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FREE GUIDE

CALIFORNIA HOMEOWNERS

Can you sell a house with fire, water or foundation damage in California?

Houses that need work. Plain English, every fact sourced and dated.

INSIDE

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Questions? Talk with Fadi.
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Can you sell a house with fire, water or foundation damage in California?

From Mr. Cash Offer, with Fadi Haweileh, CA DRE #02002344 · Facts checked November 23, 2026 · Online: mrcashoffers.com/guides/selling-damaged-house-california/

QUICK ANSWER

Yes, you can sell a house with fire, water or foundation damage without fixing it first. You still tell the buyer what you know, including known insurance claims. Before you decide, read your policy, ask your insurer in writing how a sale affects your claim, and get a repair estimate.

At a glance

Step	Why
Get a full copy of your policy	Your insurer must send it free within 30 days of asking, after a covered loss
Call your mortgage servicer	Insurance checks generally name the servicer too
Get an inspection and a licensed contractor's estimate	So you know the repair cost before you choose
Write down every problem you know about	You disclose it whether you fix it or not
Check any contractor's license	Contracting without a license in a declared disaster area is a felony

Fix first, sell as-is, or wait on the claim?

Fix first, sell as-is, or wait on the claim?

Whichever path, you still disclose what you know, including known insurance claims.

Fix first

- Costs money and time
- Insurance money may come in stages

Sell as-is

- Skips the repairs
- Buyers price the damage in

Claim still open

- Ask your insurer in writing how a sale affects it
- Have an attorney read the answer

There's no single right answer. Fixing first costs money and time, and the insurance money may come in stages. Selling as-is skips the repairs, and buyers price the damage in. If you repair first, ask your city or county building department which work needs a permit. If a claim is still open, get answers from your insurer before you sign anything. Our cash or list guide shows how to compare what each path leaves you.

What do you have to tell a buyer?

The Transfer Disclosure Statement (TDS) can't be waived in an "as is" sale. The DRE's Reference Book says: "The seller shall disclose all material facts and defects including known insurance claims."

The DRE lists facts that affect a home's value, including:

- "any defects or malfunctions of the structural components" and of the plumbing, electrical and heating systems
- "flood, drainage, settling or soil problems on or near the property"
- "room additions, structural alterations, repairs, replacements, or other changes, especially those made without required building permits"

Fire and flood zones have their own Natural Hazard Disclosure. Some sales, like probate sales, are exempt from the TDS form, but not from every disclosure; our as-is guide has the full list. A seller who willfully or negligently fails a disclosure duty owes the buyer's actual damages. For your own sale, ask a real estate attorney.

What happens to the insurance money if you sell?

Start with your policy. After a covered loss, your insurer must give you, free, a complete copy of the policy that was in effect at the time of the loss, including the declarations page, within 30 calendar days of your request.

Actual cash value first. If your policy pays replacement cost but requires you to repair, rebuild or replace to get it, California law says the insurer pays the actual cash value until the work is done. Actual cash value is the repair or replacement cost minus depreciation, or the policy limit if that's less. After you repair, rebuild or replace, the insurer pays the difference, up to your limits.

Time to collect the rest. You get at least 12 months from the first actual cash value payment. If the loss relates to a declared state of emergency, you get at least 36 months. Insurers must give six-month extensions for good cause when, acting in good faith, you hit delays beyond your control, such as permit delays or a lack of contractors. Insurers can allow more time than these minimums. After a declared emergency, an insurer can't require your proof of loss sooner than 100 days after the loss.

Rebuild somewhere else, or buy another home. After a **total loss**, a policy can't limit or deny replacement cost or building code upgrade payments because you decided to rebuild at a new location or buy an already built home somewhere else. The payment can't be more than it would cost to rebuild at the original address. For a home policy, the insurer can't deduct the value of the land at the new location. The coverage has to be on your policy to begin with.

What we couldn't confirm. We found no official source on what happens to an open claim, the unpaid replacement cost, or living expenses when you sell. Ask your insurer in writing before you list or accept an offer, and have an attorney read the answer.

How long do living expenses last after a disaster?

Additional living expenses (ALE) pay for costs like temporary rent and extra mileage while you can't live at home. CDI says ALE may be offset by costs you'd pay anyway, such as your mortgage.

For a covered loss relating to a declared state of emergency, ALE lasts at least 24 months from the start of the loss. That's a minimum time, not more money; your policy's other terms still apply. The insurer must add up to 12 more months, 36 in all, if you hit delays beyond your control, and further six-month extensions for good cause. After a total loss in a declared emergency, you can ask for an advance of at least four months of living expenses.

Why is your mortgage company on the check?

The CFPB says insurers generally pay a settlement "with a check made out to both you and your mortgage servicer or lender." The servicer typically releases part of the money before work starts and more as the work goes on.

You still make your mortgage payments while the claim is paid out. The CFPB says to call your insurer, apply for aid and contact your servicer. If you're already behind, see our options before foreclosure guide.

After a wildfire

Insurance steps and time limits after a loss

The time limits are minimums under California law.

RIGHT AWAY
Call your insurer
Then apply for aid and contact your mortgage servicer (CFPB)

WITHIN 30 DAYS OF ASKING
Get your full policy, free
After a covered loss, with the declarations page

100 DAYS
Earliest proof of loss can be required
After a declared emergency only

24 MONTHS
Minimum living-expense coverage
Covered loss in a declared emergency; up to 36 months, or more, with delays beyond your control

36 MONTHS
Minimum time to collect full replacement cost
Declared emergency, from the first actual cash value payment; 12 months otherwise

CDI's advice: get at least one licensed contractor's estimate to rebuild and compare it with your limits, and don't rush into decisions about contractors, lawyers or public adjusters. Check a public adjuster's license before signing.

Cal OES's statewide wildfire recovery site links to aid, debris removal and incident pages. CDI's help line is 1-800-927-4357.

What about mold and water damage?

The California Department of Public Health (CDPH) says visible mold, moisture, water-damaged materials or a musty smell are "clearly linked to increased risk of various respiratory health effects."

CDPH's four steps: find the damp or moldy areas, fix the source of the moisture, dry or replace wet materials, and clean or remove moldy materials. CDPH says that if you can see or smell mold, testing doesn't tell you anything more for cleanup. California has no licensing requirement for mold inspectors or mold cleanup companies.

After a flood, Cal OES says drying the home and removing water-damaged items is the most important step for preventing mold. It says mold growth "can be assumed" on items in floodwater for more than 48 hours.

What to do this week

1. Ask your insurer, in writing, for a full copy of your policy and how a sale would affect your claim.
2. Call your mortgage servicer and ask how it handles insurance checks.
3. Get an inspection and at least one licensed contractor's written estimate.
4. Write down every problem and every insurance claim you know about.
5. To compare paths, get a listing agent's net sheet and, if you like, more than one written cash offer.

Watch out for

- **Unlicensed contractors.** The Contractors State License Board (CSLB) says: "It is a felony to contract without a license in a declared disaster area." Check licenses at cslb.ca.gov or (800) 321-2752.
- **Big down payments.** "Don't pay more than 10 percent down or $1,000—whichever is less." Get three bids and a written contract. Don't pay cash, and don't let payments get ahead of the work.
- **Unsolicited offers after a disaster.** After the LA fires, the DRE warned these offers are often "made far below market value by individuals looking to profit off of the disaster." Its red flags include promises of "all cash, a quick closing, a hassle-free transaction." Get a professional valuation first.

Questions people ask

Do I have to tell buyers about an insurance claim?

The DRE says sellers disclose "known insurance claims." Ask an attorney about an open or denied claim.

Can I use my insurance to buy a different house?

After a total loss, California law lets you buy an already built home elsewhere and still collect replacement cost, up to what rebuilding at the original address would cost, if your policy covers it.

Why is my mortgage company on my insurance check?

The CFPB says insurers generally make the check out to both you and your servicer or lender.

Do I need a mold test before I sell?

CDPH says testing isn't needed if you can see or smell mold. You still disclose what you know.

Where Mr. Cash Offer fits

Fadi Haweileh is a California real estate salesperson (DRE #02002344) with eXp Realty of Greater Los Angeles, Inc. (DRE #02188471). If you sell to Mr. Cash Offer, the buyer is not your agent and can profit if the house is later resold. If you list with Fadi's team instead, he earns a commission. Either way he's paid. If selling turns out to be the right path, he'll show you a cash offer and what listing would likely net, side by side, and you decide. If it isn't, the steps above still apply. A cash offer is usually below full market value. Before you decide, get a second estimate from an agent who isn't buying. If selling isn't the right path, the steps above still apply.

Call Fadi, no pressure: **(909) 731-6884**



Questions about your situation?

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This guide explains general California rules. It isn't legal or tax advice.