



Post-Wildfire Rebuild Financing

June 21, 2023

California and Colorado Wildfires

About United Policyholders (UP)

- 501(c)3 nonprofit organization
Tax ID # 94-3162024 (Platinum Guidestar Rating)
- A voice and an information resource for consumers in all 50 states
- A 32 year track-record and subject matter expertise in insurance and disaster recovery
- Not for profit...not for sale
- Funded by donations and grants
- A volunteer corps with personal and/or professional expertise in disaster recovery and insurance

Team UP

- Professional staff
- Government and nonprofit partners
- Volunteers
 - Survivor to Survivor - previous catastrophic loss survivors paying it forward
 - Consumer-oriented professionals
 - Damage and repair/rebuild cost estimators
 - Lawyers
 - Public Adjusters
 - Tax and Financial Planning experts
 - Construction and Real Estate professionals

Our Three Programs

Roadmap to Recovery[®]

- *Guidance on insurance, restoring assets and getting back home after a catastrophic loss*

Roadmap to Preparedness

- *Helping households and communities reduce risk and be resilient to disasters and adversity*

Advocacy and Action

- *Fighting for insurance consumer rights and protections*

Disaster Insurance Help Libraries

uphelp.org/recovery/disaster-recovery-help

- State Specific Resources with Step-by-Step Guidance
- One Click Links to Sign UP for Events And Email Notifications
- Links to Pro-consumer Professional Help
www.uphelp.org/findhelp
- Sample Letters & Claim Forms
www.uphelp.org/samples
- Survivors Speak Tips
www.uphelp.org/survivorsspeak
- Upcoming Workshops and Resources
www.uphelp.org/events

The screenshot displays the United Policyholders website's "Disaster Recovery Help" section. The header includes the logo and navigation links for "LOG IN" and "ASK AN EXPERT". The main navigation bar features "HOME", "ABOUT", "MEDIA", "RECOVERY HELP", "GET PREPARED", "ADVOCACY", and "EVENTS". A "ROADMAP TO RECOVERY™" banner highlights "DISASTER RECOVERY HELP" with a circled button and an arrow. Below the banner, a breadcrumb trail reads "Home » Roadmap to Recovery™ » Disaster Recovery Help". The content area is a grid of disaster-specific help libraries, each with a representative image, a date/status tag, a title, and a brief description.

| Image | Date/Status | Title | Description |
|-------|-----------------------|---|--|
| | SEP 28, 2022 - ACTIVE | 2022 Hurricane Ian – Insurance Claim and Recovery Help Library | Hurricane Ian made landfall as a Category 4 Hurricane and caused extensive damage in late September, 2022 in regions throughout Florida and neighboring states. |
| | JUL 29, 2022 - ACTIVE | 2022 California Wildfires – Insurance Claim and Recovery Help | This library will help those affected by the Alex, McKinney, Yeti, Mill, and Fairview fires. |
| | JUL 22, 2022 - ACTIVE | 2022 Oak Fire – Insurance Claim and Recovery Help | The Oak Fire in Mariposa County has burned nearly 19,000 acres and destroyed over 190 structures so far during what is predicted to be an exceptionally challenging wildfire season in California due to drought conditions. |
| | JUN 10, 2022 - ACTIVE | 2022 Yellowstone Flooding in Montana | "1-in-500 year event" in June 2022 brought catastrophic flooding to Montana communities along the Yellowstone River. |
| | MAR 23, 2022 - ACTIVE | March 2022 Louisiana Tornado – Insurance Claim and Recovery Help | On March 22nd, 2022 an EF3 tornado touched down in the Lower Ninth Ward, Timberlane,... |
| | JAN 1, 2022 - ACTIVE | 2022 Tornado – Insurance Claim and Recovery Help | |


If you'd like to follow the slide deck tonight


<https://uphelp.org/events/https://uphelp.org/events/post-wildfire-rebuild-financing/>


EVENTS

Home » Events » Post-Wildfire Rebuild Financing

Post-Wildfire Rebuild Financing

 Wednesday, June 21, 2023
5:00 p.m. PT / 6:00 p.m. MT



 Zoom - registration required

 Colorado and California wildfire survivors

REGISTER

This workshop will cover fund control/progress payments during rebuilding, options for underinsurance, and mortgage-related decision-making.

RESOURCES

-  [Don't Pay Before You Plan](#)
- [Rebuilding 101: A Guide to the Reconstruction Process](#)
-  [Questions to ask a repair/rebuilding contractor](#)
- [What to Do With Checks from Your Insurance Company](#)
- [California-and-Colorado-Wildfire-Rebuilding-Finances slide deck](#)

www.uphelp.org/events

Register for upcoming events. View recordings of past events and related resources.

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Recovering from a disaster is a marathon, not a sprint!



The Fine Print

- This workshop is intended to be general guidance only, not legal advice
- We don't endorse or warrant any of the sponsors listed at www.uphelp.org or speakers at our workshops
- Our speakers are volunteering their time as educators



Today's Presenters

Valerie Brown

Deputy Executive Director, United Policyholders

Kevin Smart

SVP, Residential and Consumer Lending Manager, Exchange Bank,
Santa Rosa, CA

Todd Peyok

SVP, Commercial and Business Banking, Elevations Credit Union,
Boulder, CO

Annie Barbour

CA Roadmap to Recovery Liaison, 2017 Tubbs Fire survivor

Today's Topics

1. Mortgage-related decision making
2. Paying for construction with insurance funds, escrow account best practices
3. Progress payments, fund control, construction quality control/change orders
4. Loan options for financing the rebuild of an underinsured homes

1. MORTGAGE-RELATED DECISION MAKING

Some questions to ask before you rebuild

- How much is still owed on your home?
- What if you were underinsured?
- How can you get what is owed to you?
- Will you need a new loan?

➤ Underinsurance 101

<https://uphelp.org/claim-guidance-publications/underinsurance-101/>

Know what's available to you

- Try to get as much paid up front as you can from your insurance company
 - Your lender should release any amount of insurance proceeds paid that is greater than your principal loan balance
 - Communication with your lender and contractor is critical
- Getting Your Mortgage Company To Release Insurance Proceeds
<https://uphelp.org/claim-guidance-publications/getting-your-mortgage-company-to-release-insurance-proceeds/>

Tracking down an authorized signer

BURCOS SRSystems, LLC

Mortgage Servicing Companies – Loss Draft Processors

Although Countrywide Mortgage (Balboa) handles most of their own loss draft processing and Sterling National Corporation (previously known as Z C Sterling) handles a good percentage, most of the loss draft processing done throughout the USA is handled by Atlanta, GA based Assurant Specialty Property (ASP) which is a subsidiary of Assurant, Inc. (AIZ). This niche market earns ASP a lot of money, much of which, at least in my opinion and the opinion of probably every contractor in the country who has ever had to deal with them, is undeserved.

The software program ASP uses to track your customers loss drafts (ultimately, your money) and that they tell their investors and customers (i.e.). Citi, US Bank, etc., is so effective, is called "DraftTrac Enterprise tracking." The reason they continue to do such a poor job is that they assume you and your customers will never figure out who is behind the delays – but you just did.

TOP ASP EXECUTIVES

Alan B. Colberg, CEO – Assurant, Inc.

Melissa Kivett, SVP, Business Development & Strategy – Assurant, Inc.

Francesca Luthi, SVP, Investor Relations – Assurant, Inc.

Gene Mergelmeyer, COO – Assurant, Inc.

John Frobose – President, ASP

Mike Campbell – President, Global Home Services – Assurant, Inc.

Gary Turner – Director Customer Experience – Assurant, Inc.

Mike Lawson – VP Assurant Group (manager of east coast site in OH where a majority of loss draft processing in the country takes place). Other centers are located in Florence, SC, Duluth, GA (HQ), Santa Ana, CA and Tustin, CA.

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2. PAYING FOR CONSTRUCTION WITH INSURANCE FUNDS

Paying for construction – Best practices

- First, calculate cost to rebuild as-was (what your home should have been insured for)
 - Work with a builder or estimator get an estimate
-
- The Scoop on “Scope” (of loss)
<https://uphelp.org/claim-guidance-publications/the-scoop-on-scope-of-loss/>
 - Guidelines For Reviewing Adjusters’ And Contractors’ Estimates
<https://uphelp.org/claim-guidance-publications/guidelines-for-reviewing-adjusters-and-contractors-estimates/>

Escrow accounts and fund control

- Required if you have a mortgage.
- Provides added protection to the homeowner – the bank helps you through the process with fund disbursement, inspections, collect lien waivers.
- Be aware of what you don't know and consider an escrow account – it's probably not your area of expertise, plus it's easy to pay your builder more money than the percentage of the build completed.
- Interest earned on the restricted escrow account should be paid to you when the account is closed.

Managing insurance funds

- Structure your contractor agreement draw schedule to be consistent with (or more favorably than) your lender disbursement schedule
- Do NOT let your contractor "get ahead" of your agreed draw schedule
- Planning for Insurance Payouts After a Disaster (Fannie Mae – Don't Pay Before You Plan)
<https://uphelp.org/wp-content/uploads/2021/03/20210204-Dont-Pay-Before-You-Plan-copy.pdf>
- What to Do With Checks from Your Insurance Company
<https://uphelp.org/claim-guidance-publications/what-to-do-with-checks-from-your-insurance-company/>

Options to pay for your rebuild

- Your insurance company manages payments to your builder
- Hire a builder and pay cash from insurance proceeds
- Obtain construction loan
- Talk to an expert (CPA, financial advisor, mortgage professional) about refinancing

Underinsured? Where additional funds come from



External Savings



Personal Property Proceeds



**Retirement Savings/
Loan**

Federally Tax Favored
Qualified Withdrawal



**Granny Unit within
the Rebuild?**

Deep breath



3. CONSTRUCTION QUALITY CONTROL

Balancing your budget & bottom line

- Be mindful of change orders and their impact on your final bill.
- Be aware of the terms of your contract and make sure your contractor is upfront about the impact of rapidly changing material costs.
- Do NOT let your contractor "get ahead" of your agreed draw schedule.
- If it is in your contract make sure that your contractor fulfills the entire contract. Some will say that money for landscaping has been used in another category for example.

Check your contract

What is there

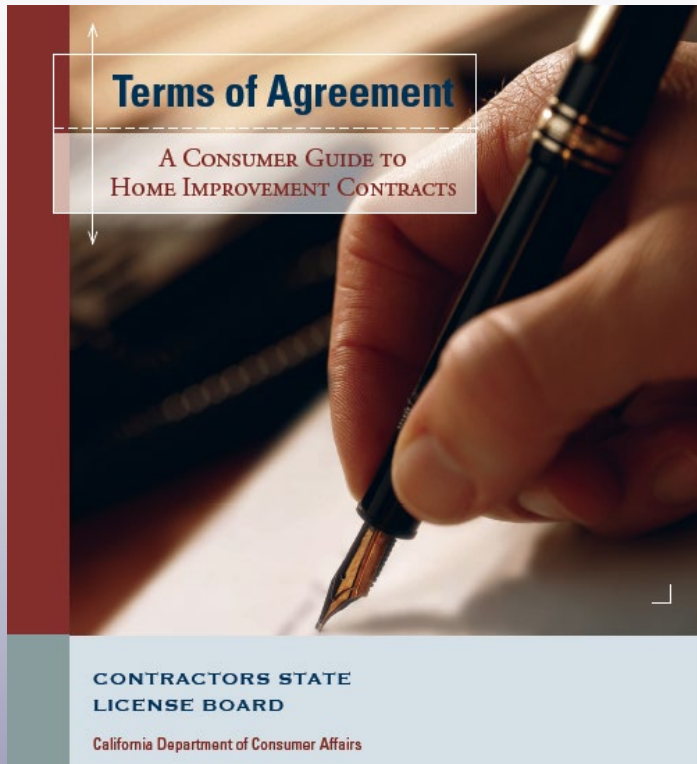
- Overhead and profit
- Project schedule

What is NOT there

- No penalties for not being in on time
- No finish/end/start date

Know that there are things for which you may need an expert. Contract review is one of them.

<https://www.cslb.ca.gov/Resources/GuidesAndPublications/HomeImprovementContractsConsumerGuide.pdf>



A CONSUMER GUIDE TO HOME IMPROVEMENT CONTRACTS

| WILL YOUR PROJECT DESCRIPTION GIVE YOU THE RIGHT RESULTS? | | |
|---|--|---------------------------|
| GOOD EXPECTATIONS | TROUBLE AHEAD | GOOD LUCK |
| Install xx (quantity) Company XYZ upper/lower maple kitchen cabinets, model ABC, style/color 0123, European hinges, hardware model 1000, per plan dimensions and diagram. | Install maple kitchen cabinets. | Install some cabinets. |
| Paint indoor entry (per plan) using Brand X paint, color 567, two coats, with preparation and taping described in next paragraph. | Prep and paint entryway with blue paint. | Paint the entry. |
| Install Brand X kitchen faucet in style ABC and color BCS. | Replace kitchen faucet, if necessary. | Replace kitchen fixtures. |

Colorado license resources

Unlike most other states, Colorado does not require a general contractor licensing at the state level. Most are regulated at the local level.

Boulder County: <https://www.bouldercounty.org/property-and-land/land-use/building/licensed-building-contractors/>

City of Louisville: <https://www.louisvilleco.gov/local-government/government/departments/building-safety/contractor-licensing>

Town of Superior: <https://www.superiorcolorado.gov/community/rebuilding>

Grand County: <https://www.co.grand.co.us/1253/Contractor-Registration>

Larimer County: <https://www.larimer.org/building/contractor-licensing>

Quality control

- Consider a private inspection before final payment.
Be present onsite for final inspection.
- Occupancy permit – temporary occupancy permit or final certificate of occupancy
- Your contractor should provide you lien releases when construction is finished so make sure you let them know that you are expecting it.

4. LOAN OPTIONS FOR FINANCING YOUR REBUILD

What you need to know about construction loans and mortgages

- Conversion of construction loan to permanent fixed-rate mortgage
- Construction only loan – must be paid in full or refinanced into a mortgage
- Owner-builder loan
- Navigating SBA loans

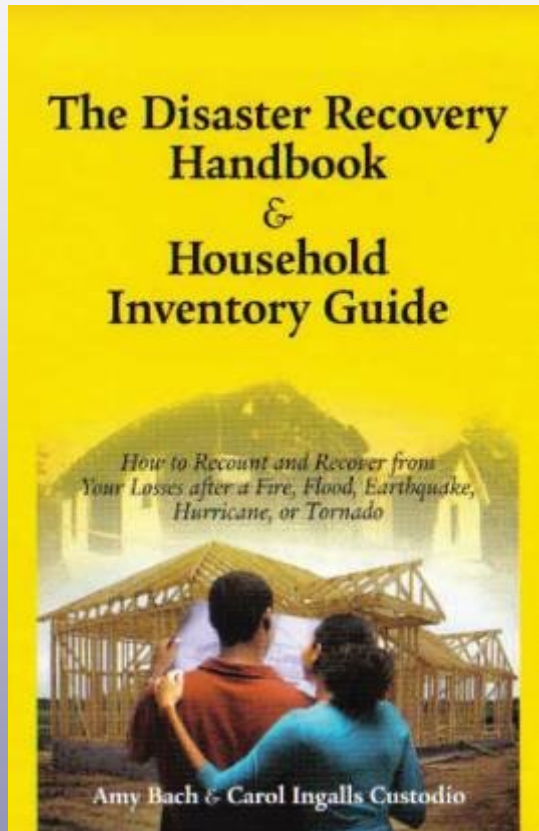
Gap financing options

Talk to your lender and see if they have:

- Gap/bridge loans, a short-term residential loan to meet an immediate financial obligation which would then be rolled into a long-term financial tool
- Bridge loan/Home Equity Line of Credit for those insured, against the future residence

If your lender doesn't offer these types of products, check with other lenders, many credit unions offer flexible residential lending products.

R2R guidance and tools



“The Little Yellow Book”

Email info@uphelp.org
for a copy mailed to you

Survivors Speak

Share your knowledge with other survivors

<https://uphelp.org/claim-guidance-publications/survivors-speak-tip-series/>

“Survivors Speak” Tip Series

This section of our claim help library offers recovery guidance and strategies from people with personal experience recovering from a catastrophic loss, in their own words. While the label “disaster victims” is in common usage, many people whose homes have been damaged or destroyed prefer to be referred to as “survivors” because that term implies strength and a pro-active approach to getting out of a bad situation. Our Survivors Speak tips are part of United Policyholders’ extensive library of free information.

“We learned first-hand that the best way for us to heal from our devastation and loss was to help others recover.” — Karen Taylor-Burke, 42, of Leonardo, N.J., whose home was destroyed in October, 2012. She and her husband hope to be done rebuilding in the spring of 2015. [“Lessons Learned From Hurricane Sandy”, New York Times, 10/28/14]

Submit your tip to info@uphelp.org

Stay connected to other disaster survivors – S2S Forums

- Great source of information about:
 - Insurance and rebuilding
 - Negotiation and financial strategies
 - Referrals and warnings re: professionals
- Important source of emotional support
 - No one else understands your challenges and emotions like another survivor
- Find upcoming Survivor 2 Survivor Forums and register at: <http://www.uphelp.org/events>



COLORADO
Department of
Regulatory Agencies
Division of Insurance

Colorado Division Of Insurance

For Free, Personal Assistance With Your Claims Or Underinsurance Issues

To File a Complaint Online: www.doi.colorado.gov

By Email: dora_insurance@state.co.us

Or Call: (303)894-7499

The screenshot shows the website header with the Colorado Department of Regulatory Agencies logo and a search bar. Below the header is a navigation menu with links for 'Division of Insurance Home', 'For Consumers', 'Insurance Products', and 'Insurance Industry'. A secondary menu includes 'Statutes, Regulations & Bulletins', 'Newsroom & Announcements', and 'DORA Home'. The main content area features five service tiles: 'File a Complaint' (with a document icon), 'Health Insurance' (with a medical cross icon), 'Homeowners & Renters Insurance' (with a house icon), 'Auto Insurance' (with a car icon), and 'Life Insurance & Annuities' (with a checkmark icon). The background of this section is a pattern of colorful umbrellas. At the bottom of the screenshot, a white banner reads 'Welcome to the Colorado Division of Insurance'.



CALIFORNIA DEPARTMENT OF INSURANCE



**Wildfire resources
and insurance
information**

**FOR FREE, PERSONAL ASSISTANCE WITH YOUR
CLAIMS OR UNDERINSURANCE ISSUES**

CALL US AT: 1 800 927 4357

OR GO ONLINE: insurance.ca.gov


Upcoming Roadmap to Recovery[®] events


EVENTS

Home » Events

UPCOMING EVENTS

Contents Pricing Party for wildfire survivors

 Saturday, January 21, 2023
10:00 a.m. PT

 Zoom

 All wildfire survivors

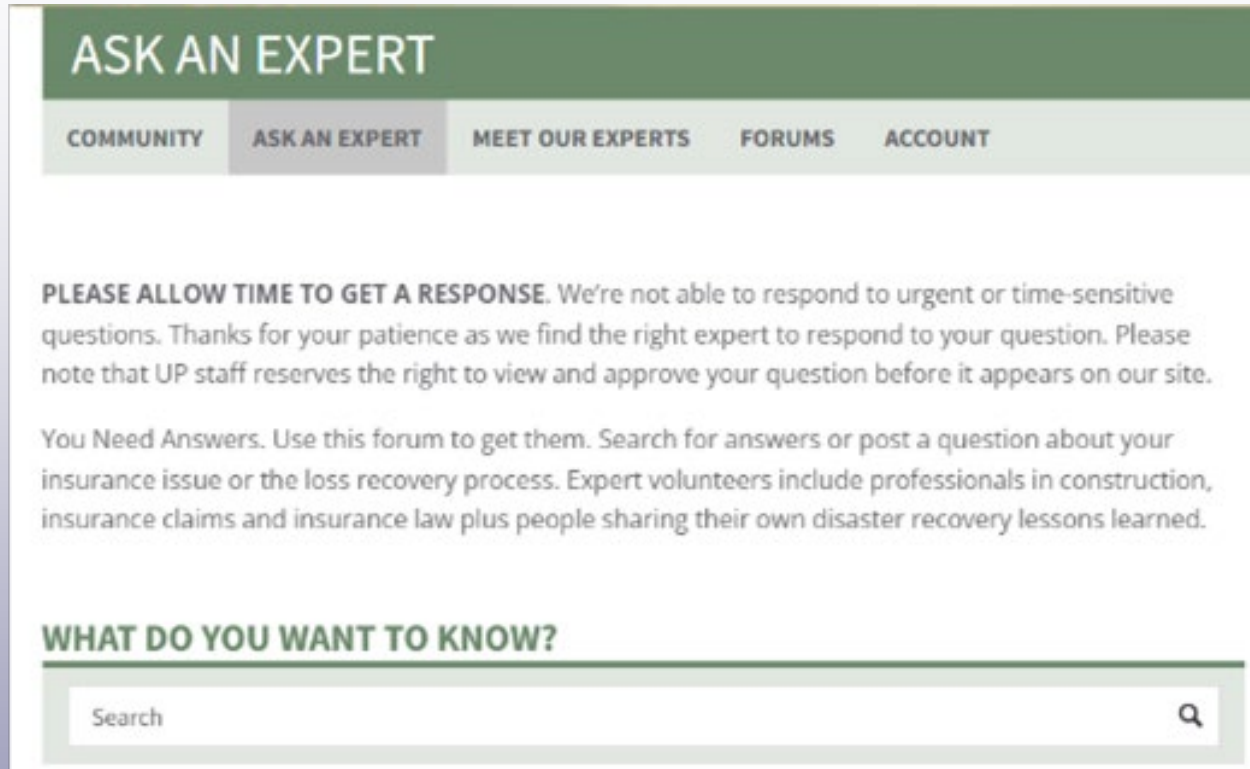


VIEW +

www.uphelp.org/events
Register for upcoming events.
View recordings of past events and related resources.

Ask an Expert Forum

www.uphelp.org/ask-an-expert



The screenshot shows the top navigation bar with the title "ASK AN EXPERT" in a dark green header. Below it is a menu with five items: "COMMUNITY", "ASK AN EXPERT" (highlighted), "MEET OUR EXPERTS", "FORUMS", and "ACCOUNT". The main content area contains a message: "PLEASE ALLOW TIME TO GET A RESPONSE. We're not able to respond to urgent or time-sensitive questions. Thanks for your patience as we find the right expert to respond to your question. Please note that UP staff reserves the right to view and approve your question before it appears on our site." Below this is a paragraph: "You Need Answers. Use this forum to get them. Search for answers or post a question about your insurance issue or the loss recovery process. Expert volunteers include professionals in construction, insurance claims and insurance law plus people sharing their own disaster recovery lessons learned." At the bottom, there is a section titled "WHAT DO YOU WANT TO KNOW?" followed by a search bar with the placeholder text "Search" and a magnifying glass icon.

- Register. It's free.
- Write in your questions.
- Get an answer from an expert in construction, insurance, laws and disaster recovery.

Thank you to our funders

