

## [Survivors Speak: The Rebuilding Process](#)

Part of the [“Survivors Speak” Tip Series](#)

Consider Participating in a Group Rebuild

“Pretty quickly, I realized rebuilding my home was going to be a challenge because I was underinsured. Many others who lost their home in the same wildfire that destroyed my home were also underinsured. We began meeting together to discuss hiring a single builder so that we could try and create economies of scale and save money in the rebuild process. This took time and patience, but really paid off in the end. We ended up with a large number of people who wanted to be part of this ‘group rebuild program’. After much vetting by our group’s leaders (checking references, reviewing previous building projects and licensing), three builders ended up making presentations to get our group’s business (81 homes). Each household voted and the group went with the builder that got the most votes. (Anyone who was unhappy with the builder chosen could opt out).”

“Our group chose a builder that specialized in custom homes, who agreed to offer 7 different floor plans, but which would provide a customized exterior for every single home in the program. Also, the builder allowed much more customization than in a standard production program. The builder we chose had a fixed fee contract. That was very important to me as I did not want to have any surprises later on. While my decision to participate in a group rebuild program was initially motivated by being underinsured, I ended up being really happy being in the program because it really streamlined the rebuild process. With all of the other demands on my time associated with the loss of my home, I had absolutely no desire to oversee every tiny detail of the rebuild. For me, that ended up being one of the best things about participating in the group rebuild program. The builder did a great job and I love our rebuilt home.” **(K.R. 2003 Cedar Fire)**

Don’t rush

“Our situation after the fire was that we did have decent insurance and replacement coverage to rebuild. Even though I was overwhelmed and all that goes along with the sudden loss, I felt that this was an opportunity to build a home we really loved.

My first objective was to have our home rebuilt within a year so as to try to get my children back in a permanent home and move on in our lives from the whole ordeal. We set out asking for independent builders' names. We met and talked extensively to three builders. We chose our builder for a few reasons:

- 1) I was worried that if we went with the large group, it would take substantially longer than a builder building just a few homes.
- 2) He could design and build the home, thus no architect was needed.
- 3) I liked the style of the homes he had built previously.
- 4) He seemed to be a very honest man.
- 5) He set up the rebuild with a "fund control" account, which appeared to be an effective way to manage and track the budget of the rebuild.

With all that said, we did make a few mistakes that I want to highlight for other survivors to learn from:

- Even though I am happy that we pushed to get our house rebuilt quickly, it would have been better all around and a whole lot healthier if I would have allowed the project to run just a tad bit longer, rather than be completely crazy about keeping to the deadline. It created more stress than it was worth.
- Do not give up your life during rebuild. I gave up everything to rebuild my home. I stopped cooking family dinners, stopped volunteering, and stopped working out. It was horribly unhealthy and set a detrimental path moving forward in life.
- Make sure you do a ton of research on your builder. Be sure to talk to MANY of the people he has built for. I did not talk to enough people, thus I did not find out how bad our builder was about overseeing the project. His brother, who was the general manager, was totally AWOL during the entire rebuild. In fact, for all practical purposes, I was the general manager! It was grueling for me to work full-time on the management of the rebuild. Big mistakes were made in the house which were never fixed, because no one checked the work. Since I was not a builder, I missed them. After 5 years, the mistakes still bother me.
- Since our builder was not an architect, he ran out of ideas at one point and he was not able to

accommodate some very important needs (like a laundry room) in the house. Do not be reluctant to spend a little more money to get an architect's review of the plan, or to hire a trained interior designer who can do floor plans and space planning. We hired a two-person interior design team for about \$700.00 and they gave me amazing advice on some minor floor plan changes that have proved to be tremendous in our home. I also ran my plan by my niece, who is an architect and she, also, contributed some really fabulous and creative ideas to the plan. Get as much input and as many ideas as you can before you set your final plan out for permit." **(A.E. 2003 Cedar Fire)**

Clarify your personal priorities before hiring

"We had a guaranteed replacement insurance policy, and so were able to hire professionals for a custom rebuild. We felt that given the commercial environment created by the mass loss, our priorities on contractors were, in this order:

- (1) honesty,
- (2) control of subcontractors, and
- (3) quality. We found an appropriate contractor by interviewing those who had multiple positive references.

We selected an architect based on his good references, and the fact that our contractor was familiar and comfortable with him. We also placed an emphasis on selecting an architect that had prior experience working with our city building department to minimize potential permitting glitches." **(K.K. 2003 Cedar Fire)**

Consider the advantages of a "cost plus fixed fee" contract

"We preferred, and got a cost plus, fixed fee contractor, so there were no incentives either to low bid or high bid supplies or workers. Our contractor passed through all materials, subs, and labor, at the contractor's cost. The contractor's profit was a fixed, set fee, without regard to the cost of supplies or labor. A typical "cost plus" contract would give the contractor an incentive to bid high cost labor and supplies, since this would increase the raw dollars of profit to the contractor (which would be calculated as a percentage markup). A "fixed price" contract would give the contractor incentive to hire low bid

(and, perhaps low quality) supplies and labor, since every dollar saved goes to the profit of the contractor. Our contract structure avoided both problems.” **(K.K. 2003 Cedar Fire)**

Line item budgeting keeps all parties on the same page

“The contractor gave us a line item projected budget and reported to us against budget monthly, so we were able to keep a close eye on the bottom line. The insurer was kept in the loop as well, and they were advised of every expense as it was incurred. We selected an architect based on references and on the contractor’s familiarity and comfort level with them. We placed an emphasis on selecting an architect that had prior experience working with our city building department to minimize potential permitting glitches. We made sure that our insurer signed off on our construction budget before we began work.” **(K.K. 2003 Cedar Fire)**

Take time to hire the right builder

“Initially, we thought that we would be building fairly soon after the fire since our insurance company was cooperative and initially responded very quickly. The development company who built our original home was kind enough to give us a free plan from one of the current homes they were building. Luckily there were 11 to choose from and there were model homes in a nearby community that we could view. We thought that receiving one of these existing plans would save us time and money so we wouldn’t have to hire an architect. We signed a contract with a builder who was initially offering significant discounts for fire rebuilds. We signed on in January and the prep work was supposed to start in April. By the time June came around, there was still no action from the builder. That month, the builder sent us a letter stating that they were no longer going to honor their original lower rebuild rate and they were starting a new company. They told us that the cost per square foot was going up and the options prices would be more than double. This new “company” also had no assets so if we sued we would have no recourse.

We took legal action against the builder and ended up settling the lawsuit. However, we had to start at square one in choosing a new contractor. I drove around my neighborhood and checked to see which contractors had actually started work. I called six contractors, and their price ranges were all similar... The problem at this point was supply and demand: the builders I contacted had already committed to building other homes. Eventually, I hired one of these builders. I called three of the builder’s references before hiring him.” **(R.K. 2003 Cedar Fire)**

### Your contract should allow some flexibility

“My builder itemized the costs at every phase. He mentioned that any options and changes we wanted could be added to the contract as needed. I also had the freedom to purchase items on my own (mostly online and on clearance to save money) and these items would be deducted from the contract allowance. Our builder was on-site just about every day to make sure his sub-contractors were working and he verified the quality of work. The contract we had really gave me the flexibility to tweak the original plans and we ended up with a home custom-built to our needs. We communicated quite often and there was always a clear understanding of where we were in the process.” **(R.K. 2003 Cedar Fire)**

### Pay off your mortgage with your insurance settlement

“Our insurance company was very good to us. We learned very quickly that the initial ‘big check’ for Coverage A was to be payable to our mortgage holder, who refused to be helpful in any way. They would not give us a personal point of contact, which meant that every time we called (and they were not in our time zone) we would have to explain our story over and over again with still no commitment to action.

We decided after a couple of months that it was just easier for us to pay off our mortgage with the insurance money, which did a few things for us. We no longer had to make a mortgage payment on something that was not there. We did not have to argue with them about whether they would pay us interest on the insurance money they had on our behalf. Lastly, we saved a lot of money in mortgage interest while rebuilding. This enabled us to be in control of our project. We then got a construction loan and only paid interest on the money as we needed it. This saved us thousands of dollars. In terms of hiring a contractor/architect, there were three of us in a row on our street who lost our homes. We ended up interviewing and hiring the architect that built our original homes and he referred a contractor that rebuilt all three of our homes. It worked well.” **(L. K. 2003 Cedar Fire)**

### Do small projects yourself, and remove them from the contract to save money

“One thing I would have done to save money is to remove some of the things from the contractor’s contract and do them myself. For example, I ended up doing most of the flooring work directly with the flooring company. I felt confident that I could handle that on my own. Had it not been in our contract, I could have saved 18%, which was our contractor’s fee.” **(L. K. 2003 Cedar Fire)**