

Insurance Loss Draft Frequently Asked Questions

Bank2 understands that any time your house is damaged, whether it be from a small claim or a complete loss, it can be very difficult time for you and your family. To help you through this process, we have provided helpful answers for some of the frequently asked questions related to insurance losses for your home. These questions and answers are designed to provide guidance when a homeowner receives an insurance loss draft (also known as a claim check) as a result of a filed claim with their insurance company. **Of course, you can always contact our Insurance Loss Draft Department Directly at: 1-866-572-7638 Press 3 for the Insurance Menu then Press 1 for Insurance Claim and Property Damages Department during normal business hours.**

I received a loss draft, now how do I cash it?

Generally, if the total amount of your insurance claim falls below \$10,000.00 and your loan is current and in good standing, the unendorsed loss draft can be sent to us to be endorsed (along with the necessary documents outlined below in the Loss Draft Checklist) We will immediately endorse the draft and return it to you so that you can begin repairing your home. If the total amount of your insurance claim exceeds \$10,000.00 or your loan is currently in default, the loss draft must be deposited with us and processed as a Monitored Insurance Claim.

What is the difference between a Monitored and Non-Monitored Claim?

On Non-Monitored claims we endorse and return the loss draft to you without further conditions. A Monitored claim requires that the loss draft be deposited with Bank2 and the completion of the repairs to your home will be verified with inspections. Final disbursement of the claim funds will be made only after all repairs are complete. Our Insurance Loss Draft Team is an experienced group whose most important objective is to release all insurance loss drafts as soon as possible so that the damages to your property can be completed with minimal inconvenience to you and your family.

My Claim will be monitored how will my funds be disbursed?

TO RECEIVE YOUR FIRST DISBURSEMENT: **Bank2** must receive all of the above items, except the Notarized Lien Waiver or Notarized Letter of Satisfaction, before processing continues. When the items have been received, a check equal to one-third of the claim check(s) received by our office will be issued to you and your contractors, if applicable.

TO RECEIVE YOUR SECOND DISBURSEMENT: When your repairs are 50 percent complete, please contact our Customer Service Department at 1-866-572-7638. An inspection is required and will be ordered at our expense. When the results of this inspection show that 50 percent of the repairs have been completed, a second check for one-third of the total check(s) received will be released. NOTE: Please expect to be contacted one to two weeks after the inspection is ordered.

TO RECEIVE YOUR REMAINING CLAIM FUNDS: When your repairs are complete, please contact Customer Service at 1-866-572-7638 to order a 100 percent inspection. Also, please complete and return the Notarized Lien Waiver or Notarized Letter of Satisfaction form. When the results of the inspection show 100 percent completion and all required documents have been obtained, the balance will be disbursed.

Why do you distribute monitored claim funds in 1/3 increments?

Providing the funds in increments protects you from contractors who would complete part of the work and still get full payment without completing the entire job they were hired to do.

How will I receive my funds?

All checks are mailed via the U.S. Postal Service. If you wish to have checks sent to you via an overnight courier, you must supply the overnight envelope and pre-paid overnight air bill for each disbursement. The sender and receiver information on the air bill must reflect your mailing information.

TO RECEIVE YOUR FUNDS VIA ACH: You and Bank2 must be the only parties listed on the insurance claim check. All borrowers must be on the checking account. Your loan must be current. We will need a copy of a voided check with your ABA routing and checking account numbers. The Name and address of the financial institution including city, state and zip code.

Why do you have to inspect the property on claims you are monitoring?

To ensure all repairs have been completed and the property has been restored to its original or higher value.

I sent my insurance loss draft to Bank2, which was over the established guidelines, and forgot to sign it. What happens now?

We will return the check to you for your signature. We cannot begin the claims process until we received the endorsed check and ALL required paperwork.

Can I use part of the loss draft funds to bring my delinquent loan payments current?

No, all loss draft funds are to be used for property restoration only.

Can I use my claim money to pay off my loan?

Yes, if the amount of the claim exceeds the outstanding principal balance on your loan, send the endorsed loss draft with a letter authorizing us to use the funds to pay off the loan. If the amount of the check is less than the total amount owed on the loan, and you want to pay off the loan off, you must send certified funds for the difference along with the endorsed loss draft and a letter authorizing us to pay off the loan. If your loan balance is less than the claim amount, the insurance loss draft can be used to pay your loan in full. Send the endorsed loss draft with a letter authorizing us to use the funds to pay off the loan. Any funds exceeding the amount required to pay off your loan will be refunded. However, if you do not wish to pay off your loan, the insurance claim funds will be processed according to the monitored insurance claim procedures.

My loss draft is for damage on the barn, shed, garage, etc., and I do not want to repair it. This structure was not part of the mortgage. Can I keep the money and not repair the damaged building?

Your loan documents state that you will "keep the improvements now existing or hereafter erected on the property, insured against loss." Any exceptions to this must be handled on a case by case basis. You will need to discuss the details of the structure involved in the insurance claim and the reasons the structure cannot be replaced and the Bank2 Insurance Loss Draft team member assigned to your claim.

What if I don't use all of the insurance money for the repairs?

As long as you are current on all loan payments when the repairs are 100% complete as confirmed by an inspection, and all contractors (or other repair companies) have been paid, any remaining money is refunded to you.

IMPORTANT NOTES: If your loan is past due, these guidelines may change. All checks are mailed via the U.S. Postal Service. If you wish to have checks sent to you via an overnight courier, you must supply the overnight envelope and pre-paid overnight air bill for each disbursement. The sender and receiver information on the air bill must reflect your mailing information. Please retain copies of all your records as original documents will not be returned. The homeowner is responsible for paying all public adjuster fees. If the public adjuster's fee is included in the loss draft check and is itemized on the insurance adjuster's report, the public adjuster's fee will be disbursed from a restricted escrow account, payable to the homeowner and the public adjuster.

LOSS DRAFT CHECKLIST

INCLUDE YOUR LOAN NUMBER ON ALL CORRESPONDENCE

****IMPORTANT INFORMATION**** Please keep copies of all documents pertaining to your claim for possible review by the inspector.

Please Note: The total claim amount can be found on the Insurance Adjuster's Report and is often referred to as the total Replacement Cost Value (RCV). This amount will NOT equal the amount of the claim check

PLEASE INCLUDE ALL OF THE FOLLOWING ITEMS WHEN MAILING YOUR CLAIM CHECK TO EXPEDITE THE PROCESSING OF YOUR CLAIM FUNDS:	
TOTAL CLAIM AMOUNT (RCV) IS LESS THAN \$10,000.00	TOTAL CLAIM AMOUNT (RCV) IS EQUAL TO OR GREATER THAN \$10,000.00 *
<ul style="list-style-type: none"> • Complete Insurance Adjuster's Report (all pages) that itemizes the damages and provides the total claim amount or RCV 	<ul style="list-style-type: none"> • Complete Insurance Adjuster's Report (all pages) that itemizes the damages and provides the total claim amount or RCV
<ul style="list-style-type: none"> • The Claim Check, UNENDORSED, with the Mortgage Loan Number written on the front of the check near the memo section 	<ul style="list-style-type: none"> • The Claim Check ENDORSED, with the Mortgage Loan Number written on the front of the check near the memo section
<ul style="list-style-type: none"> • Self-Addressed, Prepaid, Overnight Envelope (If desired, for faster return of Claim Funds) 	<ul style="list-style-type: none"> • Estimates (or copy of the Contract) from ALL Contractors performing repair work, including license numbers (if applicable) OR a Signed Letter from all Loan Borrowers stating intent of self- repair.
	<ul style="list-style-type: none"> • Signed Authorization from all borrowers for a third party (Example: Contractor's Company) to receive information on your claim <i>(if desired)</i>
	<ul style="list-style-type: none"> • Self-addressed, prepaid, overnight envelopes for all THREE disbursements <i>(If desired, for faster return of Claim Funds)</i>. OR a copy of a VOID Check for direct deposit of funds (if there are multiple borrowers on the loan, all borrowers must be listed on the check) <i>(If desired, for faster return of Claim Funds)</i>
	<p>FOR FINAL DISBURSEMENT ONLY:</p> <ul style="list-style-type: none"> • Signed and Notarized Lien Waiver form, one for each Contractor used for repairs OR Signed and Notarized Letter of Satisfaction if repairs were self-completed.
<p align="center">* These instructions must be followed if the loan is more than 30 days delinquent</p>	

Please include your mortgage loan number on all correspondence you submit and mail your information to:

**BANK2 Loss Draft Department
1 Corporate Drive, Suite 360
Lake Zurich, IL 60047**

Questions: Call 1-866-572-7638