REVERSEMQ

**PLEASE READ THIS VERY IMPORTANT LETTER.**
**THIS LETTER EXPLAINS THE PROCESS YOU MUST FOLLOW TO OBTAIN THE INSURANCE MONEY TO REPAIR YOUR PROPERTY.**

**We are here to help you through the Loss Draft process.** Experiencing damage to your home is distressing, and we know you are facing many challenges in the aftermath. We do not want the loss draft process to add confusion to your current situation and want you to understand the process so you can repair the property as quickly as possible. This Onity Mortgage Loss Draft Information Packet will help you get started.

What's included in the Loss Draft Information Packet:

- **Your Guide to the Loss Draft Process.** This guide covers the documentation we will need to process your claim and details about how we release insurance claim funds.
- **Loss Draft Document Checklist.** You can use this checklist to ensure all documents are provided so that claim funds can be sent to you as quickly as possible.
- **Loss Draft Form Instructions.** Provides detailed instructions on how to complete the required document forms.
- **Loss Draft Forms.** Forms referenced in this guide that you'll need during the process of restoring your home.
- **Frequently Asked Questions.** Answers to frequently asked questions about the claim and repair process.
- **Commonly Used Terms.** This can help you understand the terms used in various forms and documents you may not be familiar with.
- **Tips for Choosing a Contractor.** Helpful tips to help you select a good contractor. This may save you time and money.

If you have questions or need further assistance, please call us at the Loss Draft Department phone number listed in the information box below.

Loss Draft Department

Onity Mortgage

| **Phone** | **Regular Mail** | **Overnight Mail** | **Fax** |
|---|---|---|---|
| 866-918-0331<br>Monday through Friday<br>8:00 a.m. – 8:00 p.m. ET | Onity Mortgage<br>Attn: Loss Drafts #301<br>P.O. Box 6501<br>Springfield, OH 45501 | Onity Mortgage<br>Attn: Loss Drafts #301<br>One Assurant Way<br>Springfield, OH 45505 | 866-446-9074<br>Onity Mortgage<br>Attn: Loss Drafts #301 |

# YOUR GUIDE TO THE LOSS DRAFT PROCESS

**This guide will help you during the process of repairing and restoring your home.**

**Your role**

As the homeowner, you or an authorized third party of your selection, are our primary contact. That is why it is important to carefully review the following information so you will know what is needed along the way. This will include the documents you will obtain from your insurance provider and contractor as well as how to request an inspection and receive disbursement of funds during the repair process.

**Our role**

As the servicer of your mortgage loan, Onity Mortgage is the named mortgagee on your property insurance policy. As required by applicable guidelines and terms of the mortgage, we will monitor the status of the repairs to your home and release insurance funds as repairs are completed. Upon your request, we will also take care of ordering and paying for required property inspections to evaluate progress of repairs.

**What is needed to release the insurance funds to you?**

To expedite the process, we ask that you meet certain requirements to ensure that your home repairs are completed. As part of these requirements, you will need to provide documents related to your claim. Please refer to the **Loss Draft Checklist** included in this packet for a list of required documents.

**How are insurance funds released?**

Insurance funds are released based upon your claim amount and progress of repairs. Please refer to the **Commonly Used Terms** for help in determining your claim amount.

- Once the endorsed insurance claim check has been deposited and all the required insurance claim check documents from the **Loss Draft Checklist** have been received and accepted, we will issue an initial check for a portion of the claim funds.
- If additional funds are needed to continue the progress of the repairs, or if all the repairs have been completed, an inspection will be performed to determine the status of the repairs. Based on the results of the inspection, we will determine if we can release another check.
- An inspection can be ordered by accessing the account at InsuranceClaimCheck.com/mortgageservicecenter or by calling us at 866-918-0331.
- Once we have verified that the repairs are complete, we will issue a check for all of the remaining insurance claim check funds.
    - If the damage to the property was due to asbestos, mold or a sinkhole, a certified report indicating remediation will be required before the final funds can be released.

**NOTE:** If you intend to not hire a contractor and instead complete the repairs yourself (including family, friends or neighbors), please note that this may or may not be an option depending on the type of damage and other factors. Please refer to the **Frequently Asked Questions** page included with this Loss Draft Packet and read the FAQ "Can I physically do the repairs myself?" to confirm whether this option is available. If it is an option, then the FAQ also addresses the alternative disbursement guidelines that apply.

**IMPORTANT:** Disbursement amounts referenced are based on the use of a General Contractor or single contractor for all repairs. If you select the option to use more than one contractor, the required contractor documents (refer to **Loss Draft Checklist**) will be needed for each contractor and the disbursement schedule in which insurance funds are released to you will vary based on the amounts of each work contract and the order in which they were received. See FAQ "What if I have more than one contractor?" for additional details.

# Loss Draft Document Checklist

**A. <u>FOR ALL CLAIMS, PLEASE PROVIDE:</u>**

- ☐ **Insurance claim check(s)**
  - **Important:** Please ensure that all payees have endorsed the back of the checks before sending to us. Please write your mortgage loan number on the front of the check.
- ☐ **Insurance adjuster's estimate (all pages)**
  - This is required for all losses and should include a detailed itemization of the repairs. **This document is needed before the initial disbursement will be issued on your claim.** In certain circumstances, your adjuster may not provide an itemized estimate. Some of the most common reasons for this are:
    - The settlement amount was based on upon your contractor's bid.
    - The claim exceeded the limits of your policy.
    - The claim payment was based on a negotiated settlement.

    **Important:** If your claim meets one of these three scenarios, alternative documentation is required. See FAQ "What do I do if any insurance carrier didn't provide an adjuster's report (itemized estimate of damages)?".
- ☐ **Repair Affidavit (available in this packet)**
  - This document simply states that the account holder is aware that it is their responsibility to fully repair the property and that the account holder will not hold the mortgage company accountable for any payments to contractors or resulting from a dispute with any contractors that have been hired.
  - **Important:** all parties listed on the mortgage must sign this.

**B. <u>WHEN HIRING A CONTRACTOR TO DO REPAIRS, ALSO PROVIDE:</u>**

- ☐ **Contract for repairs** (signed and dated by both the contractor and homeowner)
  - The contract should include a schedule of payments and itemization of repairs that match the insurance adjuster's estimate. Please provide an explanation of any differences between the adjuster's estimate and the contract. This document is needed before the initial disbursement will be issued on your claim.

**IMPORTANT:** If you select the option to use more than one contractor, the required contractor documents (Contract for repairs, W9 and Release of Lien) will be needed for each contractor and the disbursement schedule in which insurance funds are released to you will vary based on the amounts of each work contract and the order in which they are received. See FAQ "What if I have more than one contractor" for additional details.

- ☐ **IRS Form W-9 (available in this packet)**
  - The contractor will complete an IRS Form W-9. This is required because your contractor is included as a payee on the checks we issue. This document is needed before the initial disbursement will be issued on your claim.
- ☐ **Conditional Waiver and Release of Lien (available in this packet)**
  - The contractor will complete a conditional waiver of lien.
  - **Important:** We need this to ensure your contractor will not place a lien on your property after completing work and receiving payment in the amount listed on the form. <u>A lien waiver must be received before the final disbursement will be issued on your claim.</u> Please note that you will need to sign the acknowledgement at the bottom of the Conditional Waiver of Release of Lien.

**C. IF ELECTING TO DO SELF REPAIRS INSTEAD OF HIRING A CONTRACTOR, PLEASE REVIEW THE FAQ "Can I physically do repairs myself?" TO SEE IF YOUR CLAIM QUALIFIES. <u>IF IT QUALIFIES AND YOU CHOOSE THIS OPTION, ALSO PROVIDE</u>:**

- ☐ **Written Request to do Self-Repair**
  - You will need to write a letter stating that you (including family, friends or neighbors), will be completing the repairs. **This document is needed before the initial disbursement will be issued on your claim.**
- ☐ **Materials Quote or Paid Receipts for Materials**
  - The material quote needs to be a written estimate from a material supplier (Lowe's, Home Depot, Lumber 84, etc.). If the materials have already been purchased, paid receipts can be provided. **This document is needed before the initial disbursement will be issued on your claim.**
- ☐ **Repair Completion Affidavit (available in this packet)**
  - This form is filled out by you if repairs were completed by you, family, friends or neighbors in lieu of hiring a contractor. **A repair completion affidavit must be received before the final disbursement will be issued on your claim.**

**D. OPTIONAL FORMS:**

- **Third Party Authorization and Agreement to Release (available in this packet)**
  - This is an optional form that can be used if you would like to authorize a third party (relative, friend, contractor) to be able to obtain information on your Loss Draft file.

**E. WHERE TO SEND YOUR DOCUMENTS**

| **Completed documents**<br>**Note:** Be sure to include our ILD # on each document. | **Expedited Processing**<br>Upload documents to www.InsuranceClaimCheck.com/MortgageServiceCenter | **Alternative Processing**<br>**Fax:**<br>866-446-9074<br>Onity Mortgage<br>Attn: Loss Drafts #301<br><br>**Mail:**<br>See below |
|---|---|---|
| **Check(s)**<br>**Note:** Make sure all parties have signed the back of the check(s) before mailing. | **Regular Mail**<br>Onity Mortgage<br>Attn: Loss Drafts #301<br>P.O. Box 6501<br>Springfield, OH 45501 | **Overnight Mail**<br>Onity Mortgage<br>Attn: Loss Drafts # 301<br>One Assurant Way<br>Springfield, OH 45505 |

# Loss Draft Form Instructions

Below are instructions for the completion of all forms contained in this claim packet.

## IRS Form W-9

**When to use:**

If you hire a contractor, this form should be completed. If hiring more than one contractor, each contractor will need to complete this form.

**How to properly complete the form:**

- Form should be completed by the contractor.
- Names/business name/federal tax classification/address must be completed in the top section.
- Part I – must have a Social Security or Employee Tax ID from the contractor.
- Part II – must be signed and dated by the contractor.

## Conditional Waiver and Release of Lien

**When to use:**

If you hire a contractor, this form should be completed. If hiring more than one contractor, each contractor will need to complete this form.

**How to properly complete the form:**

- Form should be completed by the contractor and signed by the borrower.
- Contractor should provide the unpaid balance, contract total and payments received in the appropriate fields. The amounts should align with the contract.
- Contractor should sign, date and include printed name, title and company name.
- Borrower or Co-borrower or Estate Representative should sign the Borrower's Acknowledgement section.

## Repair Completion Affidavit

**When to use:**

If you did not hire a contractor and instead the repairs were physically completed by yourself, friends, family or neighbors.

**How to properly complete the form:**

- Form should be completed by the borrower and co-borrower (if applicable) or Estate Representative (if applicable).
- Appropriate party should select the appropriate checkbox regarding purchased materials, sign and date.

## Third Party Authorization and Agreement to Release

**When to use:**

If you require someone other than the parties listed on the loan to assist you with the property repair process, you may use this form to designate another person such as a family member or contractor to receive information about your claim.

**How to properly complete the form:**

Form should be completed by borrower and co-borrower (if applicable) or Estate Representative (if applicable). Appropriate party should complete the name/company/relationship/phone fields with the details of the third party being authorized as well as sign and date.

Form **W-9**
(Rev. October 2018)
Department of the Treasury
Internal Revenue Service

# Request for Taxpayer Identification Number and Certification

► Go to *www.irs.gov/FormW9* for instructions and the latest information.

**Give Form to the requester. Do not send to the IRS.**

Print or type. See Specific Instructions on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only **one** of the following seven boxes.

☐ Individual/sole proprietor or single-member LLC ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► _____

**Note:** Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is **not** disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

☐ Other (see instructions) ►

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) _____

Exemption from FATCA reporting code (if any) _____

*(Applies to accounts maintained outside the U.S.)*

5 Address (number, street, and apt. or suite no.) See instructions.

Requester's name and address (optional)

6 City, state, and ZIP code

7 List account number(s) here (optional)

## Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN,* later.

**Note:** If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

**Social security number**

___ – ___ – ____

**or**

**Employer identification number**

__ – _____

## Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

**Sign Here** | **Signature of U.S. person** ► | **Date** ►

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/FormW9.*

### Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

*If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See* What is backup withholding, *later.*

# Contractor's Conditional Waiver and Release of Lien

**Account number:** _____

**Borrower name:** _____

**Co-borrower name:** _____

**Property Address:** _____

The undersigned contractor (Contractor) has been employed by the borrower to complete improvements (Project) on the above identified property (Property).

Contractor herby represents and warrants that Contractor will pay in full all of the laborers, vendors, subcontractors, material men, suppliers and all other persons or entities for all labor, work, materials, equipment and services provided for the improvements to and work performed on the Property upon receipt of the entire unpaid balance.

Furthermore, the undersigned Contractor hereby acknowledges that the sum of **$_____** constitutes the entire ***unpaid*** balance due the undersigned in connection with said Project and that the payment of said sum to the Contractor will constitute payment in full. Upon receipt of the entire unpaid balance, the undersigned releases and discharges the Borrower from all claims, demands, or causes of action and does hereby waive and release any and all claims, and rights to file or assert any lien on the Property, the improvements on the Property, and on the materials, fixtures, apparatus or machinery furnished in performing the improvements to the Property, and also specifically waives, to the extent allowed by law, all liens, claims, or rights of lien in connection with the Project by the undersigned's subcontractors, material men, laborers, and all other persons or entities furnishing services, labor, or materials in connection with the Project.

**Contract Total: $** _____ **Payments Received: $**_____

**Contractor Signature:** _____ **Date:** _____

**Print Name:** _____ **Contractor Title:** _____

**Borrowers Acknowledgement:**

I, as the Borrower on the above referenced Loan, agree to return the signed affidavit to my Reverse Mortgage servicing company before any remaining funds are released.

**Borrower Signature:** _____ **Date:** _____

**Co-Borrower Signature:** _____ **Date:** _____

**Estate Representative Signature:** _____ **Date:** _____

# Repair Completion Affidavit

**Account number:** _____

**Borrower name:** _____

**Co-borrower name:** _____

**Property Address:** _____

I hereby certify that the repairs made to my home were done either by myself and/or family/friends. I did not hire a contractor to do any portion of the work.

I certify that any required permits required by the city/county were obtained prior to commencing the work.

I certify any and all required materials were purchased by myself and have been paid in full.

- ☐ Copies of paid receipts for all materials purchased are attached to this affidavit.
- ☐ I purchased materials but did not save my receipts.
- ☐ I did not need to purchase materials, as I had the needed items on hand.

**Borrower Signature:** _____ **Date:** _____

**Co-Borrower Signature:** _____**Date:** _____

**Estate Representative Signature:** _____ **Date:** _____

# Third Party Authorization and Agreement to Release

**Account number:** _____ **ILD Number:** _____

**Borrower name:** _____

**Co-borrower name:** _____

**Property Address:** _____

I do herby authorize Onity Mortgage (my lender/mortgage servicer) to release or otherwise provide any and all information related to the claim file referenced above to the following third party:

_____ of _____ In his/her capacity as

**Name** **Company (If applicable)**

_____ _____

**Relationship (if applicable)** **Phone #**

The lender/mortgage servicer will take reasonable steps to verify the identity of the third party authorized above but will have no responsibility or liability to verify the true identity of the third party when he/she asks to discuss my claim file or seek information about my claim file. Nor shall the lender/mortgage servicer have any responsibility or liability for what the requestor may do with the information he/she obtains concerning my claim file.

I do hereby indemnify and forever hold harmless the lender/mortgage servicer from all actions and causes of actions, suits, claims, attorney fees, or demands against the lender/mortgage servicer which I and/or my heirs may have resulting from the lender/mortgage servicer discussing my claim file and/or providing any information concerning my claim file to the above named third party or person identifying themselves to be that requestor.

**Once the borrower has completed this form, please return it to us at InsuranceClaimCheck.com/MortgageServiceCenter or by mail or fax to:**

| **Regular Mail** | **Overnight Mail** | **Fax** |
|---|---|---|
| Onity Mortgage<br>Attn: Loss Drafts #301<br>P.O. Box 6501<br>Springfield, OH 45501 | Onity Mortgage<br>Attn: Loss Drafts #301<br>One Assurant Way<br>Springfield, OH 45505 | 866-446-9074<br>Onity Mortgage<br>Attn: Loss Drafts #301 |

**Note:** No information concerning your claim file will be provided to the third party until we have received this executed document. All mortgagors listed on the Mortgage must sign.

**Borrower Signature:** _____ **Date:** _____

**Co-Borrower Signature:** _____**Date:** _____

**Estate Representative Signature:** _____ **Date:** _____

# Frequently Asked Questions (FAQ)

## Why does Onity get to hold my insurance funds?

HUD and the lender must ensure the property pledged as the sole security to repay the Mortgage is repaired and its value restored. To do that they must ensure all the items listed on the insurance carrier's adjuster's report are repaired and all contractors, labor, and materials are paid in full, so that no mechanic's liens are filed against the property threatening their security interest.

## What happens if I don't sign the insurance claim check?

An insurance check that's not endorsed will be returned to you for proper endorsement. Please refer to the **Loss Draft Checklist** for details. This process may be delayed until we receive an endorsed check and your required paperwork. Please remember to write your mortgage account number on the check as well.

## Does Onity make money while holding my insurance funds?

Absolutely Not! Onity only holds the insurance funds to ensure the property is fully repaired, its value restored, and all contractors, labor, and materials are paid in full. We do not charge any fees or interest to hold the insurance funds. We do not charge any fees or interest to administer the Loss Draft process. We do not otherwise use or invest the insurance funds for our own gain. The insurance money sits in an account until it is fully disbursed.

## What if I select to use upgraded materials or do additional repairs or improvements during the repair process.

If you choose to make improvements or use upgraded materials beyond those listed on the insurance carrier's adjuster's report, you must pay those repairs and materials out of pocket. You are solely responsible for those types of repairs and materials. You cannot use the insurance funds Onity holds in the Loss Draft process for any additional repairs, improvements or upgraded materials.

## Do you have a website?

Yes! We have a full self-service portal which you can access 24/7 to see the status of your file, upload documents, view the status of documents received, see what documents we are still pending from you, request an inspection and see the status of your funds, including funds received and disbursements issued. In addition, there are helpful videos and FAQs to help this process go smoothly. Register now at www.InsuranceClaimCheck.com.

## How do I request additional funds as repairs are completed?

When an additional disbursement is required, please contact us to request a property inspection. Our property inspection company will contact you to arrange a convenient time to inspect the property to confirm the progress of repairs. A disbursement will be processed based on the results of the inspection.

## What if my contractor requires an alternate payment schedule?

If your contractor requires an alternate payment schedule, please submit the request in writing along with a copy of your contract or written agreement. We will evaluate the request to ensure that the proposed schedule is reasonable in relation to the scope of the repairs and protects the interest of Onity and you, the homeowner.

## What if I have more than one contractor?

Many times, damages are limited to a single trade contractor (e.g. roof repairs), however when repair of damages require multiple trades (e.g. plumbing and floor installation, etc.) most people see benefit in the use of a General Contractor that will hire and oversee all subcontractors to complete the full scope of repairs under a single contract. As an alternative, a homeowner could decide to act as their own General Contractor, which would mean they would identify a separate contractor for each trade required, sign a separate contract with each tradesperson and manage the timeline of the overall process. If you select the option to use more than one contractor, the required contractor documents (refer to **Loss Draft Checklist**) will be needed for each contractor and the disbursement schedule in which they are received. This may limit the amount of your initial disbursement and result in the need for additional inspections to ensure the work outlined in each contract is completed before releasing funds associated with those repairs.

## How will I receive my disbursements?

Disbursement checks are sent to your mailing address via regular mail. It is important that you let us know if your mailing address has changed since the damage occurred.

## What do I do if my insurance carrier did not provide an adjuster's worksheet (itemized estimate of damages)?

If you have already confirmed with your insurance company that an adjuster's report was not created, additional documentation may be required to prevent delays to the repair and disbursement process.

The most common reasons are:

- The claim payment was based on your contractor's bid or a public adjuster's estimate. For this scenario, ask your insurance carrier for a letter that states the claim payment was based on the contractor's bid. Many times this document was already provided to you by the carrier with your claim payment. This document needs to be provided to us in lieu of the adjuster's estimate.
- The claim payment was based on a negotiated settlement. For this scenario, ask your insurance carrier for the settlement letter. Many times, this document was already provided to you buy the carrier with your claim payment. This document needs to be provided to us in lieu of the adjuster's estimate.
- The claim exceeded the limits of your policy. For this scenario, you should have received a claim denial letter. This document needs to be provided to us to close your file.

## What is required if mold or asbestos is listed in the adjuster's report?

If the insurance company's adjuster's report indicates mold or asbestos, an air clearance test report may be required for additional funds beyond the initial disbursement. You are responsible for the test completion and must submit a certificate of completion showing the mold or asbestos has been remediated.

## What if my property has suffered a total loss?

If the damage to your property is extensive enough for the insurance claim to be considered a total loss and your property must be rebuilt, you will still follow the Loss Draft process, however additional documents will be required.

- You will need to provide Blueprints or Plans and Specifications ("Plan and Specs") for the new property; and,
- A 'subject to' appraisal to ensure the new dwelling will be equal to or more than the value of the original dwelling. **Note:** The cost of the appraisal will be paid from the insurance proceeds. You may order your own appraisal at your own cost; however, the appraiser must be an FHA approved appraiser. Once submitted, these plans must be approved before you begin construction.
- Once the property is rebuilt, a new appraisal will need to be completed to replace the original appraisal to validate the value is equal to or greater than the original appraisal. The same appraiser must be used that completed the 'subject to' appraisal. If the total amount required for the result is in excess of your insurance funds, you will be required to pay the difference.

## What if I employ a public adjuster to assist with the settlement of my claim?

The cost of the public adjuster and/or attorney fees not covered by your insurance claim are your responsibility. These fees will not be paid from your insurance claim funds unless specifically referenced as a line item in the insurance adjuster's estimate.

## What is required if I change contractors?

If you decide to change contractors while repairs are in process, please contact us as soon as possible. In order to minimize delays, it is important that you provide a copy of the contract, W-9 and lien release for the remaining repairs from the new contractor. It will be necessary to confirm the extent of repairs completed by the prior contractor and the amount due for those repairs. This information and revised release of lien will be required from the prior contractor before additional funds can be disbursed.

### Can I physically do the repairs myself?

If the repairs include electrical, HVAC, plumbing and/or structural work, you must hire a licensed contractor. For all other repairs we highly recommend you select a contractor who is licensed and insured, however you can elect to complete the work yourself (including family, friends or neighbors). If you make this election, you will need to send a written request along with a written quote for materials (see **Loss Draft Documents Checklist** for more details). Once submitted, these will be reviewed for approval. If approved, you will be contacted to discuss the process you will need to follow to obtain funds. Once a final inspection is completed to show all repairs have been made, your file will be evaluated to determine if remaining funds are eligible for release.

### Can I use the insurance funds to pay off my mortgage?

Yes, if the amount of the insurance claim check is sufficient to pay your mortgage in full. First, call us and request a payoff quote. If the insurance funds are sufficient to pay your loan in full, send us the endorsed insurance claim check with a written request for payoff. You should only send a written request if you intend to use the insurance funds to payoff the loan.

## Commonly Used Terms

**Dwelling coverage:** Coverage of damage to the physical structure of a home and any structure attached to it.

**Other structures coverage:** Coverage of damage to detached structures such as garages, storage sheds, patios, fences. etc.

**Personal property coverage:** Coverage of damage to the contents of the house and other personal items.

**Replacement cost value:** The cost of replacing an item in its pre-loss condition with an item of like kind and quality.

**Depreciation:** Loss of value that occurs over time due to factors such as age, wear and tear and obsolescence.

**Non-recoverable depreciation:** The amount of depreciation deemed ineligible for reimbursement under your insurance policy.

**Deductible:** The amount you are responsible for paying toward an insured loss.

**Net claim amount:** The amount paid to you by your insurance carrier after your deductible and depreciation have been applied.

**ILD number:** This is the unique number for your loss draft file. Providing your ILD number when you contact us will help to assist you with your claim.

# Tips for Choosing a Contractor

Before you choose a contactor(s), please take a minute to read through our helpful tips. Remember, a good contractor may provide additional value by saving money on materials, coordinating repairs and subcontracting work, or reducing the time required to complete the repairs.

## Research

First, do your homework. The more you know, the better you'll feel. Begin by asking for referrals.

- Check with family and friends, colleagues, material suppliers or your local chapter of the National Association of the Remodeling Industry (www.nari.org).
- Research repair companies using websites that review and rate contractors.

## Protect yourself

Take steps to protect yourself when choosing a contractor.

- Consider a contractor whose business is established in your area.
- Before choosing a contractor, verify they are licensed as required in your area, has appropriate liability and worker's compensation insurance, and is bonded.
- Check with your local Better Business Bureau and other sources for any history of complaints or unethical behavior.
- Ask the contractors to show you a copy of their contractor's license and insurance certification.

## Choose at least three contractors to bid

Select at least three contractors to submit written bids for your repairs. Make sure each contractor uses the same plans and specifications. Pay special attention to bids that are significantly lower than others and check for omissions or mistakes. Ultimately, you'll want to choose a professional you feel most comfortable with.

## Ask these questions

Use these questions when you're interviewing potential contractors:

- How long have you been in this business?
- What percentage of your business is repeat or referral?
- How many projects of similar scope have you completed in the last year?
- Can you provide a list of referrals and suppliers from these projects?
- Who will be working on the project?
- Do you have regular employees or subcontractors who you work with?
- Will you be on-site to supervise the job?
- What steps will you take with this project?
- How long will the project take?

## Get a contract in place

Once you've selected a contractor and understand the scope of the repairs, draw up a contract for the work. A good contract can prevent mistakes, avoid misunderstanding, and keep your project on time and within budget. The contract should set out a payment schedule as specific stages of work are completed. Consider having an attorney write or review the contract.