

IMPORTANT INFORMATION REGARDING YOUR INSURANCE CLAIM

Homeowner's insurance claim processing becomes necessary when your property is damaged. IncredibleBank is listed on your homeowner's insurance policy as the mortgagee clause, as IncredibleBank is a lien holder. We are also listed as payee on the insurance check because unrepaired damage to a home can decrease the property's value.

Investors have very specific guidelines that must be followed for insurance claims. The bank will work directly with the investor on your loan, and other third party as needed. The insurance claim proceeds may not be released until all the work has been completed, as determined by the investor. The bank will communicate to the borrower the conditions of the release of funds.

Overview of Process

This process may vary depending on the amount of damage and the loan investor. In general, the process includes the following steps. Note, funds from the Homeowner's Insurance Claim Check are disbursed at various stages of the process.

Receive claim check from insurance company

Provide required items to bank

Complete repairs

Inform bank when repairs are complete

Timeframe

The timeframe varies depending on when all required documentation specific to your claim is received, the repairs are completed, and if an inspection is required by the investor. The process could be delayed, if the required documentation is not filled out correctly and/or required items are missing.

Inspections

Multiple inspections of repairs may be needed to process the claim (progress inspections). Each inspection ranges from \$60 - \$200 and is ordered by Loan Servicing. Payment responsibility for the inspection is determined by the investor on your loan. A third-party vendor is used to complete all inspections and will contact you directly to set up an appointment, if necessary.

IncredibleBank requires your written approval to talk to the contractor regarding the claim and will direct them to work with you for that authorization. See contact information on the following page for submitting the request.

If additional funds are required to complete the repairs, a progress inspection can be ordered to release a portion of the remaining insurance claim funds, subject to investor approval.

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IMPORTANT INFORMATION REGARDING YOUR INSURANCE CLAIM (CONT.)

Lien Waivers

A lien waiver from the contractor performing the repairs is required in most cases. It must state a dollar amount equal to or greater than the dollar amount stated on the repair bid; it cannot be left blank or have TBD written in the place of a dollar amount.

Claim Proceeds

All borrowers listed on the loan are included on IncredibleBank's disbursement check unless written authorization is received by the borrower stating otherwise. Claim proceeds can be deposited directly into your deposit account with a signed authorization, and other stipulations as required by the investor.

Paid Invoices

Paid in full invoices must indicate the amount paid and \$0 balance due on the receipt.

Completing the Work, Yourself

Paid receipts and/or estimates from supply companies may be required if you complete the repairs yourself. If you do not have enough paid receipts or estimates to release all claim funds, an inspection can be completed in lieu of the additional receipts/estimates. Any type of "labor" is paid for after the work has been completed and is confirmed by an inspection.

Please note if the total claim amount (i.e., replacement cost value) is equal to or greater than \$40,000 a contractor is required to complete the work.

Misc.

If a claim has both mitigation (e.g., fire damage or water damage clean-up) and repairs, we will need contractor bid and lien waivers for both.

If IncredibleBank is in second lien position:

IncredibleBank will endorse the claim check so it can be taken to the first mortgagee.

The insurance claim is then handled by the first mortgagee, not by IncredibleBank.

Contact us

IncredibleBank

ATTN: Loan Services

327 N 17th Ave
Wausau WI 54401

_loanservices@IncredibleBank.com

GLOSSARY OF TERMS

Actual Cash Value (ACV)

The value of any property that is lost or damaged at the time of the loss. This value is listed in the Adjustor's Report and used by the insurance company to determine the remaining amount due to the customer once the property has been restored to the original value.

Inform the insurance carrier and IncredibleBank once the repairs have been completed.

Adjustor's Report

An Adjustor's Report contains detailed information regarding the claim such as:

- Date of loss
- Type of loss
- Scope of damage

All pages (front & back) are required to be provided to the bank.

If your insurance company sends a supplemental check later, we need you to provide the additional correspondence and/or revised Adjustor's Report.

IMPORTANT INFORMATION REGARDING YOUR INSURANCE CLAIM (CONT.)

Affidavit

The Insurance Claim Affidavit is an IncredibleBank form that is completed and signed by the customer stating repairs have been or will be completed to the restored condition of the property prior to the damage. It also authorizes IncredibleBank, the owner of the mortgage, to release the insurance proceeds available for the damage once the repairs have been completed. The form requires a notary or two witnesses to sign the form.

Complete each section to avoid delays in processing your claim, including the small check boxes.

Check Endorsement

All parties listed on the check must sign the check before we can begin our process.

Claim

A claim is a request by the customer or third party from an insurance company for compensation of losses covered by insurance.

Contractor's Bid

A contractor's bid is an estimate of the cost to complete the repairs. The items on the bid must reflect the items on the adjustor's report. Each bid must include the total cost for the work being performed.

Any items not specified on the bid require a new contractor's bid or the current bid revised to capture all work.

Inspection

Notify IncredibleBank upon completion, IncredibleBank can order the inspection which will be completed by a Third-Party Vendor. The inspection company will contact you directly to set up an appointment, if necessary.

Note: Some inspections may take up to two weeks to be completed.

Once received, the bank will review the inspection report to verify that all the repairs have been completed to the Adjustor's Report specifications.

- If 100% complete, funds are released.

- If not 100% complete, the bank will communicate to you the next steps required as additional inspections may be needed at your expense.

Each inspection ranges from \$60 - \$200. Payment responsibility for the inspection is determined by the investor on your loan.

Some contractors may contact IncredibleBank directly to request a final inspection and release of funds.

IncredibleBank requires your written approval to talk to the contractor regarding the claim and will direct them to work with you for that authorization.

Investor

Investors (e.g., Fannie Mae, Freddie Mac, VA, FHA etc.) have specific guidelines that must be followed for insurance claims to prevent potential penalties to the bank and loss of the ability to service these loans. Each homeowner's insurance claim must be reviewed based on the individual loan type and terms. The bank will work directly with the Investor, insurance company, adjustor, etc.

Lien

A creditor's claim against an owner's assets to secure an unpaid debt.

Lien Holder

IncredibleBank is the lien holder who holds an interest in property until the satisfaction of the debt.

As a lienholder on the loan, IncredibleBank has a responsibility to ensure the loan conditions (e.g., loan-to-value, property value, lien position, etc.) have not changed and additional liens are not placed on the property.

Lien Waiver

A lien waiver is required from the contractor, subcontractor, supplier, or another party who can file a lien against the property. This protects IncredibleBank's interest in the property from anyone who can file a lien on the property in the event of non-payment.

- Lien waivers need to be for the entire dollar amount of work that the contractor is completing.
- Partial lien waivers may be an option if the contractor is not willing to complete a full lien waiver.

IncredibleBank can only release up to the amount on the lien waiver. For any additional disbursements needed, another lien waiver would need to be provided.

IMPORTANT INFORMATION REGARDING YOUR INSURANCE CLAIM (CONT.)

Paid Receipts/Invoices

Paid receipts will be accepted if borrowers complete the work themselves for claims under \$40,000 or paid a licensed contractor directly. Funds will only be released for items that are on adjustor's report.

- No handwritten receipts.
- If providing a cleared check, a copy of the front and back of check is required.
- Invoices need to reflect a "zero balance", not paid in full.

Replacement Cost (RC)

The cost of replacing damaged or destroyed property with new property. This value is listed in the Adjustor's Report and is used when releasing your insurance claims funds.

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