

[A year of highs and lows for Coffey Park couple who lost home in wildfire](#)

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Heather and Alex Apons are making their way back to Coffey Park, but the journey has been a roller coaster.

The couple lost their Banyon Place home to October's Tubbs wildfire. In March, they celebrated the birth of their first child, Etienne. In the days after the fire, they received an outpouring of generosity, including about \$10,000 from crowdsourcing and \$2,000 from the North Bay Fire Relief Fund. Months later, they learned their insurance coverage wouldn't come close to covering the cost to rebuild.

Despite the ups and downs, the Apons have found a way forward. This spring they obtained a construction loan that'll allow them to replace their tract house with a two-story custom home, now under construction.

However, the increased loan amount and the new higher interest rate mean the couple will pay \$1,000 a month more than they did with their old mortgage.

"We're really paying the price to stay here," Heather Apons said.

The Apons' experience highlights the costs and benefits of construction loans, a solution many fire survivors turn to when they lack adequate insurance coverage. Such financing can be an unfamiliar topic for those who already must educate themselves about insurance policies and the myriad steps needed to replace burned homes.

Construction lending "is a process that can be overwhelming and frustrating," said Laura Levine, a bank loan adviser and a volunteer and former board member with the insurance advocacy group United Policyholders.

Levine cautioned fire survivors to explore a range of financing options when they rebuild. She noted one downside of construction loans is they require paying off an existing mortgage. In today's era of rising interest rates, that often means taking on higher borrowing costs.

"If you have a gap, don't immediately decide what you need is a whole new loan," said Levine, a TIAA

Bank senior loan adviser with offices in San Anselmo and San Francisco.

The North Bay wildfires were the most destructive in state history. They claimed 24 lives and burned nearly 5,300 homes in Sonoma County.

In Coffey Park, a tract residential neighborhood in northwest Santa Rosa, the Tubbs fire killed four residents and destroyed 1,200 homes.

The Apons had lived four years in their four-bedroom Banyon Place house. The couple had built in the backyard a “chicken palace,” a 12-foot-tall enclosure for their laying hens. The Apons also have three cats.

After the fire, rebuilding seemed the only option. “All our family is here,” said Heather Apons, a 35-year-old dental hygienist and Montgomery High grad. Her husband is a 34-year-old Santa Rosa High alum who works as an assistant service manager at a local car dealership.

They got their first inkling they were underinsured after meeting with an architect who agreed to donate his work. After hiring their contractor, Black Oak Builders of Sebastopol, they determined the gap between their insurance payouts and the costs of rebuilding exceeded \$200,000.

A construction loan seemed the only option, but the application process proved daunting.

“It was the most hoops I’ve ever had to jump through, ever,” Heather Apons said.

Completing the deal required the Apons fronting funds mostly from savings to later be reimbursed by the insurance company. That last-minute outlay of nearly \$90,000 seemed possible only because of “all the donations we got early on.”

Looking forward, her husband said, “We can put our lives back together.” But, he said, too many fire survivors appear underinsured and unable to rebuild. Relatively few institutions offer construction loans, a type of financing designed for building brand-new homes on bare ground, not rebuilding houses after a disaster.

When trying to use such financing for rebuilds, fire survivors often ask: Why can’t I get a construction loan and still keep my existing mortgage?

Kevin Smart, vice president and residential mortgage manager for Santa Rosa-based Exchange Bank, said under such a scenario the lender would be left vulnerable on two fronts. The loan might not be repaid, and the lender could be unable to recoup the loan by selling the property. In a foreclosure, losses could occur because the construction lender wouldn’t get paid until the original lender was repaid in full from the property’s sale.

Loan officers say fire survivors would be wise to consider other options. The alternatives often involve other assets, such as a taking a loan from a personal 401k) retirement account.

Smart said he and Exchange Bank staff members have spoken to more than 1,000 fire survivors about various financing options. He encourages survivors to seek alternatives, but sometimes there aren't good options and "you have to bite the bullet and get the construction loan."

Exchange Bank is working with about 15 homeowners seeking over \$8.5 million worth of construction loans, Smart said.

Santa Rosa-based Poppy Bank has closed 83 construction loans and is committed to providing up to \$320 million in such financing, said Tony Ghisla, the bank's executive vice president and chief lending officer. The bank is working with Windsor-based Gallaher Homes, one of the most active builders in the burned neighborhoods, but also is making loans to fire survivors working with small builders.

Some fire survivors have turned to larger builders like Gallaher, companies that can help them get the financing packages they need to rebuild.

Also, Santa Rosa-based Redwood Credit Union is offering a form of construction financing for its members who lost homes in the fire and have existing mortgages with the credit union. Redwood previously didn't offer construction loans.

Under Redwood's program, fire survivors don't need to pay off the current mortgage.

"They can absolutely keep that loan if they'd like," said Diane Berthinier, a senior vice president of lending.

As for the Apons, they hope to move into their home next year, perhaps in time for their son's first birthday.

Heather Apons said the disaster has taught her such lessons as appreciating the generosity of others and not becoming too attached to possessions. She also wants to be better prepared for the next disaster.

"I'll never be underinsured again," she said.