

Disaster Recovery Toolkit

Natural disasters test even the toughest people. Experiencing a disaster can be terrifying and tragic, and home recovery is often exhausting. We're here to help in any way we can, and we'd like to start by helping you through the recovery process, step-by-step.

HOPE NOW presents a streamlined recovery toolkit to help families to recover their homes and their peace of mind.



What's inside:

- Home Recovery Checklist:
- Guide to the Home Recovery Process:
- Frequently Asked Questions:
- Tips on Choosing a Contractor:
- Link for IRS Form W-9 (**important**—usually required and to be completed by contractor)

Home Recovery Checklist

Below is a list of typical documents your mortgage company may need to process your insurance claims in a timely fashion.

- Fully endorsed insurance claim check, including your mortgage loan number**
 - The mortgage company will usually deposit this to a restricted escrow account to be used towards home repairs

- Insurance adjuster's worksheet (all pages)**
 - The mortgage company will need this to complete inspections of the repairs as it provides an itemized list of the property damages

- Contract(s) for repairs, signed and dated by both the contractor and homeowner(s)**
 - The mortgage company will use the contract(s) to release additional funds. Contracts also provide the mortgage company with an explanation of work being done and the agreed payment for that work.

- Conditional Waiver of Lien, (Specific form with each mortgage company), completed by your contractor(s)**
 - The waiver will ensure the contractor will not place a lien on the property after completing the work and being paid the amount listed on the form. The waiver protects you and your property.

- Form W-9 (URL enclosed) completed by your contractor(s)**
 - This is so the mortgage company can include your contractor as a payee on the checks issued.

Sometimes there are specific documents outside of the above list a servicer will require. Please double-check which documents are required with your servicer as you work through the process.

Guide to the Home Recovery Process

The role of the mortgage servicer

The mortgage servicer is named on your mortgage for your insurance proceeds check. As such, mortgage servicers will inspect the restoration of your home and release the insurance funds as repairs are completed. The servicer will also take care of ordering and paying for the required property inspections, which are obtained solely for the mortgage company.

Your role as the homeowner

As the homeowner or mortgagor, you are the primary contact. That's why it's so important to carefully review all instructions so you'll know what's needed along the way, including materials from your insurance provider and contractor(s) working on the property repairs. When you have questions, call the mortgage servicer; they have customer assistance centers with expertise on the claims process.

Process your claim

To move your claim through the process quickly, the servicer will ask that you provide several documents that ensure your home repairs are completed.

Some of the documents will include:

- **Fully endorsed insurance claim check** with your loan number included.
- **Insurance adjuster's worksheet (all pages)** from your insurance provider.
 - **Note:** IF the contractor's estimate is used in place of an adjuster's worksheet, you must include a letter from your insurance company to verify this information.
- **Contract(s) for repairs**, there will probably be multiple contracts to repair home damage, each contract must be signed and dated by each contractor and the homeowner(s). *A mortgage company must have a contract.*
- **Third Party Authorization Form (Specific by mortgage company)** if you want the mortgage company to discuss your claim with another party, like your contractor or possibly a spouse who's not listed on the loan. The mortgage company will have a copy of a form for you to fill out.
- **Conditional Waiver of Lien (Specific by mortgage company)**
- **Form W-9, Request for Taxpayer Identification Number**

The documents and claim check and supporting paper work should be mailed to the Property Loss Department. This information should be listed on your mortgage company's website.

Release of insurance funds

The first step is to send the fully endorsed insurance claim check to your servicer. When the mortgage servicer receives it, they will deposit it into a restricted escrow account. Then the servicer will release insurance funds with the following process.

- **The initial release of insurance funds**

The initial release of funds will be approximately 75 percent of the insurance claim amount (minus any emergency or advance checks that may have already been endorsed). This amount could be different depending on your mortgage servicer, ask if you are not sure of the amount.

Example: \$30,000 emergency insurance check was endorsed and released, and then the insurance company issued another \$110,000 check. This makes the total claim \$140,000. The \$110,000 check is endorsed by you and sent to your servicer for deposit. The initial check issued to you from the deposited check would be \$75,000 ($\$140,000 \times 0.75 - \$30,000$).

- **The final release of insurance funds**

As home repairs are being conducted, send the remaining required documents to your mortgage servicer. When you have completed the required documents and when the home repairs are nearly done, call and request a property inspection. Sometimes a mortgage company will have an e-mail or website you can use. Once the servicer receives inspection results showing the repairs have been completed, they will do a final release of insurance funds.

- **Claim closure**

When all repairs are complete and your servicer receives the inspection results showing that the repairs have been completed, they will close the claim.

Important information

These guidelines may change if the account is past due or if you're disputing with a contractor(s) about the work performed. If you're working with a public adjuster, you are responsible for paying their fees.

What you need to keep in mind:

Here are some helpful tips to keep in mind as you complete the home recovery process.

- Before building, you should consult local government officials to determine the mandatory elevations and any construction requirements for your home or building.
- Keep copies of all these documents for your records. Original documents can't be returned.
- Always include the mortgage loan number on any information you send to your servicer
- Your servicer will contact you at least every 45 days until you let them know you're ready for a property inspection, or until the work is complete.
- If you have any questions along the way, please contact your servicer.

Using the insurance funds to pay off your account

If your insurance check exceeds your current outstanding account balance, you may pay off your account using this check, or using the check together with certified funds

Here's what you need to do:

- Call Customer Service and ask for a payoff quote—this will verify the total amount you need to pay.
- Send the mortgage company two specific documents: 1) the fully endorsed claim check from your insurance provider, and 2) a letter authorizing the mortgage servicer to pay off the account
- Make sure to include the account number on all checks and the authorization letter
- This process may vary with different mortgage companies, ask first

Frequently Asked Questions

Below are answers to some of the most common questions about the home recovery process.

Why is the mortgage company listed on my insurance claim check?

The mortgage company has a secure interest in your home and property, just like you. Because the company is listed as the loss payee on your insurance policy if your home or property is damaged, the insurance claim check is payable to both you and the mortgage servicer. This process protects homeowner interests and servicer interests.

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

When a servicer receives an insurance claim check that's not endorsed they will return it to the homeowner to sign. The servicer will not begin the home recovery process without an endorsed check and the required paperwork. It's also a good thing to always write the mortgage number on the checks.

Why does my mortgage servicer release the insurance funds in increments?

Funds are released in increments to protect the homeowner from contractor scams and make sure the property is properly repaired. By releasing the funds in increments, your servicer can ensure a contractor won't walk away after partially completing repairs and being paid in full.

Why does my mortgage servicer have to inspect the property before the funds can be released?

The servicer pays for the inspections to ensure the home is restored. This allows a steady process of covering costs as they relate to work being done or completed.

Can insurance funds be used to bring my delinquent mortgage payments current?

No. Insurance funds are only for property repair or restoration.

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

Sometimes. If the amount of the insurance claim check is more than the amount needed to pay off your mortgage in full. First, call the servicer and request a payoff quote. If you can pay off the mortgage with the insurance funds, send the servicer the endorsed insurance claim check with a letter authorizing the servicer to use these funds to pay off the mortgage.

What happens if my mortgage balance is less than the claim amount?

The insurance funds could be used to pay the mortgage in full. However, if you'd like to use the insurance funds to repair the property, the servicer will release them to you in increments until the repairs are completed.

What should I do if my contractor needs more than the expected release of the insurance funds to start or continue repairs?

A written request must be submitted to the servicer, signed by the homeowner and the contractor. The servicer will review the request to determine whether they can release any additional insurance funds.

Are there home repair programs beyond insurance relief?

Yes, across the country there are various programs that provide assistance with additional dollars to help with home repair. To find these programs, research your area with key words “home repair” and “weatherization.” These programs will have qualification guidelines, so be prepared to share appropriate paperwork.

For homeowners affected by Hurricane Irma-- Florida resources:

- [HUD-approved housing counseling agencies](#)
- [Florida Association for Community Action](#) - local agencies provide low-income emergency home repair (LEHRP) and weatherization assistance (WAP). Select those programs under their Quick Directory Links for help.
- [Florida Department of Community Affairs](#) funding goes to local agencies to help homeowners and renters
- [Florida Housing Finance Corporation](#) - call (800) 814-HOME (4663) for info on first-time homebuyer programs, lower interest rate loans and purchase assistance
- [Habitat for Humanity](#) - home construction using sweat equity, assisted financing
- [HUD's Community Development Block Grants \(CDBG\)](#) recipients may offer homebuyer assistance in your area
- [HUD's HOME Investment Partnership Program](#) provides funding to local agencies to help you purchase or repair your home
- [State Housing Initiatives Partnership \(SHIP\) Program](#)
- [USDA Rural Housing Service](#) - direct loans and grants for building, purchasing or repairing

For homeowners affected by the California wildfires-- California resources:

- [California Building Codes and Standards](#)
- [California Housing Finance Authority \(CalHFA\)](#) - finance the purchase or the refinance of a home in need of repair
- [Community contacts](#) - find out if your community offers home repair assistance
- [Contractors State License Board](#) - file a complaint against a licensed contractor
- [Habitat for Humanity](#) - through volunteer labor, builds and rehabilitates houses for families in need
- [Veterans Affairs Loans](#) - loans and grants to qualifying veterans to adapt an existing dwelling to meet specific needs
- [USDA Rural Development Office](#) - home improvement loans and grants to low-income homeowners in rural areas

For homeowners affected by Hurricane Harvey—Texas resources:

- [Texas Department of Housing and Community Affairs](#) - home repair and weatherization assistance
- [Habitat for Humanity](#) - through volunteer labor, builds and rehabilitates houses for families in need

- [Habitat for Humanity ReStores](#) - discounted used and surplus building materials
- [Veterans Affairs Regional Loan Center](#) - loans and grants to qualifying veterans to adapt existing dwelling to meet specific needs
- [USDA Rural Development Office](#) - home improvement loans and grants to low-income homeowners in rural areas
- [Texas Veterans Home Improvement Program](#) - provides below-market interest rate home repair loans to qualified Texas Veterans
- [Elder Options of Texas](#) - home modifications to make it easier and safer to manage activities
- [Make your home more energy efficient](#)

Also, see your state's section of the HUD website to find more local resources.

Do I have to be delinquent to apply for mortgage assistance?

No. Call your mortgage servicer and discuss your hardships. There are programs available for certain borrowers that are not based on mortgage delinquency. You can learn more about the Fannie Mae and Freddie Mac modification options on their websites.

What if I don't use all the insurance funds for the repairs?

Typically, a servicer will return any remaining money to the homeowner. When the repairs are 100 percent complete, the inspection(s) have occurred, and all contractors and repairmen have been paid. The homeowner must also be current on your mortgage payments to receive this refund.

Tips for Choosing a Contractor

Remember, a good contractor may provide additional value by saving money, comparing materials, providing excellent coordination or subcontracting work, and saving time.

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.
- Conduct phone interviews
- Compare a few quotes
- Meet face-to-face

Protect yourself

Take these steps to protect yourself when choosing a contractor.

- It's usually best to consider a contractor whose business is established in your area.
- Contractor should be licensed or bonded in the state of the property location.
- Check with your local Better Business Bureau for any filed complaints.
- Ask the contractors to show you a copy of their insurance certification.
- The typical contracting process will involve a down payment upon signing of contract, so be prepared.

It is best to compare

Usually comparing three contractors' written bids is a good idea. Make sure each contractor uses the same plans and specifications. Pay special attention to bids that are significantly lower than the others, and check for omissions or mistakes. Don't rush if you don't feel comfortable.

Ask these questions:

- How long have you been in 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 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?

Contract in place

Once you've selected a contractor and understand the scope of your repairs, draw up a contract for the work. A good contract can prevent mistakes, avoid misunderstandings, and keep your project on-time and within budget. Consider having an attorney write or review the contract.

Form W-9

To be completed by your contractor

<https://www.irs.gov/pub/irs-pdf/fw9.pdf>