

NANCY'S NEWS

CROSSINGS COMMUNITY

August, 2023

Issue 168

NANCY BENNETT



Homeowners Insurance Higher Costs— How Does It Affect Home Sales?

If you are like me, you may have already received a notice from your homeowners insurance company indicating that they are either dropping/cancelling your policy or renewing it at a significantly higher premium.

My rate is now 92% higher than last year's policy. AND I fully expect it will go up again next year and the year after that!

In this month's article, I'll give you a brief update on:

- What is going on?
- How does that affect home buyers and sellers?
- And what are my options?

What is going on with insurance companies?

State Farm announced in late May that it was no longer issuing new California homeowner insurance policies and Allstate quietly informed the state Department of Insurance that it would stop writing insurance policies last year. Geico has also closed several offices throughout the state, while other insurers have inched away from the market.

The two insurance companies' decisions to discontinue homeowner policies in California is because of more wildfires and atmospheric rivers sweeping throughout the state each year.

These changes are having a significant impact on our real estate market and may determine where people look for and buy homes in California in the future.

I'm buying or selling a home, why should I care?

Home Buyers - Immediate Action

If you are trying to buy a house right now, getting pre-approved for a loan is the first thing to think about...and now the next thing is to begin researching homeowners' insurance policies and costs. If you have a mortgage on your home, your lender mandates that you have homeowners' insurance as well.

Home Sellers – Patience Please

If a seller has prepared their home well and completed pre-inspections as part of their disclosure packet, a buyer may consider waiving the inspection contingency as part of their offer package.

I would suggest that a seller insists on either a buyer providing proof of insurability with their offer package or allow the buyer a few days to secure homeowners insurance for the home before waiving that contingency.

The last thing a buyer or seller would want in the middle of a transaction is to have things blow up because the buyer cannot get or cannot afford the cost of home insurance. And yes, that is happening right now!

COMING SOON!

Available and Coming Soon

- *Crossings 4 beds, single story; late August*
- *Oakland—Canyon Oaks 2/2 condo*

SOLD-

- *Laurel Tree Dr—Crystyl Ranch \$100k over*
- *Spoonwood Ct, Red Maple Ct, Crossings*
- *Pridmore Dr and El Dorado Dr Concord*

NEED—

- *4 bedroom or larger Crossings home at the end of a court.*

Our team has helped over 600 families buy or sell homes ! We have a unique strategy to get your home sold. Are you the next family that we can help too?

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Top Selling Crossings Agent since 2006
#1 Agent In Concord, 2014—2019
Five-Star Professional Customer Svc Award 2013—2022

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I was working with a set of home buyers who made an offer in Clayton. When they began gathering quotes for home insurance, the first policy came in at \$10,000/year; the second quote was for \$5,000/year and the quote they chose was \$3,800 per year. Add that into your mortgage (with higher interest rates) and the cost of homeownership rises considerably!

Californians who end up in this situation will have limited options for homeowner insurance.

Another last resort resource is [the California Fair Plan](#). "It's a stripped-down homeowners insurance policy requiring a companion policy," said Wendy Holt of Holt Insurance. "It's triple or quadruple the price of a regular policy."

Wood added that the state-backed FAIR Plan will always be available, but that it is the "worst-case scenario of home insurance." The bare bones policy is expensive and rarely covers the entire cost of rebuilding a house.

If you have a mortgage on it, **your lender will require you to have insurance until the loan is paid off**. In fact, lenders can legally force borrowers to carry insurance to cover the amount of the mortgage.

What if you stop paying your homeowners insurance policy and you have a loan on your home?

Force-placed insurance, also known as creditor-placed, lender-placed or collateral protection insurance is an insurance policy placed by a lender, bank or loan servicer on a home when the property owners' own insurance is cancelled, has lapsed or is deemed insufficient, and the borrower does not secure a replacement ...

In a nutshell, many insurance carriers argue the insurance premiums they charge California homeowners do not come close to covering their costs to rebuild burned-down homes and commercial structures from the likes of natural disasters and catastrophic events.

Hence the increased policy costs, lower coverage and higher deductibles that many are having to choose, in order to stay "insured" for now.

Are these first world problems? Yes, and we can step back and remind ourselves that we have a roof over our head! Or is it that this is one of many expenses that will continue to impact our household budget into the near-term future?

Until next time.....Nancy

Crossings Real Estate Market 2023

| <u>Status</u> | <u>Days</u> | <u>Address</u> | <u>List Price</u> | <u>Sold Price</u> | <u>SqFt</u> | <u>Beds</u> | <u>Baths</u> | <u>Sale \$/SqFt</u> | <u>Closing Date</u> |
|---------------|-------------|------------------------|-------------------|-------------------|-------------|-------------|--------------|---------------------|---------------------|
| ACTV | 7 | 4409 Shellbark Court | \$1,498,000 | | 2560 | 5 | 3 | | |
| NEW | 6 | 4403 Red Maple Ct | \$1,255,000 | | 2560 | 5 | 3 | | |
| SOLD | 6 | 4641 Sugarland Circle | \$788,000 | \$812,500 | 1366 | 3 | 2 | \$595 | 2/13/2023 |
| SOLD | 0 | 4494 Adelia Ct. | \$840,000 | \$840,000 | 1567 | 3 | 2 | \$536 | 5/15/2023 |
| SOLD | 177 | 4412 Sugarland Ct | \$899,999 | \$828,000 | 2053 | 4 | 2.5 | \$403 | 1/27/2023 |
| SOLD | 5 | 4404 Spoonwood Ct. | \$942,000 | \$1,005,000 | 1607 | 4 | 2 | \$625 | 7/28/2023 |
| SOLD | 6 | 4478 Pitch Pine Ct. | \$985,000 | \$1,070,000 | 2026 | 4 | 3 | \$528 | 3/30/2023 |
| SOLD | 195 | 4423 Weeping Spruce Ct | \$999,000 | \$950,000 | 2130 | 4 | 2.5 | \$446 | 1/10/2023 |
| SOLD | 6 | 4314 N Larwin Ave | \$1,015,000 | \$1,157,000 | 2130 | 4 | 3 | \$543 | 6/26/2023 |
| SOLD | 7 | 4474 Barberry Ct. | \$1,050,000 | \$1,150,000 | 2349 | 4 | 2.5 | \$490 | 4/14/2023 |
| SOLD | 10 | 4405 Sugarland Ct | \$1,125,000 | \$1,203,000 | 2053 | 4 | 2.5 | \$586 | 7/31/2023 |
| SOLD | 6 | 4413 Red Maple Ct. | \$1,165,000 | \$1,185,000 | 2130 | 4 | 2.5 | \$556 | 7/13/2023 |