

Family Of 5 Loses Home to Caldor Fire, Lender Failed To Pay Fire Insurance Premiums From Escrow Account

CBS Sacramento

GRIZZLY FLATS (CBS13) – Does your lender pay your fire insurance premiums from an escrow account? Better double-check those payments are being made.

A Grizzly Flats family who lost their home to the Caldor Fire learned their lender didn't pay the fire insurance premiums after their loan was sold.

"This isn't OK," said Rebecca Green, whose family of five is now homeless and piling into a friend's house, her oldest son sleeping outside in a tent.

"Our house is gone; it's completely destroyed; there's nothing left," she said.

The evacuation was chaotic as they chose what to grab.

"In that moment you make the decision, you know, 'well, we're covered, we've done what we need to do, we've got insurance, get the family, get the pet and get out,'" she said.

First came the shock of losing everything, then another blow. The fire insurance company rejected their claim due to a lack of payment — a payment their lender was supposed to make from their escrow account.

"I don't understand how this happens," she said.

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Source:

<https://uphelp.org/family-of-5-loses-home-to-caldor-fire-lender-failed-to-pay-fire-insurance-premiums-from-escrow-account/>

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When they bought the house in 2019, regular homeowners' insurance wouldn't cover a wildfire, so they took out a separate policy, the insurance of last resort called the Fair Plan. The mortgage agreement called for the bank to collect both premiums as part of the family's monthly house payment.

But when the lender sold their loan, the new company, Mr. Cooper, paid the homeowners' insurance bill but not the fire insurance, meaning their burned-down home was not covered under the Fair Plan policy.

"We're struggling...we're looking at the possibility of having to split our family up and go different directions, different states," she said.

Insurance advocate Amy Bach thinks we'll see more confusion with lenders as more Californians are forced to buy Fair Plan policies for fire protection.

"So, there's lots of potential for paperwork to go awry and for things to fall through the cracks," Bach said.

Federal [law says](#), "If you maintained an escrow account...for the payment of taxes and insurance, the bank" must "make timely payments."

"As long as it's not the homeowner's fault, there is a remedy," Bach said.

The law says, "The bank must either contact the insurance company and have the policy reinstated or purchase a policy with another insurer on your behalf."

We reached out to Mr. Cooper and they would not tell us what happened with that unpaid bill but said, "Our hearts go out to Ms. Green and those impacted by the recent fires."

Then we got the news to end this insurance nightmare. The lender said, "We can confirm that Ms. Green is covered for the damage incurred during the fire."

"I slept all night last night. I slept well for the first time since this whole thing happened," Green said.

Now they know they'll have a home as they rebuild their lives.

“I couldn’t have done any of this without your help,” she said.

Green said Fair Plan warned her last year the policy wasn’t paid. She said her insurance broker forwarded it to Mr. Cooper to pay. Mr. Cooper did not confirm if they received that letter.

The Greens got their first insurance check to cover six months of rent. They expect to trade that tent for a rental home within two weeks.

Fire victims facing policy problems can get help from the California Department of Insurance. The agency will provide a personal contact to handle your case. You can call them at 1-800-927-4357 or open a “request for assistance” [through their website](#).

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