



Insurance Claims

Dear Redstone Federal Credit Union® Homeowner:

Please review this information regarding insurance claims. We are here to help make this process as easy as we possibly can. The following steps should help you in getting your house repaired. We have included all the necessary forms as well as Frequently Asked Questions to help you through this process. Please sign and return to the Redstone Federal Credit Union (RFCU®) all necessary forms as indicated within this packet.

Insurance claim checks for damage to or loss of property will be made payable to the borrower(s) and depending on the amount of your claim, also, the mortgagee(s) listed on the insurance policy. To protect your interest as well as RFCU's interest in your property, the following guidelines should be followed.

Upon notification of a claim, your Mortgage Servicing Department will send you a letter with a personalized checklist to assist you through this process. We have tried to include most scenarios; however, we understand that each Redstone Homeowner's claim situation varies. Please do not hesitate to contact our team if your situation is not covered in this information.

Your Mortgage Servicing Department

Claims Process Steps

1. Contact your insurance company or agent to file your claim.
2. Do what is needed to prevent further damage to your property.
3. Member-provided documentation is dependent on the amount of the claim; however, in all claims, a copy of the Insurance Adjuster's Report is required. Please bring by your local branch office, or mail or fax a copy of the Insurance Adjuster's Report to our Mortgage Servicing Department.
4. Once you receive the claim check from your insurance company, bring your check to your local branch or mail it to our Mortgage Servicing Department.
5. Keep track of all expenses/paid receipts.
6. Once you select a contractor, provide RFCU a copy of the signed contractor's repair contract.
7. Complete the Certificate of Intent to Repair and provide your contractor with the Contractor Mechanic's Lien Waiver to complete for the amount of the draws stated on the contractor's repair contract. Complete the necessary paperwork as applicable to your insurance claim.
8. Any increase in your insurance claims could result in additional requirements according to the revised total claim amount.
9. Once repairs are completed, please call our Mortgage Servicing Department to set up the final inspection on the repaired damage. Final inspection is to verify that repairs have been completed. The inspector cannot validate the quality of repairs.

Contact Information:

Mailing Address:

Redstone Federal Credit Union
Mortgage Servicing Department
220 Wynn Drive
Huntsville, AL 35893

Phone:

800-234-1234, ext 8601

Fax:

256-882-8526

Email:

mortgageservicing@redfcu.org

Claims of \$10,000 or less

Required documentation:

- Claim Details/Insurance Adjuster's Report
- Signed Certification of Intent to Repair (Exhibit A)

If your loan is current, then funds may be released to you, with no inspection required, once the required documentation has been received and reviewed by the Mortgage Servicing Department.

Claims of \$20,000 or less

Required documentation:

- Claim Details/Insurance Adjuster's Report
- Signed Certification of Intent to Repair (Exhibit A)

Other requirements:

It is to be determined by the Mortgage Servicing Department **if:**

- Based on the type of repairs (e.g., damage affecting the safety, soundness, or structural integrity of the property), a **licensed** contractor is required to restore or repair the property. If a contractor is required:
 - Insurance claim proceeds are to be made payable to the borrower.
 - Copy of Contractor's Current License.
- Your loan must be current. Then funds may be released to you with 10% of the claim to be held in your savings account until a final inspection has been performed and it is determined that all repairs indicated on the Insurance Adjuster's Report are completed.
- The inspection fee to be paid by the Credit Union.

Claims between \$20,001 and \$39,999

Required documentation:

- Claim Details/Insurance Adjuster's Report
- Signed Certification of Intent to Repair (Exhibit A)

Other requirements:

It is to be determined by the Mortgage Servicing Department **if:**

- Based on the type of repairs (e.g., damage affecting the safety, soundness, or structural integrity of the property), a **licensed** contractor will be required to restore or repair the property if a contractor is required.
 - Insurance claim proceeds are to be made payable to the borrower(s) **and** the contractor.
 - Copy of Contractor's Current License.
 - Copy of Contractor's Contract Agreement.
 - Completed and signed Contractor Mechanic's Lien Waiver(s) (Exhibit C) completed by the contractor, before the last disbursement is released.
- Loan must be current.
- If advance payments have been made to the contractor, then funds may be released subject to you providing receipts/invoices that confirm that advance payments were made.
- Funds may be released with 10% of the claim to be held in your savings account until a final inspection has been performed and it is determined that all repairs indicated on the Insurance Adjuster's Report are completed.
- The final inspection fee to be paid by the Credit Union.

Claims of \$40,000 and greater

Required documentation:

- Claim Details/Insurance Adjuster's Report
- Signed Certification of Intent to Repair (Exhibit A)
- Copy of Contractor's Contract Agreement
- Copy of Contractor's State License for the state the property is located
- Copy Contractor's General Liability Insurance
- Signed Insurance Claim Disbursement Agreement (Exhibit B)
- Completed and signed Contractor Mechanic's Lien Waiver(s) (Exhibit C) completed by the contractor(s), before the last disbursement is released

Other requirements:

- A licensed **and** insured contractor **is required** to restore or repair the property.
- Your loan must be current.
- The claim proceeds are to be deposited into your savings account with a management hold.
- Unless agreed upon in advance, the following general disbursement schedule will be followed with checks made payable to you **and** the contractor:
 - 1st disbursement: Greater of \$40,000 or 10% of the unpaid principal balance
 - 2nd disbursement: 50% of repairs completed (inspection required to release funds – cost member's responsibility)
 - 3rd disbursement: 100% of repairs completed (inspection required to release funds – cost RFCU's responsibility)
- Funds are to be disbursed based on periodic inspections of the progress of the repair work.
- All insurance claim proceeds are to be made payable to you **and** the contractor.
- If you have made advance payments to the contractor and/or to purchase materials, the funds can be released to you. The release of these funds is subject to you providing receipts/invoices that confirm that advance payments were made.
- The final inspection fee is to be paid by the Credit Union. You will be required to pay for any additional inspections.
- 10% of the claim is to be held in your savings account until a final inspection has been performed and it is determined that all repairs indicated on the Insurance Adjuster's report are completed.

Exhibit B
Insurance Claim Disbursement Agreement

Borrower(s) Name: _____

Property Address: _____

Loan Number: _____

This Agreement, made and entered into this _____ day of _____, 20____, by and between _____ (Borrower) and Redstone Federal Credit Union;

Whereas, the Borrower executed a Mortgage and Note in favor of Redstone Federal Credit Union on _____ (Date), in the amount of \$_____ (Loan Amount) for the property indicated above.

Whereas, the subject property has sustained damage and the Borrower(s) has presented Redstone Federal Credit Union with an insurance claim check in the amount of \$_____ and hereby plans to repair said property with the insurance claim funds.

Now, therefore, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. The above recitals are true and correct and incorporated herein by this reference.
2. Borrower agrees to continue all scheduled monthly mortgage payments as may be called for under the terms of said Mortgage and Note.
3. Borrower has entered into a contract for repair of the premises with _____ as Contractor/Builder, a copy of which is attached hereto as Exhibit A. Borrower hereby acknowledges and agrees that Redstone Federal Credit Union is not a party to this repair contract, and that Redstone Federal Credit Union assumes no responsibility whatsoever with respect to completion of repairs, workmanship of repairs, or whether the funds deposited are sufficient to complete all necessary repairs. In the event the insurance proceeds check deposited is insufficient to complete all repairs, Borrower hereby agrees to be responsible for any shortfall. Insurance proceeds will not be released for additional work beyond the scope of the claim. Borrower hereby agrees to indemnify and hold Redstone Federal Credit Union harmless for any/all liability whatsoever in connection with the disbursement of the insurance proceeds referenced herein and for any inspections it may conduct of the property.
4. Draws will be issued as follows:
 - a. The greater of \$40,000 or 10% of the unpaid principal balance to begin repairs.
 - b. Balance up to 50% of the total claim upon receipt of an inspection report from an inspector designated by Redstone Federal Credit Union indicating 50% of the repairs have been completed.
 - c. 50% of the total claim upon receipt of an inspection report from an inspector designated by Redstone Federal Credit Union that the repairs are 100% complete.

5. Upon approval to release funds, Redstone Federal Credit Union will disburse funds to:
 - Borrower, Contractor/Builder, or Borrower and Contractor/Builder.
6. Borrower agrees to complete all repairs within 90 days. If repairs cannot be completed within the 90 days, Borrower is to provide Redstone Federal Credit Union with a written explanation as to the delay in the repairs along with the anticipated date of completion.
7. At the completion of the work, and upon final approval and acceptance of same by Redstone Federal Credit Union, Redstone Federal Credit Union shall disburse the balance of any insurance claim proceeds to the:
 - Borrower, Contractor/Builder, or Borrower and Contractor/Builder.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed on the day and year first above written.

Borrower

Co-Borrower

STATE OF: _____

COUNTY OF: _____

I HEREBY CERTIFY that before me, a Notary Public, personally appeared _____, who did acknowledge and swear before me that said person executed the foregoing instrument for the uses and purposes therein set forth on behalf of Redstone Federal Credit Union.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal at the County and State aforesaid this ___ day of _____, 20____.

NOTARY PUBLIC

(SEAL)

MY COMMISSION EXPIRES: _____

Exhibit C
Contractor Mechanic's Lien Waiver

STATE OF: _____
COUNTY OF: _____

Contractor: _____

Owner(s): _____

Property Location: _____

Property Legal Description: _____

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, in consideration for the final payment of

_____ (\$ _____) which sum does satisfy all of the debt owed by the aforesaid Owner to the undersigned, does hereby waive, release, and relinquish and forever discharges any and all liens, claims of the undersigned, or rights to liens of the undersigned on or against the premises described above for an account of work performed and labor, equipment, and material supplied at or in connection with the construction or improvement at the above-described premises.

Dated this _____ day of _____, 20_____.

By: _____

Its: _____

STATE OF: _____
COUNTY OF: _____

I, the undersigned authority, in and for said County in said State, hereby certify that _____, whose name as _____ of _____

_____, a corporation, is signed to the foregoing conveyance and who is known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, he/she, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand this the _____ day of _____, 20_____.

NOTARY PUBLIC

(SEAL)

MY COMMISSION EXPIRES:_____

STATE OF: _____

COUNTY OF: _____

I, the undersigned authority, in and for said County in said State, hereby certify that _____, whose name is signed to the foregoing instrument, and who is known to me, acknowledged before me this day, that, being informed of the contents of said instrument, he/she executed the same voluntarily on the day the same bears date.

Given under my hand this the _____ day of _____, 20_____.

NOTARY PUBLIC

(SEAL)

MY COMMISSION EXPIRES:_____

Frequently Asked Questions

- Question: This is the first time I've filed an insurance claim. What should I do?
Answer: Contact your insurance company or agent to file a claim. Do what is needed to prevent further damage to your property.
- Question: Why is Redstone Federal Credit Union (RFCU) a payee on my insurance claim check?
Answer: RFCU is responsible for ensuring the property is repaired and restored to its original condition according to the terms of your mortgage. At the closing of the mortgage with RFCU, you are asked to provide a copy of your insurance policy with RFCU listed as the loss payee on the policy.
- Question: What if my insurance company sent me just one check for the damage to my dwelling but also included payment for damage to personal property and/or loss of use coverage within that same check?
Answer: Once the check is deposited into your savings account, the portion that is identified for personal property damage and/or loss of use coverage will be released to you immediately.
- Question: Can I have my claim check deposited at my local member service center?
Answer: Contact the Mortgage Servicing Team at 1-800-234-1234, ext 8601 for assistance with your claim. Or you can email the team at mortgageservicing@redfcu.org.
- Question: Do I earn a dividend while the repair money is on hold in my savings account?
Answer: Yes. You will earn dividends on the funds while on hold in your savings account.
- Question: How is the repair inspection ordered for my insurance claim and who pays for it?
Answer: After you have contacted us regarding the completion of your repairs, the Mortgage Servicing Team will order a final inspection. The inspector will contact you within 24 to 48 hours to set up an appointment, at your convenience, and will inspect and document the completed repairs. The final inspection fee will be paid by RFCU. Any other inspections completed will be at the expense of the borrower(s). You will be contacted when the inspection report indicates that repairs have been completed and the insurance claim will be closed by RFCU. At that time, final funds will be released in your account.
- Question: I've been asked to provide the Claim Details/Insurance Adjuster's Report. What is it?
Answer: The Claim Details/Insurance Adjuster's Report is the itemized detail of damages prepared by the insurance adjuster who inspected the damages. It is usually provided with the insurance claim settlement check or online with your claim records at the insurance company.
- Question: I've been told that I need to sign an Intent to Repair to initiate the release of insurance claim funds in my savings account. What is this for?
Answer: An Intent to Repair certifies that the funds will be used for the repair to your property according to the estimate of loss provided by your insurance company. A signed Intent of Repair is needed in order to complete the processing of your insurance claim.

Question: I've been told that I need a Contractor Mechanic's Lien Waiver form and a copy of the Contractor's License completed by each contractor. Why?

Answer: If you use a licensed contractor to complete the repairs on your home, then these items are necessary to make sure a lien will not be placed on the property in connection with the completed repairs.

Question: My insurance claim is sizable and will have numerous checks issued. Can I just sign one affidavit for all the releases?

Answer: Yes, but if there are multiple contractors, then we would need one waiver signed by each contractor. Otherwise, just one at the end of the repairs.

Question: What if my insurance claim amount changes after repairs start?

Answer: Be advised that any increase in your insurance claims could result in additional requirements according to the revised total claim amount.

Question: How long do I have to complete repairs?

Answer: Repairs should be initiated as soon as possible. Typically, all repairs should be completed within 90 days of the loss. If repairs cannot be completed in this time frame, borrower is to provide a reasonable explanation as to the delays with an estimated completion date.

Question: Do I need to hire a licensed contractor to do the repairs?

Answer: RFCU recommends that you select a financially viable, licensed, and qualified contractor to complete the necessary property repairs. This protects both your interest and that of RFCU.

Question: Can I pay off my mortgage with the insurance claim check?

Answer: Yes. You can pay off your mortgage with the insurance claim check if there are sufficient funds to pay all outstanding mortgage loans for the damaged property. Please provide a written request to use the funds to pay off the mortgage loan.

Question: What mailing address should I use? Overnight mail?

Answer: For regular or overnight mail, here is our mailing information:

Redstone Federal Credit Union
Attn: Mortgage Servicing Department
220 Wynn Drive
Huntsville, AL 35893

Question: What is the fax number and/or email address for the Mortgage Servicing Department?

Answer: Our fax number is 256-882-8526. Our email address is mortgageservicing@redfcu.org. Please be sure to include the necessary documents as outlined and include your contact phone number and/or email address for our team to reach you.