



RELOCATION ASSISTANCE ESCROW ACCOUNTS

Rent Adjustment Commission Regulations • Section 960.00 Effective April 16, 2009

960.00 RELOCATION ASSISTANCE ESCROW ACCOUNTS

961.00 DEFINITIONS

961.01 HUD - U.S. Department of Housing and Urban Development

961.02 LAMC - Los Angeles Municipal Code

961.03 HCIDLA - Los Angeles Housing and Community Investment Department

961.04 Pro-Rata Share - The amount each tenant receives from the total relocation assistance payment provided by the landlord in accordance with the following circumstances:

- a. The entire fee shall be paid to a tenant who is the only tenant in a rental unit;
- b. If a rental unit is occupied by two or more tenants then each tenant of the unit shall be paid an equal share of the fee.

961.05 Rent Adjustment Commission

961.06 RSO - Rent Stabilization Ordinance, Chapter XV of the LAMC

961.07 Subject Unit - Rental unit from which one or more tenants are being evicted for which the owner must pay a relocation fee pursuant to the RSO.

962.00 APPLICABILITY

962.01 The RSO provides that owners must pay tenant(s) a relocation fee in the following circumstances:

- a. Eviction of the tenant so that the owner, the owner's family or a resident manager may occupy the subject rental unit pursuant to LAMC Section 151.09.A.8;
- b. Election of the tenant to permanently relocate from the rental unit pursuant to a Tenant Habitability Plan (RAC Regulation 715.00 et seq.);
- c. Eviction of the tenant for permanent removal of the rental unit from the rental market pursuant to LAMC Section 151.09.A.10.a;



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- d. Eviction of the tenant for demolition of the rental unit pursuant to LAMC Section 151.09.A.10.b;
- e. Eviction of the tenant to comply with a government order to vacate, order to comply, order to abate, or any other order which necessitates the vacation of the rental unit pursuant to LAMC Section 151.09.A.11; or
- f. Eviction of the tenant pursuant to LAMC Section 151.09.A.12 in order to vacate the property prior to its sale where the owner of the property is the Secretary of HUD.

963.00 DETERMINATION OF RELOCATION AMOUNT

- 963.1 The owner must pay the relocation fee to the tenants of the Subject Unit in the amount determined by the City's Relocation Assistance Service Provider pursuant to LAMC Section 151.09.G, or as otherwise determined by the HCIDLA pursuant to LAMC Section 151.09.
- 963.2 If the rental unit is occupied by more than one tenant, each tenant shall be paid an equal Pro-Rata Share of the fee.

964.00 ESTABLISHMENT OF AN ESCROW ACCOUNT

- 964.01 At the owner's sole discretion, the owner may pay the relocation fee due to a tenant pursuant to LAMC Section 151.09.G by depositing the fee in an escrow account within fifteen days of service of a notice of termination of tenancy as set forth in California Civil Code Section 1946 (LAMC 151.09.G.2).
- 964.02 The owner shall place the escrow account with any of the following:
 - a. Federally insured bank, savings and loan association, or credit union;
 - b. Broker licensed by the California Real Estate Commission;
 - c. Escrow service licensed by the California Department of Corporations; or
 - d. Client trust account of an attorney currently eligible to practice law in California pursuant to the records of the State Bar of California.
- 964.03 The escrow account must be in a location that is reasonably accessible to the tenant(s) during normal business hours.
- 964.04 Escrow Instructions for the escrow account must provide for the following:
 - a. Name of each tenant and the Pro-Rata Share of the relocation fee due to that tenant pursuant to this Regulation;
 - b. Disbursements permitted prior to the tenant(s) vacating the unit pursuant to Section 965.00 of this Regulation;
 - c. Release of remaining funds upon the tenant's vacation of the unit pursuant to Section 966.00 of this Regulation;
 - d. Dispute resolution procedures pursuant to Sections 967.00 and 968.00 of this Regulation;

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- e. Escrow closure provisions pursuant to Section 969.00 of this Regulation;
- f. A statement that the owner and the escrow holder indemnify and hold harmless from all liability the City and its employees, and any hearing officers selected by HCIDLA pursuant to this Regulation.
- g. Provision that all costs of the escrow are to be prepaid by the owner when establishing the escrow account;
- h. Provision that all costs of the escrow are to be prepaid by the owner when establishing the escrow account;

964.05 The RAC provides the attached form, “Sample Escrow Instructions,” as model escrow instructions which comply with the requirements set forth in this Regulation.

964.06 Owners who use any other escrow instructions shall attach to the escrow instructions a copy of this Regulation.

964.07 Owners shall provide a copy of the escrow instructions to all tenants of the Subject Unit within fifteen days of service of a notice of termination of tenancy as set forth in California Civil Code Section 1946.

965.00 DISBURSEMENTS PRIOR TO TENANT(S) VACATION OF THE SUBJECT UNIT

965.01 The escrow account must provide for payments to the tenant(s) for actual relocation expenses incurred or to be incurred by the tenant prior to vacating the unit (LAMC Section 151.09.G.2).

965.02 The following are expenses for relocation to a new rental unit for which the owner must permit disbursements prior to the tenant(s) vacating the Subject Unit:

- a. First and last month’s rent;
- b. Security deposit;
- c. Utility connection charges and deposits; or
- d. Moving expenses.

965.03 The escrow instructions shall authorize payment for the expenses listed in Section 965.02 directly to the tenant(s) upon presentation of a receipt for the expense, or upon presentation of a written estimate or an agreement to incur the expense. The escrow may allow the escrow holder to verify that the expense has been paid or that the agreement to incur an expense has been entered into by the tenant(s). Verification for these purposes for these purposes shall consist of a telephone call or an email to confirm that the expense has been incurred or there is an agreement to incur the expense.

965.04 The receipt for the expense must provide the amount paid or owing, indicate the purpose of the expense and identify the payee and the payee’s contact information, including telephone number.

966.00 DISBURSEMENTS UPON TENANT(S) VACATION OF THE SUBJECT UNIT

- 966.01 The escrow instructions shall provide that the tenant(s) sign an affidavit confirming vacation of the subject unit, indicating the date of the vacation, and a forwarding mailing address. The affidavit shall include a statement that the tenant has permanently departed from the unit and surrendered the keys to the landlord.
- 966.02 The escrow instructions shall provide for release of all remaining funds owing to the tenant(s) within 3 business days of presentation of an affidavit that conforms to Section 966.01.

967.00 DISPUTE RESOLUTION PROCEDURES

- 967.01 The escrow instructions shall contain a dispute resolution procedure that provides for HCIDLA to resolve disputes as to the disbursement of funds.
- 967.02 At the request of any of the tenants, the landlord or at the option of the escrow holder, the escrow holder shall notify HCIDLA of the dispute, the reason for the dispute, and the amount in dispute.
- 967.03 The escrow holder shall notify HCIDLA, to the attention of the Director of the Rent Division, within five business days of the request for HCIDLA resolution of a dispute.
- 967.04 The escrow instructions shall control disbursement of all remaining funds not subject to the dispute. The disputed amount shall not be released pending a final determination of the dispute by HCIDLA.
- 967.05 HCIDLA shall contact the parties within five (5) working days of notification by the escrow holder of the dispute to conduct an investigation.
- 967.06 HCIDLA shall issue a determination regarding the disbursement of the disputed funds within fifteen (15) days of notification by the escrow holder of the dispute.

968.00 APPEALS

- 968.01 Any party to the dispute may appeal HCIDLA's determination within 10 days of HCIDLA's mailing of its determination. HCIDLA's determination is stayed until the appeals deadline has expired, or, if an appeal is filed, the determination is stayed until there has been a decision by a hearing officer pursuant to Section 968.06.
- 968.02 The appeal must state why the appellant believes HCIDLA erred in its determination.
- 968.03 HCIDLA shall conduct a hearing by a hearing officer designated by HCIDLA within 30 days of the filing of the appeal.

- 968.04 HCIDLA shall notify the escrow holder, the owner and the tenant(s) of the time and place of the hearing no later than ten (10) days prior to the scheduled hearing.
- 968.05 All parties may submit documents, testimony, written declarations or other relevant evidence.
- 968.06 The hearing officer shall issue a determination within 10 working days of the appellate hearing.
- 968.07 The hearing officer's decision shall constitute the final administrative determination of the dispute.
- 968.08 The appellant may rescind the appeal in writing prior to the issuance of a hearing officer's determination. If the appeal is rescinded, HCIDLA's original determination shall be carried out by the escrow holder, upon notification by HCIDLA.

969.00 ESCROW CLOSURE PROVISIONS

- 969.01 The escrow instructions must contain a provision for final closure of the escrow, and disbursement of any remaining funds.
- 969.02 Upon final disbursement of all remaining funds, a final accounting and copies of all escrow related papers must be sent to the owner within five (5) business days, by registered mail to the last known address of each party.
- 969.03 The owner may request return of any remaining funds to the owner only if the tenant(s) are in legal possession of the subject unit and the eviction is no longer in process, or if the tenant(s) has vacated the subject unit and unclaimed funds still remain in escrow 65 days after the date the tenant(s) vacated the unit.
- 969.04 Within five (5) working days of a request by the owner pursuant to Section 969.03, the escrow holder must send a copy of the request to the tenant(s) and a notice that the request may be disputed in accordance with Sections 967.00 and 968.00 of this Regulation. The notice must be sent by registered mail to the last known address of the tenant(s).
- 969.05 If the escrow holder does not receive written notification that a tenant disputes disbursement of the remaining funds to the owner within 10 business days of the escrow holder's notification to the tenants, and there are no pending claims against the escrow account, the escrow holder may proceed to close the escrow and disburse the remaining funds to the owner.



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RENT ADJUSTMENT COMMISSION
SAMPLE ESCROW INSTRUCTIONS
RELOCATION ASSISTANCE ESCROW ACCOUNT
RENT ADJUSTMENT COMMISSION REGULATION 960.00

TO: _____
(Escrow Company)

Address:

Address:

1. _____ (Landlord) establishes this account for the sole purpose of facilitating the distribution of relocation fees to tenants residing at _____ (Subject Unit) pursuant to Los Angeles Municipal Code (LAMC) Section 151.09.G.
2. Concurrent with the signing of these instructions, the Landlord shall submit to the Escrow Company the sum of \$ _____ to be used for payment of relocation fees and the sum of \$ _____ to be used by Escrow Company as its escrow fee for administration of the escrow account and performance of the instructions contained in this document.
3. This sum is to be disbursed for relocation assistance to the following persons who reside as tenants in the Subject Unit in the amount of the pro-rata share specified pursuant to the escrow instructions contained in this document:

_____ (Name of Tenant)	_____ Pro Rata Share
_____ (Name of Tenant)	_____ Pro Rata Share
_____ (Name of Tenant)	_____ Pro Rata Share

4. **Disbursements Prior to the Tenant’s Vacation of the Subject Unit**
 - a. Upon presentation of a receipt or a written estimate for the following expenses, or upon presentation of an agreement to incur any of the following expenses, Escrow Company shall verify by phone or email that the expenses have been incurred or there is an agreement to incur the expense:
 - I. First and last month’s rent
 - II. Security Deposit
 - III. Utility connection charges and deposits
 - IV. Moving Expenses

- b. The receipt, written estimate or agreement to incur the above expenses must indicate the amount paid, or to be paid, the purpose of the payment, the name of the payee and the payee's contact information, including telephone number.
- c. Escrow Company shall release payment within three business days of the tenant's request for payment and submission of supporting documentation unless the Escrow Company disputes the request pursuant to section 6 of this Agreement.
- d. Landlord may also request return of all remaining funds when the tenant(s) remain in legal possession of the subject unit and Landlord is no longer proceeding with an eviction of the tenant(s). Upon request of a return of all remaining funds pursuant to this provision, Escrow Company shall notify the tenant(s) of the Subject Unit in writing of Landlord's request. If the tenant(s) do not notify Escrow Company in writing within 10 working days of a dispute of Landlord's request, Escrow Company shall disburse remaining funds to Landlord and close the escrow account.

5. Disbursements upon Tenant's Vacation of the Subject Unit

- a. In the event that any funds remain in the escrow account after a tenant(s)' vacation of the Subject Unit, the tenant(s) shall sign an affidavit stating that the Subject Unit has been permanently vacated, indicate on the affidavit the date on which the Subject Unit was vacated, and provide current mailing address(es). The tenant(s) shall verify permanent vacation of the unit and surrender of the keys to the landlord.
- b. Escrow Company shall release payment of all remaining funds to the tenant(s) within three days of the tenants' submission of the affidavit verifying permanent vacation of the unit.
- c. In the event that any funds remain in the escrow account 65 days after the tenant(s)' permanent vacation of the Subject Unit, Landlord may request return of all undisbursed funds and closure of the escrow account. Landlord shall indicate in the request the date that the tenant(s) vacated the Subject Unit. Upon receipt of the request, Escrow Company shall notify the tenant(s) by registered mail of Landlord's request. Escrow Company shall notify the tenant(s) at their last known mailing address. If the tenant(s) do not notify Escrow Company in writing within 10 business days of a dispute of Landlord's request, Escrow Company shall disburse remaining funds to Landlord and close the escrow account.

6. Dispute Resolution Procedures

- a. In the event of a dispute regarding release of escrow funds, the Escrow Company shall request resolution of the dispute by the Los Angeles Housing + Community Investment Department (HCIDLA). Escrow Company shall specify in writing that the dispute exists, the reason for the dispute, and the amount in dispute.
- b. Escrow Company shall notify HCIDLA at the following address:



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Director, Rent Stabilization Division
Los Angeles Housing + Community Investment Department
The Garland Building
1200 West Seventh Street, 8th Floor Los Angeles, CA 90017

- c. Escrow Company shall release payment of the disputed amount only pursuant to HCIDLA’s final determination of the dispute in accordance with City of Los Angeles Rent Adjustment Commission Regulation 960.00 et seq.

7. Release of Liability

- a. Escrow Company is hereby released from all liability and/or responsibility for the vacation of the Subject Unit by the tenant(s), or any disputes which may arise between Landlord and the tenant(s) of the Subject Unit. Escrow Company’s liability shall be confined to claims which arise from its performance of the written instructions contained in this document.
- b. Landlord agrees to save and hold Escrow Company harmless, by reason of any misrepresentation or omission by any of the parties to this escrow, as to compliance with rules and/or regulations of any governmental agency, State, Federal, Municipal, or otherwise.
- c. Landlord authorizes Escrow Company to destroy without liability and without further notice all documents, papers, instructions and any other material in connection with this escrow instruction five years after closure of the escrow account.
- d. The owner agrees to indemnify and hold harmless from all liability, arising out of or related to the resolution of a dispute in accordance with City of Los Angeles Rent Adjustment Commission Regulation 960.00 et seq. the City of Los Angeles and its employees, and any hearing officer selected by HCIDLA to adjudicate disputes pursuant to the provisions of City of Los Angeles Rent Adjustment Commission Regulations 967.00 et seq.

SIGNATURE PAGE

(Landlord’s signature)

(Date)

(Landlord’s printed name)

(Address)

(Phone)