



Insurance Loss Draft Claims Procedure

It is imperative that required loss draft documents for claim process are sent to the **South Carolina** claim processing center. Sending claim materials/information/checks directly to the New Jersey Office or Branch offices can delay loss draft claim process. **All claim materials/information/checks should be sent to South Carolina.**

Contact Insurance Services first by calling 866-222-8118

Within 48 hours of informing Insurance Services of loss, Homeowner will be sent a claim package that details next steps and required documentation.

Homeowner must return properly executed required documents with loss draft (check) within 10 days to address shown below:

- P.O. Box 202033, Florence, SC 29502-2033 (Regular first class mail)
- 1323 Celebration Blvd., Florence, SC 29501 (Overnight)

Non-Monitored Claim:

Claims under \$10,000 with properly executed documents, that are current with a payment history of two or less adverse payments over a 12 month period, will have their funds within 3 business days.

Documents Required:

- Unendorsed claim check
- Complete copy of the insurance adjuster's worksheet
- Signed Certification of Intent to Repair Form

Monitored Claim:

Claims over \$10,000 OR any non-performing loan (not current with adverse payment history), will have the claim funds placed in a restricted escrow account. Funds will be disbursed on a percentage of work completed and subject to a verification process.

Within 48 hours of notifying Insurance Services of loss, claim package is sent to homeowner. Within 5 days of claim package being sent, Homeowner will receive a welcome call.

If all required documents from claim package have been received first draw is issued within two days.

Documents required:

- Claim check, fully endorsed by all payees listed
- Complete copy of the insurance adjuster's worksheet
- Signed Certification of Intent to Repair Form

- Signed Conditional Waiver Lien Form (separate form needed for each contractor working on property)
- Signed contract for each contractor working on property (all contractors must be licensed and insured)
- Completed IRS Form W-9 from each contractor working on property
- Copies of building permits (if applicable)

After 30 days the homeowner is contacted to check the status of the repairs. An inspection is ordered within two days if homeowner is ready. The inspection is performed by a third party vendor to confirm the percent of work completed and is billed back to the client.

The inspection results are posted by the inspection company within two days. Based on inspection results a second or final draw can be released. Inspection results and certificate of completion need to be received in order to issue the final draw.

This process will be continually monitored. The insurance loss draft area is responsible for keeping in contact with homeowner and the inspection company about missing information and inspections dates.

NOTE: *Client/Borrower deviation from the outlined process will most likely delay the disbursement of funds.

A website is available for Customers/Members to file and track loss draft claims on line. The website URL is www.insuranceclaimcheck.com

Glossary of Terms:

Below is a detailed explanation of required documents needed when contacting Cornerstone about an insurance loss claim:

- **Adjuster’s Report or Estimate** – An Adjuster’s Report or estimate is an itemized list of damages to the property provided by the insurance company. The Adjuster’s Report outlines the total amount allotted for each portion of your claim.
- **Contractor’s Estimate and/or Worksheet** – A contractor’s Estimate is the written proposal that the contractor will provide to the borrower itemizing the total cost to repair the home.
- **Mortgagor’s Affidavit** – The Mortgagor’s Affidavit is a document that must be signed by all borrowers on the loan and that acknowledges borrower’s intent to repair the damaged property. This document also confirms that all bills will be paid related to repairs to the property, and that there is no possibility that a lien could be placed on the property due to unpaid debt for labor or materials. This form must be notarized prior to submitting to Cornerstone.
- **Conditional Waiver of Lien** – The Conditional Waiver of Lien is completed by the contractor confirming that they will waive any claims of lien conditional on receiving payment in full for their labor and materials. (If borrower is completing repairs himself, complete the form listing borrower as contractor).
- **IRS Form W-9** – The Internal Revenue Service (IRS) regulations require mortgage companies to report payment of insurance proceeds to contractors. Therefore, Cornerstone requires a completed W-9 form prior to issuing disbursements, which include the contractor as a payee. (If borrower is completing repairs himself, this form is not required).

Fannie Mae

Non-Monitored Claims (Endorse & Release)

Fannie Mae allows Loss Draft claims in the amount of \$10,000 or less to be immediately endorsed and released to the homeowner (insured) for Fannie Mae loans provided that the loan falls under the following guidelines:

- Loan is active.
- Loan is paid current or is current on the Bankruptcy post-petition due date.
- Loan has no more than two (2) late payments in the past 12 months.
- Loan is NOT in foreclosure, REO or delinquent on Bankruptcy post-petition due date.
- Prior loss draft checks totals (for same claim) do not equal more than the sign and release limit.

Insurance Services will open the claim on the Black Knight System, initiating the claim package. Once the following claim documentation has been received, the claim check can be endorsed and released.

1. The unendorsed claim check.
2. A full copy of the adjuster's estimate.
3. A signed Certification of Intent to repair form.

Note: All claim checks endorsed and released on Fannie Mae Loans, with structural damage, will have a property inspection performed no later than 60 days from the date the funds have been released to the homeowner. The only exception will be claim checks which are \$1,000 or less (nuisance amounts).

Monitored Claims

Insurance Services administers claims in the amount of \$10,001 or greater as Monitored Claims or loans that meet the below criteria:

- Loan is active.
- Loan is not paid current or is not current on the Bankruptcy post-petition due date.
- Loan has more than three (3) late payments in the past 12 months.
- Loan is in Foreclosure, REO, or delinquent on Bankruptcy post-petition due date.

Insurance Services will open the claim on the Black Knight System, initiating the claim package. The following claim documentation is required to process the claim.

1. A full copy of the adjuster's estimate.
2. A signed accepted contract for repairs, with a duly licensed and insured contractor who is qualified and/or experienced to perform the types of work contracted.
 - a. The contract(s) must specify the full contracted repair price. It must be confirmed that the claim funds will be sufficient to meet the amount indicated in the accepted repair contract(s).
 - b. The contract(s) must be reviewed for reasonableness. The objective is to ensure the collateral will be restored to equal or greater value than before the damage and the loss draft proceeds received are adequate to cover the services to be rendered.
3. Any and all building permits, when and where applicable.
4. Approved building authority inspections, including final occupancy approval, when and where applicable.
5. Completed IRS W-9 form(s) for all contractors.
6. Conditional Waiver of Lien.
7. Waiver of Mechanics Lien.

Release of (Disbursement) of Claim Proceeds

- When the mortgage property has NOT suffered a total or near loss (Less than 80% of the coverage amount of the policy coverage and the account is less than 90 days delinquent)
 - Release up to 20% of the total claim proceeds, but not more than \$15,000, to the homeowner.
 - Make subsequent releases based on property inspection results indicating the percentage (%) of work completed or payment schedule of the signed and accepted contract(s).
- When the mortgage property has suffered a total or near loss (Greater than 80% of the coverage amount of the policy coverage and the account is less than 90 days delinquent)
 - If the insurance proceeds exceed the sum of the unpaid principal balance (UPB), accrued interest, and any advances, issues a check to the homeowner for the amount by which the insurance proceeds exceed the complete total due.
 - If the insurance proceeds DO NOT exceed the sum of the unpaid principal balance (UPB), accrued interest, and any advances release up to 20% of the total claim proceeds, but not more than \$15,000, to the homeowner and contractor.
 - Make subsequent releases based on property inspection results indicating the percentage (%) of work completed or payment schedule of the signed and accepted contract(s).
- When the mortgage loan is more than 90 days delinquent:
 - Release up to 10% of the total claim proceeds, but not more than \$10,000, to the homeowner and contractor.
 - Make subsequent releases based on property inspection results indicating the percentage (%) of work completed or payment schedule of the signed and accepted contract(s).

Freddie Mac

Non-Monitored Claims (Endorse & Release)

Freddie Mac allows Loss Draft claims in the amount of **\$10,000 or less** to be immediately endorsed and released to the homeowner (insured) for Freddie Mac loans provided that the following guidelines are met:

- Loan is active.
- Loan is paid current or is current on the Bankruptcy post-petition due date.
- Loan is NOT in foreclosure, REO, or delinquent on Bankruptcy post-petition due date. .
- Prior loss draft checks totals (for same claim) do not equal more than the sign and release limit.

Insurance Services will open the claim on the LPS System, initiating the claim package. Once the following claim documentation has been received, the claim check can be endorsed and released.

1. The unendorsed claim check.
2. A full copy of the adjuster's estimate.
3. A signed Certification of Intent to repair form.

Note: All claim checks endorsed and released on Freddie Mac Loans, with structural damage, will have a property inspection performed no later than 60 days from the date the funds have been released to the homeowner. The only exception will be claim checks which are \$1,000 or less (nuisance amounts).

Monitored Claims

Insurance Services administers claims in the amount of \$10,001 or greater as Monitored Claims or loans that meet the below criteria:

- Loan is active.
- Loan is not paid current or is not current on the Bankruptcy post-petition due date.
- Loan has more than three (3) late payments in the past 12 months.
- Loan is in Foreclosure, REO, or delinquent on Bankruptcy post-petition due date.

Insurance Services will open the claim on the LPS System, initiating the claim package. Once the following claim documentation has been received, the claim check can be endorsed and released.

1. A full copy of the adjuster's estimate.
2. A signed accepted contract for repairs, with a duly licensed and insured contractor who is qualified and/or experienced to perform the types of work contracted.
 - a. The contract(s) must specify the full contracted repair price. It must be confirmed that the claim funds will be sufficient to meet the amount indicated in the accepted repair contract(s).
 - b. The contract(s) must be reviewed for reasonableness. The objective is to ensure the collateral will be restored to equal or greater value than before the damage and the loss draft proceeds received are adequate to cover the services to be rendered.
3. Any and all building permits, when and where applicable.
4. Approved building authority inspections, including final occupancy approval, when and where applicable.
5. Completed IRS W-9 form(s) for all contractors.
6. Conditional Waiver of Lien
7. Waiver of Mechanics Lien

Release of (Disbursement) of Claim Proceeds

- When the mortgage property has not suffered a total or near-total loss:
(Less than 80% of the coverage amount of the policy coverage and the account is current, not showing delinquencies of two or more payments.)
 - The released funds do not exceed the highest of :
 - \$10,000.00
 - 10% of the unpaid principal balance (UPB) of the affected Mortgage
 - The amount by which the released funds exceed the UPB Mortgage

- When the mortgage property has suffered a total or near-total loss:
(Greater than 80% of the coverage amount of the policy coverage and the account is less than 90 days delinquent)
 - If the insurance proceeds exceed the sum of the unpaid principal balance (UPB), accrued interest, and any advances issue a check to the borrower for the amount by which the insurance proceeds exceed the complete total due
 - If the insurance proceeds do not exceed the sum of the UPB, accrued interest and any advances release up to 20% of the total claim proceeds, but not more than \$15,000, to the borrower
 - Make subsequent releases based on property inspection results and percentage (%) of work completed or the payment schedule on the signed and accepted contractor's bid