



**Mortgage Servicing Loss Draft Department
Contact Information**

Telephone: (800) 839-1154 Ext 4617
Or (979) 238-8387

Fax: (979) 238-8393

Email: mortgageservicing@tdecu.org

Correspondence and Overnight Mail Address:
TDECU
2000 Post Oak Blvd., Ste. 2100
Houston, TX 77056-4493
ATT: Mortgage Servicing Department

Hours of Operation: Monday – Friday
8:30 am to 5:00 pm CST

We are here to help you through the process of repairing your home

Experiencing damage to your home is distressing, and we know you're facing many challenges in the aftermath. Texas Dow Employees Credit Union ("TDECU") is here to help you through the process of restoring your home. Enclosed is a Loss Draft Information Packet to get you started.

What's included in the Loss Draft Information Packet:

- **Your Guide to the Loss Draft Process:** This guide covers the documentation we'll need to process your claim and details how we release insurance claim funds.
- **Loss Draft Checklist:** You can use this checklist to ensure all documents are provided in order to get claim funds to you as quickly as possible.
- **Commonly Used Terms:** This can help you understand the terms used in various forms and documents you may not be familiar with.
- **Tips for choosing a contractor:** Helpful tips to help you select a good contractor. This may save you time and money.
- **Frequently Asked Questions:** Answers to frequently asked questions about the claim and repair process.
- **Loss Draft Forms:** Forms referenced in this guide that you'll need during the process of restoring your home.
- **Third Party Authorization:** If you require someone other than the parties listed on the loan to assist you with the property repair process, you may use this form to designate another person such as a family member or contractor to receive information about your claim.

If you have questions or need further assistance, please call us at the Mortgage Servicing Loss Draft Department phone number listed in the information box above.

Loss Draft Department
TDECU

Enclosures: Standard Disclosures

Your Guide to the Loss Draft Process

This guide will help you through the process of restoring your home.

Your role

As the homeowner, you are our primary contact. That's why it is important to carefully review the following information, so you'll know what's needed along the way. This will include documents you will obtain from your insurance provider and contractor as well as how to request an inspection and receive disbursement of funds during the repair process.

Our role

As the servicer of your mortgage loan, Texas Dow Employees Credit Union ("TDECU") is the named mortgagee on your property insurance policy. Federal regulations, investor guidelines and your loan agreement dictate the use of insurance funds to restore your property. When required, TDECU will monitor the status of the repairs to your home and release insurance funds as repairs are completed. Upon your request, TDECU will also take care of ordering and paying for required property inspections.

What is needed to process your claim?

In order to expedite the process, we ask that you meet certain requirements to ensure that your home repairs are completed. As part of these requirements, you will need to provide documents related to your claim. Please refer to the Loss Draft Checklist included in this packet.

How are insurance funds released?

Insurance funds are released based upon your net claim amount as well as the status of your loan. Please refer to the commonly used terms for help in determining your net claim amount. The status of your loan is determined on the date you report the loss to TDECU or the time of loss. If the funds exceed your loan balance or the damage has been determined to be a total loss, TDECU may use the funds to pay the loan in full. Please refer to your mortgage documents for more information.

Loan is current or less than 31 days delinquent

If the net claim amount is \$40,000 or less and your loan is less than 31 days delinquent at the time of the loss:

- Mail your insurance claim check and the required documents (refer to Loss Draft Checklist) to the Loss Draft Mailing address provided in this packet or bring it in person to your local TDECU Branch. We will endorse and return the check to you so you can proceed with the repair of the residence as outlined in the adjuster's damage estimate.

If the net claim amount is greater than \$40,000 and your loan is less than 31 days delinquent at the time of loss:

- Please ensure that all payees have signed the back of the insurance claim check(s) and then mail checks to the Loss Draft address provided in this packet or bring it in person to your local TDECU Branch.
- Upon receipt of required documents (refer to Loss Draft Checklist) and the fully endorsed insurance claim check, we will issue an initial disbursement up to the greater of \$40,000; 33% of the insurance loss proceeds; or the amount by which the released funds exceed the sum of the unpaid principal balance (UPB), accrued interest, and advances on the mortgage loan; and
- Subsequent disbursements will be issued based upon the progress of repair work as determined by a property inspection. When the repairs are at 50% completion, you will need to request an inspection to receive additional funds. Please contact us approximately one week prior to the repairs being 50% completed to order the inspection. Your contractor will be able to determine when your repairs are reaching this point. The inspection of the real property is a visual inspection only and does not verify building codes are met. After the inspection confirms repairs are 50% complete, we will release 50% of the remaining funds.

- When the repairs are 100% complete, you will need to request a final inspection to receive the remaining funds. Please contact us approximately one week prior to the repairs being 100% completed to order the inspection. The inspection of the real property is a visual inspection only and does not verify building codes are met.

Loan is more than 31 days delinquent

If the net claim amount is \$5,000 or less:

- Please ensure that all payees have signed the back of the insurance claim check(s) and then mail checks to the Loss Draft address provided in this packet.
- Upon receipt of required documents (refer to Loss Draft Checklist) and the fully endorsed insurance claim check, the funds will be disbursed in one lump sum.
- A property inspection will be required upon the completion of the repairs and/or prior to the disbursement of additional claim funds or recoverable depreciation.
- NOTE: If required documents (refer to Loss Draft Checklist) are received in advance of the insurance claim check(s), we will endorse and return the check to you so you can proceed with the repair of the residence as outlined in the adjuster's damage report.

If the net claim amount is greater than \$5,000:

- Please ensure that all payees have signed the back of the insurance claim check(s) and then mail checks to the Loss Draft address provided in this packet.
- Upon receipt of required documents (refer to Loss Draft Checklist) and the fully endorsed insurance claim check, we will issue an initial disbursement for an amount equal to 25% of the claim proceeds but not to exceed \$10,000.
- Subsequent disbursements will be issued based upon the progress of repair work as determined by a property inspection. When the repairs are at 25% completion, you will need to request an inspection to receive additional funds. Please contact us approximately one week prior to the repairs being 25% completed to order the inspection. Your contractor will be able to determine when your repairs are reaching this point. The inspection of the real property is a visual inspection only and does not verify building codes are met. After the inspection confirms repairs are 25% complete, we will release 25% of the remaining funds.
- When the repairs are at 50% completion, you will need to request an inspection to receive additional funds. Please contact us approximately one week prior to the repairs being 50% completed to order the inspection. Your contractor will be able to determine when your repairs are reaching this point. The inspection of the real property is a visual inspection only and does not verify building codes are met. After the inspection confirms repairs are 50% complete, we will release 25% of the remaining funds.
- When the repairs are at 75% completion, you will need to request an inspection to receive additional funds. Please contact us approximately one week prior to the repairs being 75% completed to order the inspection. Your contractor will be able to determine when your repairs are reaching this point. The inspection of the real property is a visual inspection only and does not verify building codes are met. After the inspection confirms repairs are 75% complete, we will release 25% of the remaining funds.
- When the repairs are 100% complete, you will need to request a final inspection to receive the remaining funds. Please contact us approximately one week prior to the repairs being 100% completed to order the inspection. The inspection of the real property is a visual inspection only and does not verify building codes are met.

What you need to keep in mind

Here is some helpful information to keep in mind as you complete the repairs to your home.

- **Important:** Please notify us right away if your mailing address changes at any time during the repair process.
- Notify your insurance carrier that you intend to complete the repairs to your home.
- The property must be restored to its pre-loss condition and specifications. Please be aware that any upgrades can be costly, and the cost of upgrades will be your responsibility. Additionally, if the price to repair you negotiated with your contractor is greater than the amount paid by your insurance carrier, all additional costs will be your responsibility. If you believe the insurance carrier has not issued an amount adequate to restore the property to its pre-loss condition, we recommend you speak to your insurance adjuster; this is not a matter in which TDECU is involved.
- Before beginning work, consult your local municipality to determine permit, licensing and construction requirements.
- Before choosing a contractor, please take a minute to read our helpful ³Tips for Choosing a Contractor’.
- Keep copies of all documents for your records including receipts for materials you purchase and payments you make to contractors and other vendors.
- Always include the property address on any information you send us.
- We may contact you periodically to obtain an update on the status of repairs.
- Please let us know if you receive additional payments from your carrier.
- Repairs are to be completed within 90 days or we may apply the funds to the Unpaid Principal Balance (UPB) of the mortgage.
- If you expect your repairs to require more than 90 days to be completed, please notify us of the date the repairs are expected to begin and when they are expected to be completed.
- If your real property has sustained a total loss, a copy of the blueprints for the proposed home are required. The proposed home must be comparable to the original real property in size and design, located in the same location of the current property, etc. The blueprints should include the room count, square footage, and information concerning the foundation. We will review this information and compare it to the original appraisal. Please note that a new appraisal may be required at your expense to confirm the security of the mortgage is not affected.
- Please do not begin rebuilding until you have received confirmation that your information has been accepted.
- If you would like to apply the insurance claim funds to pay the loan in full, please complete the Payoff Authorization Letter included in your packet with the endorsed check and any additional funds due. **Please note:** if repairs are not completed, it could affect future claims eligibility or cause the property to be deemed uninsurable.

Loss Draft Checklist

For all claims, please provide:

___ Insurance claim check(s)

- **Important:** Please ensure that all payees have endorsed the back of the checks before sending to us. Please write your mortgage loan number on the front of the check.

___ Insurance adjuster's estimate (all pages)

- This is required for all losses and should include a detailed itemization of the repairs. In certain circumstances, your adjuster may not provide an itemized estimate. Some of the most common reasons for this are 1) the settlement amount was based upon your contractor's bid; 2) the claim exceeded the limits of your policy; or 3) the claim payment was based on a negotiated settlement. **Important:** If your claim meets one of these 3 scenarios, alternative documentation is required. See FAQ What do I do if my insurance carrier didn't provide an adjuster's report (itemized estimate of damages)?

___ Signed Estimate(s) or Contract(s) from the Contractor(s)

- The agreement between you and the contractor listing the property address and; an itemization of the expected materials and total cost; including labor and materials, signed by both you and the contractor.

___ Borrower's Declaration of Intent to Repair

- This confirms that you will complete all repairs to the property as outlined on the Insurance Adjustor Report and ensure all contractors are paid for work completed. This document is required before the initial disbursement will be issued on your claim.

Here is the best way to send your documents and check(s):	
Completed Documents Be sure to include your property address on each document.	Processing Options: Email to: mortgageservicing@tdecu.org Fax to: (979) 238-8393 Mail to: TDECU 2000 Post Oak Blvd., Ste. 2100 Houston, TX 77056-4493 ATT: Mortgage Servicing Department Or deliver in person to your nearest TDECU Branch.
Check(s) Make sure all parties have signed the back of the check(s) before mailing.	Mail to: TDECU 2000 Post Oak Blvd., Ste. 2100 Houston, TX 77056-4493 ATT: Mortgage Servicing Department Or deliver in person to your nearest TDECU Branch.

Tips for Choosing a Contractor

Before you choose a contractor(s), please take a minute to read through our helpful tips. Remember, a good contractor may provide additional value by saving money on materials, coordinating repairs and subcontracting work, or reducing the time required to complete the repairs.

Research

First, do your homework. The more you know, the better you'll feel.

Begin by asking for referrals.

- Check with family and friends, colleagues, material suppliers, or your local chapter of the National Association of the Remodeling Industry (www.nari.org).
- Research repair companies using websites that review and rate contractors.

Protect yourself

Take these steps to protect yourself when choosing a contractor.

- Consider a contractor whose business is established in your area.
- Before choosing a contractor, verify they are licensed as required in your area, have appropriate liability and worker's compensation insurance, and are bonded.
- Check with your local Better Business Bureau and other sources for any history of complaints or unethical behavior.
- Ask the contractors to show you a copy of their contractor's license and insurance certification.

Choose at least three contractors to bid

Select at least three contractors to submit written bids for your repairs. Make sure each contractor uses the same plans and specifications. Pay special attention to bids that are significantly lower than others and check for omissions or mistakes. Ultimately, you will want to choose a professional you feel most comfortable with.

Ask these questions

Use these questions when you're interviewing potential contractors:

- How long have you been in this business?
- What percentage of your business is repeat or referral?
- How many projects of similar scope have you completed in the last year?
- Can you provide a list of referrals and suppliers from these projects?
- Who will be working on the project?
- Do you have regular employees or subcontractors who you work with?
- Will you be on-site to supervise the job?
- What steps will you take with this project?
- How long will the project take?

Get a contract in place

Once you have selected a contractor and understand the scope of your repairs, draw up a contract for the work. A good contract can prevent mistakes, avoid misunderstandings, and keep your project on-time and within budget. The contract should set out a payment schedule as specific stages of work are completed. Consider having an attorney write or review the contract.

Commonly Used Terms

Dwelling coverage: Coverage of damage to the physical structure of a home and any structure attached to it.

Other Structures coverage: Coverage of damage to detached structures such as garages, storage sheds, patios, fences, etc.

Personal Property coverage: Coverage of damage to the contents of the house and other personal items.

Replacement cost value: The cost of replacing an item in its pre-loss condition with an item of like kind and quality.

Depreciation: Loss of value that occurs over time due to factors such as age, wear and tear and obsolescence.

Recoverable depreciation: The amount of depreciation you can potentially recover once the depreciated items are repaired. Please reach out to your insurance company to advise on the steps to complete this process.

Non-recoverable depreciation: The amount of depreciation deemed ineligible for reimbursement under your insurance policy.

Deductible: The amount you are responsible for paying toward an insured loss.

Net Claim Amount: The amount paid to you by your insurance carrier after your deductible and depreciation have been applied.

Frequently asked questions

Why is Texas Dow Employees Credit Union ("TDECU") listed on my insurance claim check?

Because TDECU has a security interest in your property, we are also a loss payee on your insurance policy. If your home or property is damaged, the claim check is issued payable to both you and TDECU. This protects your interests as well as TDECU, in the restoration of your home.

What happens if I don't sign the insurance claim check?

If your loan status and claim amount requires that we monitor the repairs, an insurance check that is not endorsed will be returned to you. Please refer to the Loss Draft Checklist for details. The process may be delayed until we receive an endorsed check and your required paperwork. Please remember to write your property address on the check as well.

How do I request additional funds as repairs are completed?

When an additional disbursement is required, please contact us to request a property inspection. Our property inspection company will contact you to arrange a convenient time to inspect the property to confirm the progress of repairs. A disbursement will be processed based on the results of the inspection once it is received.

What if my contractor requires an alternate payment schedule?

If your contractor requires an alternate payment schedule, please submit the request in writing along with a copy of your contract or written agreement. We will evaluate the request to ensure that the proposed schedule is reasonable in relation to the scope of the repairs and protects the interest of TDECU and you, the homeowner.

How will I receive my disbursements?

Disbursement checks are sent to your mailing address via regular mail or deposited into your TDECU Account. It is important that you let us know if your mailing address has changed since the damage occurred.

What do I do if my insurance carrier did not provide an adjuster's estimate (itemized estimate of damages)?

If you have already confirmed with your insurance company that an adjuster's report was not created, additional documentation may be required to prevent delays to the repair and disbursement process.

The most common reasons are:

1. The claim payment was based on your contractor's bid or a public adjuster's estimate. For this scenario, ask your insurance carrier for a letter that states the claim payment was based on the contractor's bid. Many times, this document was already provided to you by the carrier with your claim payment. This document needs to be provided to us in lieu of the adjuster's estimate.
2. The claim payment was based on a negotiated settlement. For this scenario, ask your insurance carrier for the settlement letter. Many times, this document was already provided to you by the carrier with your claim payment. This document needs to be provided to us in lieu of the adjuster's estimate.
3. The claim exceeds the limits of your policy. For this scenario, you should have received a claim denial letter. This document needs to be provided to us to close your file.

What is required if mold or asbestos is listed in the adjuster's report?

If the Insurance Company's adjuster report indicates mold or asbestos, an air clearance test report may be required for additional funds beyond the initial disbursement. You are responsible for the test completion and must submit a certificate of completion showing the mold or asbestos has been remediated.

What if I employ a public adjuster to assist with the settlement of my claim?

The cost of a public adjuster and/or attorney fees not covered by your insurance claim are your responsibility. These fees will not be paid from your insurance claim funds unless specifically referenced as a line item in the insurance adjuster's estimate.

Can I use the insurance funds towards my mortgage payments?

No. You can only use the insurance funds to repair the property or pay your loan in full.

Can I use the insurance funds to pay off my mortgage?

Yes, if the amount of the insurance claim check is sufficient to pay your mortgage in full. First, call or email us and request a payoff quote. If the insurance funds are sufficient to pay your loan in full, send us the endorsed insurance claim check with the payoff authorization letter included in your packet. You should only sign and return this form if you wish to use the funds to pay off your mortgage loan.

What if the amount of my insurance claim is not more than the payoff quote, but I have extra funds to make up the difference?

In this case, you must send certified funds that make up the difference. You must also include the endorsed insurance claim check and the payoff authorization letter to authorize us to pay off your mortgage. If you have sent more funds than required to pay off your mortgage, we'll release any overage fifteen calendar days after your mortgage is paid.

What happens if my mortgage balance is less than the claim amount?

The insurance funds could be used to pay the mortgage in full (see previous answer). However, if you would like to use the insurance funds to repair the property, when required, we will monitor the status of the repairs to your home and release insurance funds as repairs are completed. In addition, if not electing to use the funds to pay the mortgage in full, all funds received in excess of your unpaid principal balance (UPB), accrued interest, and advances on the mortgage loan will be released as part of the initial disbursement.

Borrower's Declaration of Intent to Repair

Loan Number: _____

Borrower Name: _____

Email Address: _____

Preferred Phone Number(s): _____

Property address: _____
(Street, City, State and ZIP code)

Date of Loss: _____

Claim Number: _____

Cause of Property Damage/Loss: _____

Insurance Claim Check Amount: _____ ☐ Total Loss-Check if applicable
(If you have multiple checks, add amounts together)

I/We, attest that I/we intend to restore the property listed above to good or marketable condition that is similar to what it was before damage occurred, and shall indemnify and hold harmless Texas Dow Employees Credit Union ("TDECU") or any of its officers and employees from and against any actual or threatened action, suit or proceeding and against any and all claims, expenses, losses or damages (including reasonable attorney's fees) arising out of or as a result of an actual and/or alleged breach of the repair contract with any contractors.

I/We will be responsible for paying any liens that may arise from repairing the property. In addition, I/we understand that TDECU may require an inspection to confirm the status of the repairs.

Borrower Signature: _____ Date _____

Printed Name: _____

Borrower Signature: _____ Date _____

Printed Name: _____

Third Party Authorization and Agreement to Release

Loan #: _____

Property Address: _____
(Street, City, State and ZIP code)

I do hereby authorize Texas Dow Employees Credit Union (my lender/mortgage servicer) to release or otherwise provide any and all information related to the claim file referenced above to the following 3rd party:

_____ of _____ in his/her capacity as
Name Company (if applicable)

_____ **Relationship (if applicable)** _____ **Phone #**

The lender/mortgage servicer will take reasonable steps to verify the identity of the 3rd party authorized above but will have no responsibility or liability to verify the true identity of the 3rd party when he/she asks to discuss my claim file or seek information about my claim file. Nor shall the lender/mortgage servicer have any responsibility or liability for what the requester may do with the information he/she obtains concerning my claim file.

I do hereby indemnify and forever hold harmless the lender/mortgage servicer from all actions and causes of actions, suits, claims, attorney fees, or demands against the lender/mortgage servicer which I and/or my heirs may have resulting from the lender/mortgage servicer discussing my claim file and/or providing any information concerning my claim file to the above named 3rd party or person identifying themselves to be that requester.

If you agree to this Authorization and the terms of the Release as stated above, please sign, date, email to mortgageservicing@tdecu.org, or fax this form to (979) 238-8393.

Note: No information concerning your claim file will be provided to the 3rd party until we have received this executed document. The authorization needs to be in the name of an individual (not a company) and a form needs to be completed for each authorized individual. All Borrowers listed on the Mortgage must sign.

Printed Borrower Name Borrower Signature Date

Printed Borrower Name Borrower Signature Date

Authorization to Utilize Property Insurance Claim Proceeds to Pay Loan in Full

Loan #: _____

Property Address: _____
(Street, City, State and ZIP code)

I/We authorize Texas Dow Employees Credit Union ("TDECU") to apply the insurance claim proceeds in the amount of _____ from insurance claim # _____ to pay the above-referenced loan in full.

I/We acknowledge having been advised of the current total amount required to pay the loan in full as well as the due date for such payment.

I/We acknowledge and agree that if the claim proceeds are less than the amount required to pay the loan in full, I/We shall remit the additional amounts due in certified funds on or before the due date.

I/We further acknowledge that no portion of the claim funds shall be applied to the loan until TDECU has received the full payoff amount as well as this signed Authorization form to apply the claim proceeds to the loan.

I/We shall be responsible for additional interest or fees due as a result of required amounts being received after the payment due date.

I/We understand that if the claim proceeds exceed the amount necessary to pay the loan in full, the excess claim proceeds shall be disbursed to the undersigned within fifteen (15) days of application of the insurance claim proceeds to the loan.

Printed Borrower Name

Borrower Signature

Date

Printed Borrower Name

Borrower Signature

Date