

WALLACE ACT 2

Lenders Resolution Insurance Proposal

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Proposed to: California State Legislature, Governor of California, Insurance
Commissioner of California, California Association of Realtors, California
Mortgage Association

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I think the best way to keep insurance companies from leaving California and even possibly bring back traditional insurance is for the lenders to become their own insurance providers with homes that are in high-risk fire zones, "Wildland Urban Interface," where the California Fair Plan is the only option. The lenders will have to restructure all existing loans that are at California Fair Plan locations. What is important to note is that this could be a temporary solution for now but be something that can keep people in their homes for the next ten years:

This Can Be Accomplished By:

1. By extending the traditional mortgage out to a 40-year term instead of the traditional 30-year term on new loan policies that have been implemented in the last five years, People are living longer, working longer, and buying homes at a younger age. The traditional 30-year loan is outdated. The first ten years of that mortgage include their own insurance policy to take over the California Fair Plan that is provided by the lender.

2. Require once-a-year roof inspections with reports submitted to the lender to be started in June and submitted before the month of August deadline (start of fire season). Roof inspections should not exceed \$400.
 - a. The roof inspections should be performed by a licensed general building contractor or licensed roofing contractor, but they should only provide a report with recommended repairs and not be able to perform the work themselves. “12 months of conflict of interest”. That report would then be submitted to roofing companies to perform the work.
3. Require a once-a-year fire marshal “Cal-Fire” inspect for appropriate defensible space every year with reports submitted to the lender to be started in June and submitted before the August deadline (start of fire season).
4. The monthly payments should be around the same if a traditional 30-year loan is now 40 years old with mortgage-backed insurance to replace the California Fair Plan.
5. On homes that have ten years or less left on the loan, especially for fixed-income homeowners who can't afford The California Fair Plan offers ten years of additional coverage on the existing loan and now includes a new insurance policy provided by the lender. This will significantly reduce the chance of foreclosure.
6. Homes that meet new fire code requirements should have a reduced lender cost of insurance because they are in high-risk fire zones. Of course, new fire code homes don't stop fire storms, but they do help.
7. Every two years, an adjuster will have to determine the cost per square foot for a full rebuild of homes, as the point is that the lender-approved insurance that is paid monthly must be able to cover the cost of the rebuild.
 - a. By having the lender be the provider of the insurance and routine inspections performed, this will create trust between the homeowners, lenders, and traditional insurance.
8. Keep the interest rates the same and the monthly payment the same, basically making a 30-year loan the same monthly payment as a 40-year loan with a lender-provided insurance policy for high-risk fire zones; this would ultimately eliminate the California Fair Plan entirely.
9. State legislation will have to put a profit cap on new construction fire rebuilds for the next firestorm on construction companies. This won't answer the material demand costs, but too many contractors charged far more than they should have on rebuilt homes in California based on supply and demand, which has also contributed to high costs of insurance under the California Fair Plan. Example: Camp Fire in Paradise

If the lenders are to be their own insurance providers for homes in high-risk fire locations and replace the existing California Fair Plan, then other insurance companies will come back to California as a traditional insurance provider.

A handwritten signature in black ink, appearing to be 'Dustin Wallace', written over a horizontal line.

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