

Wildfire Q&A: 12 Consumer Questions Answered

NBC Bay Area

Q: My home is gone. May I stop making mortgage payments?

A: Maybe, but not forever.

Definitely contact your lender now — and, ideally, before your next payment is due. You can request a pause. It's possible you'll hear the term "forbearance agreement." That's bank jargon for the paperwork that lets you temporarily make reduced payments or no payments at all. The Department of Housing and Urban Development can help you find a counselor who can help you.

Call 800-569-4287 to find a counselor. Don't just assume this is an automatic process. If you stop making payments without talking to your lender, you risk late fees, a stain on your credit, and the possibility of foreclosure proceedings beginning. So, please call the lender as soon as you can.

Q: What should I do about my tax bills?

A: You might be able to apply for a reprieve or deferment from paying property and income taxes.

For property tax, you should contact your county assessor or tax collector to see how they're handling requests from fire victims. This is especially important if you've been making installment payments to cover your tax liability.

For income tax, the Board of Equalization says relief might be available. Call 800-852-5711. Please don't assume you automatically qualify for help.

If you just stop paying your tax bills without contacting the appropriate offices, you could face late fees and liens that could cost you dearly.

Q: Will my property taxes be reduced?

A: Property tax relief, even refunds, might be available.

The state Board of Equalization says homeowners whose houses have suffered at least \$10,000 in damage can apply. The property will need to be re-assessed and a new tax bill generated.

Sonoma and Napa County assessors have posted forms for "calamity reassessment" on their homepages. The state says you must apply within the next 12 months.

Q: How long does insurance pay for temporary housing?

A: Because the fires triggered a state of emergency, state law requires 24 months.

Generally speaking, homeowner's policies usually cover housing that is similar in size, as well as the fees associated with move-in, like application fees, credit check charges, utility hook-up fees and renter's insurance.

But, even though the state requires insurance companies to pay for 24 months of temporary housing, some policies cap the amount you can spend. So, you could run out of coverage before the 24-month window ends.

You need to get ahold of your policy to see what you're entitled to. Look for "alternative living expenses," and please budget accordingly.

Q: What do you do while an insurance claim is in the works?

A: It's vital that you keep a journal.

Document every meeting, phone call, email, and letter from your insurance company. Keep track of dates, times, names, and promises.

Agents and adjusters are human. They'll likely be overwhelmed handling so many claims. So, it's likely some things will be overlooked and mistakes will be made. You can correct errors by keeping good notes about the process, what you are entitled to under your policy and who's handling what.

This is an emotional time, but insurance claims should be treated as business transactions. The advocacy group called United Policyholders in San Francisco puts it this way: "Give your insurance company a chance to do the right thing, but don't mistake a friendly representative for a friend."

Q: Who pays for debris removal?

A: Your insurance company could cover that cost for you.

We commonly find coverage for debris removal in homeowner's policies. Sometimes it's under a heading like "additional coverage." Check your specific policy to be sure. And, before spending any of your own money, ask an agent about the process.

Also, don't rush into cleaning up. The Insurance Information Institute tells us that victims should not remove anything until after an adjuster visits the property. Tossing things in the trash too quickly could disrupt your claim.

Q: How long will my insurance claim take?

A: It might take longer than a month.

Once an adjuster visits your property and you complete a form called a "proof of claim," state law gives the insurance company 40 calendar days to respond in writing. It can accept your claim, reject it, or do a combination of both.

If any part of your claim is rejected, the law requires a statement of the amount and an explanation for why. If there's a problem or a delay at the 40 day mark, the insurance company must tell you about it — in writing — and keep you updated every 30 days.

Q: Must I just accept what the insurance company says my claim is worth?

A: No, you should not.

Here's the harsh reality: You might be offered less money than the full value of your insurance policy. Many disaster victims must fight to get the full amount listed on their policy. Some even take the case to court.

United Policyholders puts it this way: "Think of your insurance claim as a business negotiation. You're dealing with a for-profit company."

So, how do you prevail? Persistence and proof.

For every reason the insurance company seeks to reduce your claim, you should construct a counter argument and submit documentation to back it up. When you're given an offer, don't feel rushed. Take your time. And, if you're asked to sign a legal document like a contract, consider asking an attorney to review it for you first.

Q: May I pad my homeowner's claim to make sure I get the full amount of my policy?

A: Absolutely not.

Inventing things to inflate an insurance claim is insurance fraud, which can result in fines or even prison time. Insurance companies have zero tolerance for fraud. They can turn you in, and the state can prosecute you. Keep the claim honest.

It's true, you might have to fight to get the full amount you are owed. However, you can win sticking to facts. Getting caught committing fraud will cause many, many more problems.

Q: Will my insurance claim check be given to me?

A: Very likely, yes. But, your name won't necessarily be the only name on it.

If you have a mortgage on your home, the insurance company will likely make the check out to you and your bank. That means the lender might get the money first. Then, you'll have to get them to release it to you.

Will that take time? Yes. Will that require paperwork? Yes. That's why it's important to make contact with your insurance company and your lender as soon as possible. Get everyone talking ASAP so everyone knows exactly what to expect.

Q: How much should I pay a contractor before repair work starts?

A: This is where many, many, people get scammed.

In California, state law says contractors may collect only 10 percent of the cost of a job or \$1,000 upfront,

whichever is less. If a contractor is asking for more, he or she is breaking the law at the outset. That is a red flag to turn them away, and, perhaps, turn them in.

You can report shady contractors to the contractors state license board, 800-21-CSLB. The operators there can also look up licenses for you — which really is step one.

Never hire an unlicensed contractor. And never agree to a job without a written contract that outlines exactly what work is to be done and exactly how much it will cost you.

Q: What should be in a 'go bag'?

A: Essentials.

Think about it: If you're suddenly ordered to evacuate your home, shelters will not be open immediately. You'll be on your own right away. Everyone's supplies will be somewhat different, but generally speaking, bring enough medicine, clothing, non-perishable food, water and cash to be self-sufficient for at least two days.

Also, as the simultaneous collapse of the cellular network and road closures during the firestorm taught us, a paper road map of your area is key. GPS could be useless.

Build your go bag now and put it someplace where you can genuinely grab it and go.