

[Survivors Speak: The Rebuilding Process](#)

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

Check references before choosing a contractor.

When choosing a contractor look up their license on the California State Licensing Board Website (<https://www.cslb.ca.gov>). You are looking for any “infractions” and red flags such as: Name changes (a new license for a company that has a slightly modified name than a previous company owned by the same person, for example), a contractor that has multiple bonds from multiple companies, or citations for failure to carry Workers Comp insurance.

Check with previous clients and ask detailed questions. Examples: Did the builder communicate well? Did the project go over budget due to change orders or did the builder underestimate the job? Did the builder oversee the subcontractors?, Was the site kept clean? Was the builder good about coming back and fixing any problems? Did you get lien releases from the builder and all subs at the end of the job?

Check Facebook, the Better Business Bureau’s website, Yelp and listen to what your instincts. Google the company’s name and the company owners name, if there was any issues in other areas there may be a newspaper article written about them. If they give you pricing that sounds too good to be true, it probably is. If they ask you how much money you have in your policy to rebuild and they jump and say, “we can build for that price”, before you’ve talked about the type of home you want to build, that can be a red flag. **(A.B., 2017 Tubbs Fire)**

Have your contract reviewed by an experienced attorney.

Before you sign a contract for your rebuild, have an attorney who’s experienced in reviewing construction contracts look it over, even if you have to pay them for that review. Builders have them written in their favor and you need to protect yourself. A qualified attorney will catch unfair wording that needs to be removed from the contract as well as wording that needs to be added before you can safely sign it.

(A.B., 2017 Tubbs Fire)

Put your rebuild money in an escrow account

Usually your mortgage company would be the one to do this but if you don't have a mortgage, call local banks and find one that can do this for you. Escrow accounts are managed by the bank and money is only dispersed to the builder once he has completed a "milestone". The bank sends an inspector (checking completion only, not quality) to check that the work required to meet that milestone is satisfactory and complete and then gives the bank the go-ahead to release that check. This process ensures that your builder never gets paid more than what s/he's owed for the work s/he has completed. If s/he were to walk away or file bankruptcy you need to still be able to complete your build. Example: S/he has finished 50% of your build and has been paid 50% of the money. You will never have to justify whether s/he is due money. **(A.B., 2017 Tubbs Fire)**

Consider Hiring a Private Inspector.

City and County inspectors are only looking for a low quality on code items. If they miss something they have very little power to make the contractor fix it. The City and County Inspectors also cannot be held liable for anything that they miss. Hiring a private inspector to check the quality of the work that's been done before you pay for more work is well worth the money. **(A.B., 2017 Tubbs Fire)**

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

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“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)**

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)**