

McGuire's fire survivor protection act passes Senate

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Senate Majority Leader Mike McGuire's legislation that would stop mortgage companies from hoodwinking wildfire survivors overwhelmingly cleared the Senate last week.

Tens of thousands of Californians have lost their homes and businesses to wildfires in the last eight years.

After facing the traumatic and life-changing experience of losing their home, survivors have to begin the challenging task of rebuilding their homes and lives.

Senator McGuire's legislation, SB 455, will protect wildfire and other disaster survivors by keeping their home rebuilds on track and agreements with mortgage companies ironclad.

The bill would mandate that mortgage companies honor existing rebuild contracts even when mortgages are transferred or sold to another mortgage vendor.

"Ensuring existing rebuild agreements aren't weakened or changed when mortgages are sold is just common sense. Disaster survivors already face tremendous challenges to recover and rebuild after a wildfire or earthquake, and SB 455 will give homeowners certainty and peace of mind when they rebuild their home and lives," said Senator McGuire. "Our legislation would make it illegal for this kind of hoodwink to ever take place again in California."

In typical cases, survivors work closely with their mortgage company to negotiate the terms of their home rebuild and enter into a contract with a contractor to begin the rebuilding process. It's a straightforward and seamless process for most.

But not for all:

- Some new mortgage companies have added additional terms to existing rebuild agreements such as requiring more inspections, significantly delaying the rebuild for months, even when the previous company had agreed to terms.
- An underinsured homeowner and their original mortgage company signed off on the rebuild of a smaller house, but the new mortgage company wouldn't honor the agreement. The new company refused to release all of the remaining funds because the rebuild was different than the lost home.
- Other survivors have been forced to liquidate pensions and use hard-earned savings to finish rebuilding their home when their insurance funds are withheld by the mortgage company.

SB 455 will make sure that any agreements made between homeowners and their mortgage company on the rebuilding of their home after a disaster are ironclad and honored by any new mortgage company.

SB 455 passed the Senate with bipartisan support and is now headed to the Assembly.