



Consumer Notice

August, 2012

Over the last two years, Tennesseans across the state have been affected by severe weather situations. In 2010, Middle and West Tennessee were faced with flooding and in 2011 and earlier this year tornadoes damaged a number of communities across the state, primarily in East Tennessee.

Most of us may have an evacuation plan if a fire were to break out in our homes, or a “safe-place” for severe weather situations. However, the Tennessee Department of Financial Institutions questions how many of us ever take into consideration our “safe place” for our family’s important financial information and other legal documents?

The Federal Emergency Management Agency has developed the Emergency Financial First Aid Kit to assist families in compiling a listing of the items that should be included in their Emergency Financial First Aid Kit and the steps to take to ensure protection of this information. More can be found on this important topic by visiting the following web site: http://www.citizencorps.gov/downloads/pdf/ready/EFFAK_2010_FEMA.pdf

If you are a homeowner or a property owner of housing used for investment purposes make sure that a copy of your homeowner’s insurance policy is contained in your Emergency Financial First Aid Kit. This should include your insurance agent’s information and any mortgage loan account information that may be needed. This should also include the name and contact phone numbers of the financial institution that is the lender or mortgage loan servicing company for your account.

In preparing your Emergency Financial First Aid Kit, you may want to ask your mortgage lender or mortgage loan servicing company about their disbursement schedule for their insurance claims procedures. To ensure that any home repairs that may need to be completed are paid for in a timely manner, knowledge of the disbursement schedule will be a key. Each company has different policies and procedures, so learning the amount of money, or percentage of the insurance claim proceeds, as well as the timing and release of those funds can potentially ease any frustration that could occur with this process.



Typically, in an insurance claim situation, the disbursement checks are payable to both the homeowner and the mortgage lender or mortgage loan servicing company. There may also be situations where the contractor performing the necessary repairs to the property is known and they could be listed as a payee on the insurance claim proceeds disbursement. In these instances, all parties are usually required to endorse the insurance claim disbursement and the mortgage lender or mortgage loan servicing institution will control or direct the payment of these funds based on their policy and procedures, upon completion of the needed repairs to the property.

In the event you are faced with home repairs after a disaster, the types of information which you might consider requesting when attempting to complete the insurance claims process include, but are not limited to, the following:

Copy of the insurance adjuster's estimate of repairs

Copy of the repair contractor's estimate of repair cost

Copy of the repair contractor's license and bonding information

Copy of the insurance claim proceeds check

Copy of the certificate of completion for the repairs

Some financial institutions may require a Contractor's Conditional Waiver of Lien Affidavit and a Contractor's Acknowledgement of Payment Procedures Affidavit

In some instances, the mortgage lender or mortgage loan servicing institution may require that an inspector visit the property to ensure the repairs have been completed properly and comply with any possible zoning restrictions for your community prior to authorizing the release of any insurance claim disbursements.

Our goal in providing this information is to help Tennesseans be informed and ready in the event of a disaster situation so that they will not also encounter a "financial storm" in the disaster's aftermath.

If more information is needed on this, or other issues with a financial institution regulated by our Department, please contact the Consumer Resources Division at 1-800-778-4215, or visit www.tn.gov/tdfi and follow the link "For Consumer Resources".



