issued on the property, and a report of pending assessments. A side note, in 27 years of escrow, I have yet to see a report come back with special assessments, but I am sure it happens.



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Here are the items covered by the Residential Property Report (9A):

1. Smoke Detectors
2. Water Conservation Retrofit (which is a duplication of the DWP requirements above)
3. Impact Hazard Glazing on sliding glass and shower doors.
4. Seismic Gas Shut Off Valves
5. Oak Tree Compliance (for properties over 1 acre)
6. Specific Requirements where bars are on the windows of sleeping rooms
7. Apartments of three or more units must have security lighting and locks

All of the items above have traditionally been items that the seller would obtain and pay for. That has changed a little in our recent market conditions of REO's and short sales, and a buyer can also take care of or pay for these items. Often, the best way to deal with numbers 2 and 3 above, is to have a licensed retrofit company inspect the property. They will issue and sign the Certificate of Compliance (item 2 above); and they will let the seller know if the property is in compliance with the Department of Building and Safety Requirements. This will enable the seller to accurately complete the Application for the Residential Property Report (item 3 above). The same retrofit company will generally also give an estimate of any work that needs to be done to bring the property into compliance.