

Navigating the Road to Housing Recovery

A step-by-step guide for individuals and families



Working Together for Strong Communities



Navigating the Road to Housing Recovery was developed jointly by NeighborWorks America and the FDIC. The purpose of the guide is to assist families in establishing stable and secure housing as they recover from devastating natural disasters.

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NeighborWorks America

For 40 years, NeighborWorks America has created opportunities for people to improve their lives and strengthen their communities by providing access to homeownership and to safe and affordable rental housing. Created by Congress, NeighborWorks creates opportunities for lower-income people to live in affordable homes in safe, sustainable neighborhoods that are healthy places for families to grow. NeighborWorks delivers many of its community-focused programs and services through the national NeighborWorks network — more than 235 independent, community-based nonprofit organizations serving more than 4,500 communities nationwide. Together with its national and local partners, NeighborWorks provides grants, programmatic support, training and technical assistance, and has generated tens of billions of dollars in reinvestment in these communities. Additionally, NeighborWorks America is the nation's leading trainer of community development and affordable housing professionals.

Federal Deposit Insurance Corporation

Congress created the Federal Deposit Insurance Corporation (FDIC) in 1933 to restore public confidence in the nation's banking system. The FDIC insures deposits at the nation's banks and savings associations, and promotes the safety and soundness of these institutions. The FDIC currently insures more than \$9 trillion of deposits in U.S. banks and thrifts and directly examines and supervises more than 4,500 banks for operational safety and soundness. FDIC partnered with NeighborWorks America to develop the first edition of *Navigating the Road to Housing Recovery* in 2006 following Hurricane Katrina.

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NeighborWorks® America

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**EQUAL HOUSING
OPPORTUNITY**

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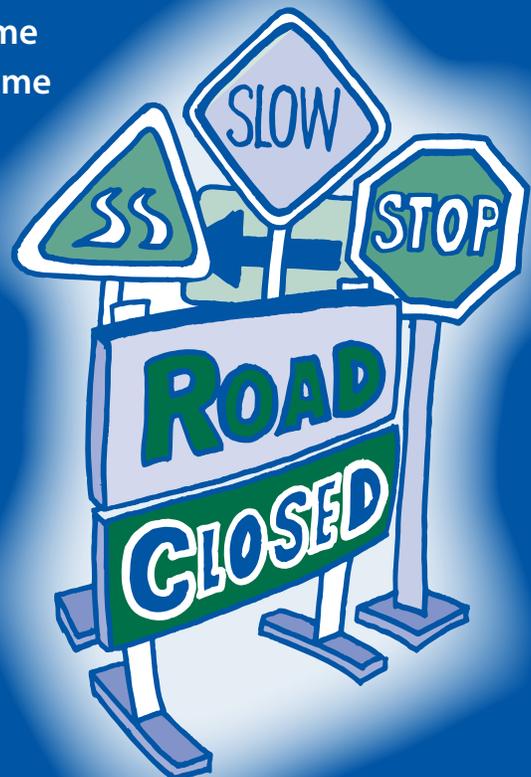
Mapping Your Road to Housing Recovery



As you begin your journey along the road to housing recovery, it might be helpful to start with the end in mind. However, you may not have decided what “end” might be best for you and your family. So whether you have identified a destination or are still considering your options, we’ve provided a map that identifies the pit stops you should make along the way.

The following will be covered along Route 1:

- Road Map for Rebuilding a Home
- Road Map for Repairing a Home
- Road Map for Relocating
- Road Map for Selling Your Home
- Road Map for Undecided
- Road Map for Buying a Home
- Road Map for Renting a Home



Mapping Your Road to Housing Recovery

The keys to navigating through this guide are the seven maps in Route 1. Choose the map that best reflects your housing goal. If your housing goal is unclear at this time, use the Road Map for Undecided.

Each map contains a symbol (square, triangle, rectangle, etc.) at the top. The table of contents is coded with these symbols so you can see the sections of the guide that are most relevant to the map you've selected. This will save you time in navigating to those sections of the guide that apply to your needs.

Route 1 contains the following road maps for navigating your Road to Housing Recovery.



Road Map for Rebuilding

This map is for the homeowner who needs to learn about all the assistance and resources needed to rebuild his or her house from the ground up.



Road Map for Repairing a Home

This map is for the homeowner who needs to learn about all the assistance and resources needed to repair his or her house to its pre-hurricane condition or better.



Road Map for Relocating

This map is for the property owner who wants to relocate.



Road Map for Selling Your Home

This map is for the homeowner who wants to sell property owned in a hurricane-affected area.



Road Map for Undecided

This map is for those who have not yet decided which of the maps above might be the most suited to their ultimate destination.



Road Map for Buying a Home

This map is for the renter or previous homeowner who wants to buy a home in the hurricane-affected area.



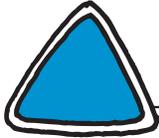
Road Map for Renting a Home

This map is for the renter or previous homeowner who is looking to rental property in the hurricane-affected area.

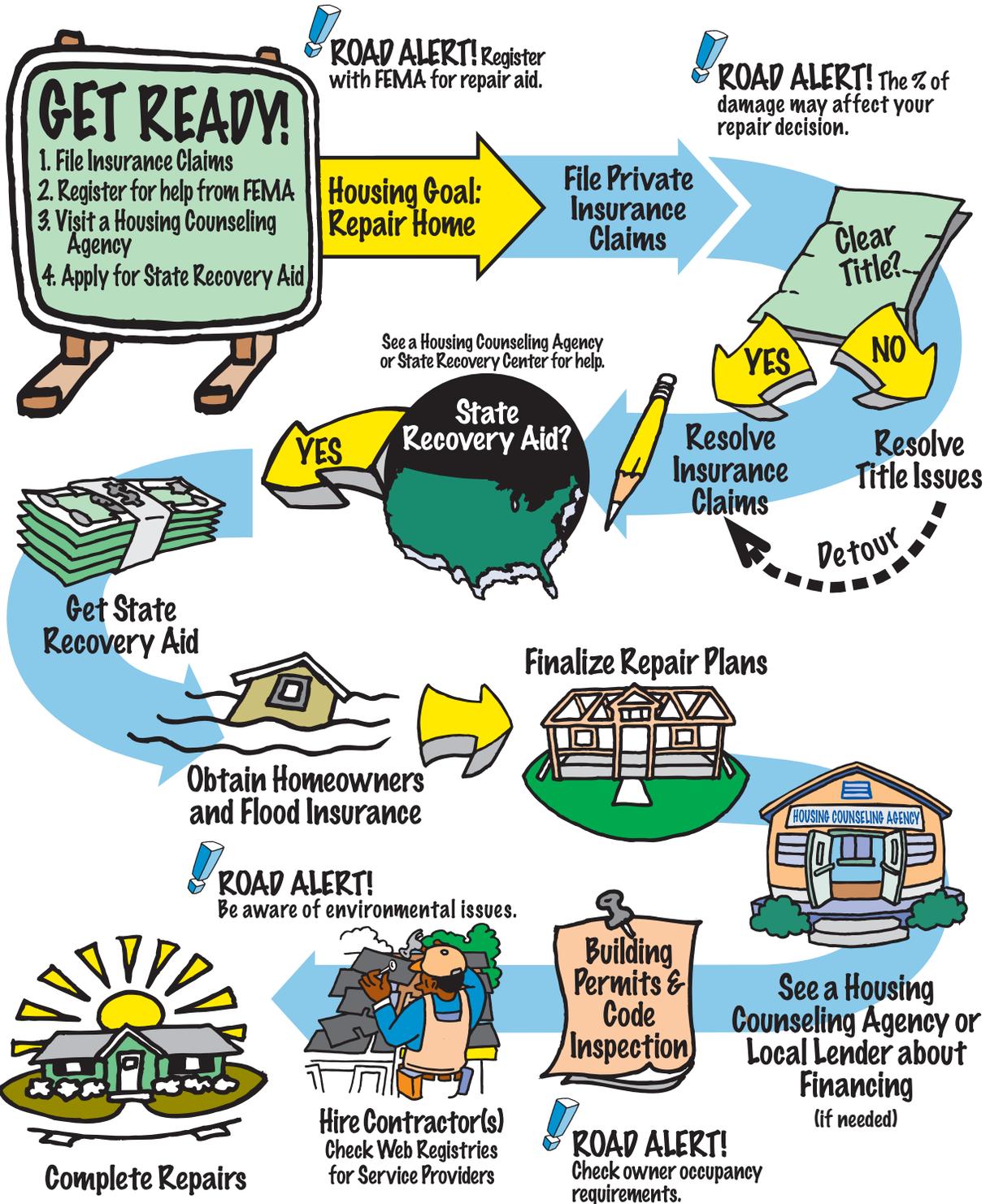


ROAD MAP FOR REBUILDING





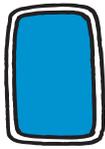
ROAD MAP FOR REPAIRING A HOME



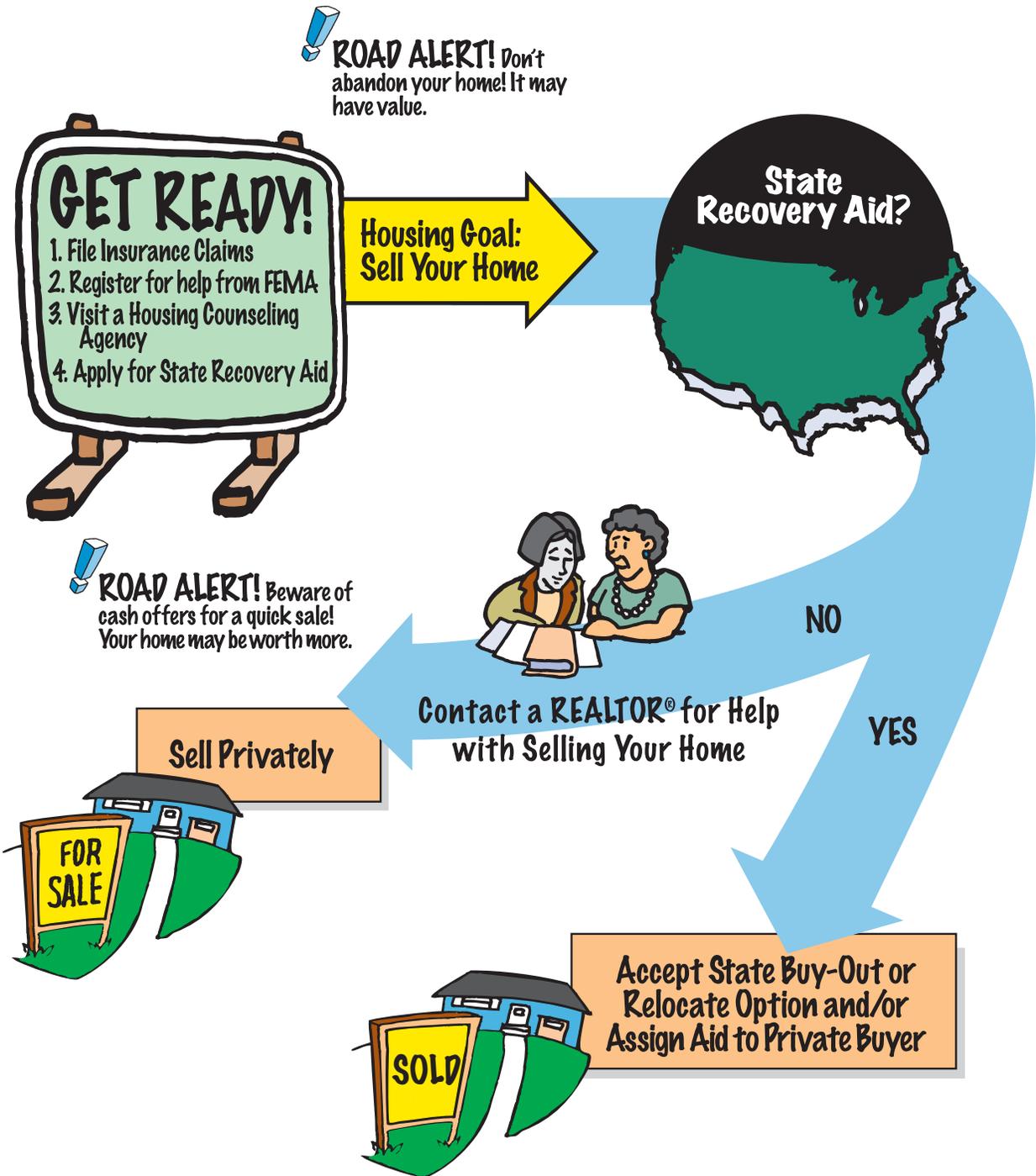
ROAD MAP FOR RELOCATING

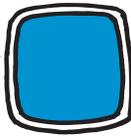
(Renters: See road map for renting)





ROAD MAP FOR SELLING YOUR HOME



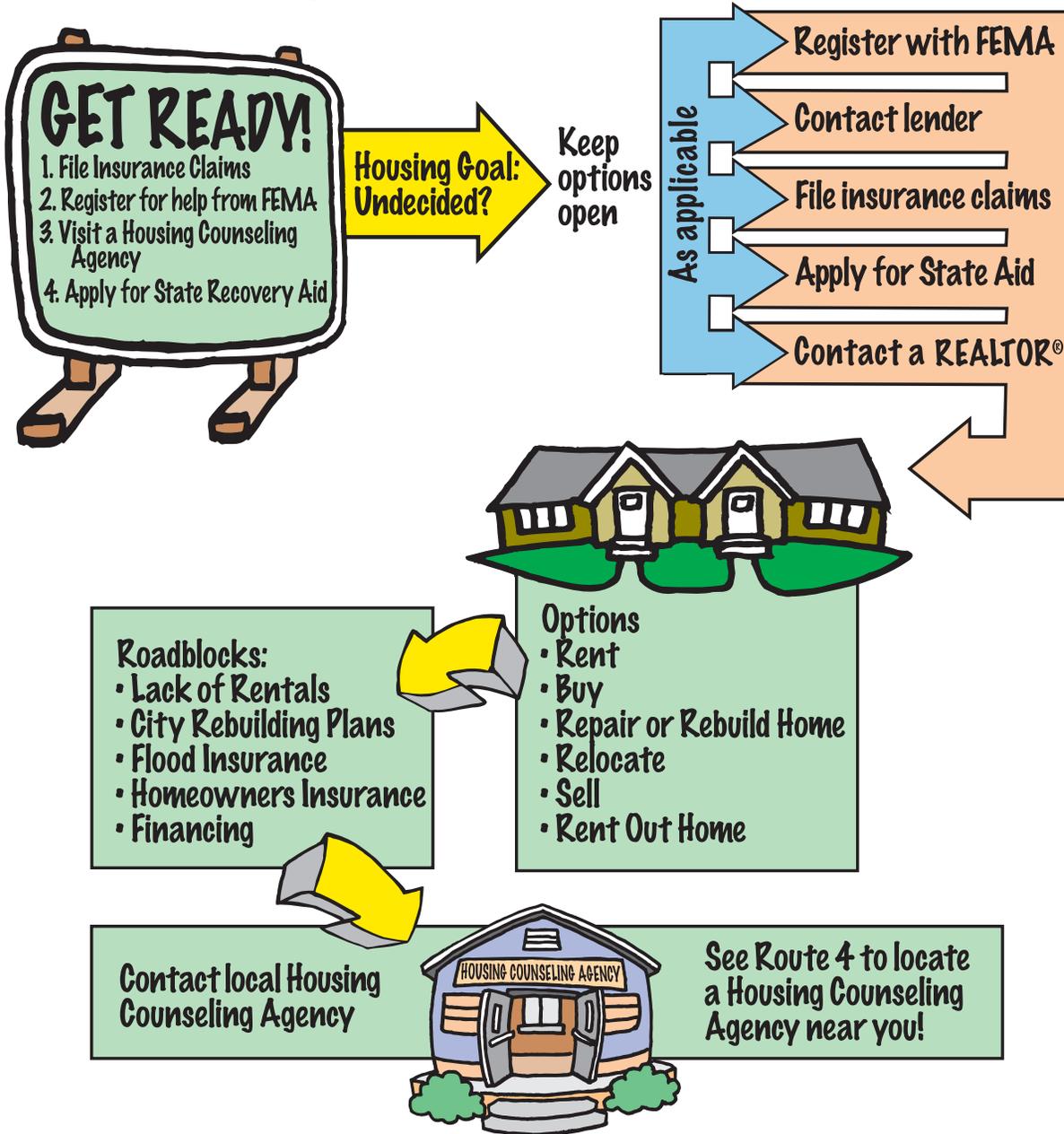


ROAD MAP FOR UNDECIDED

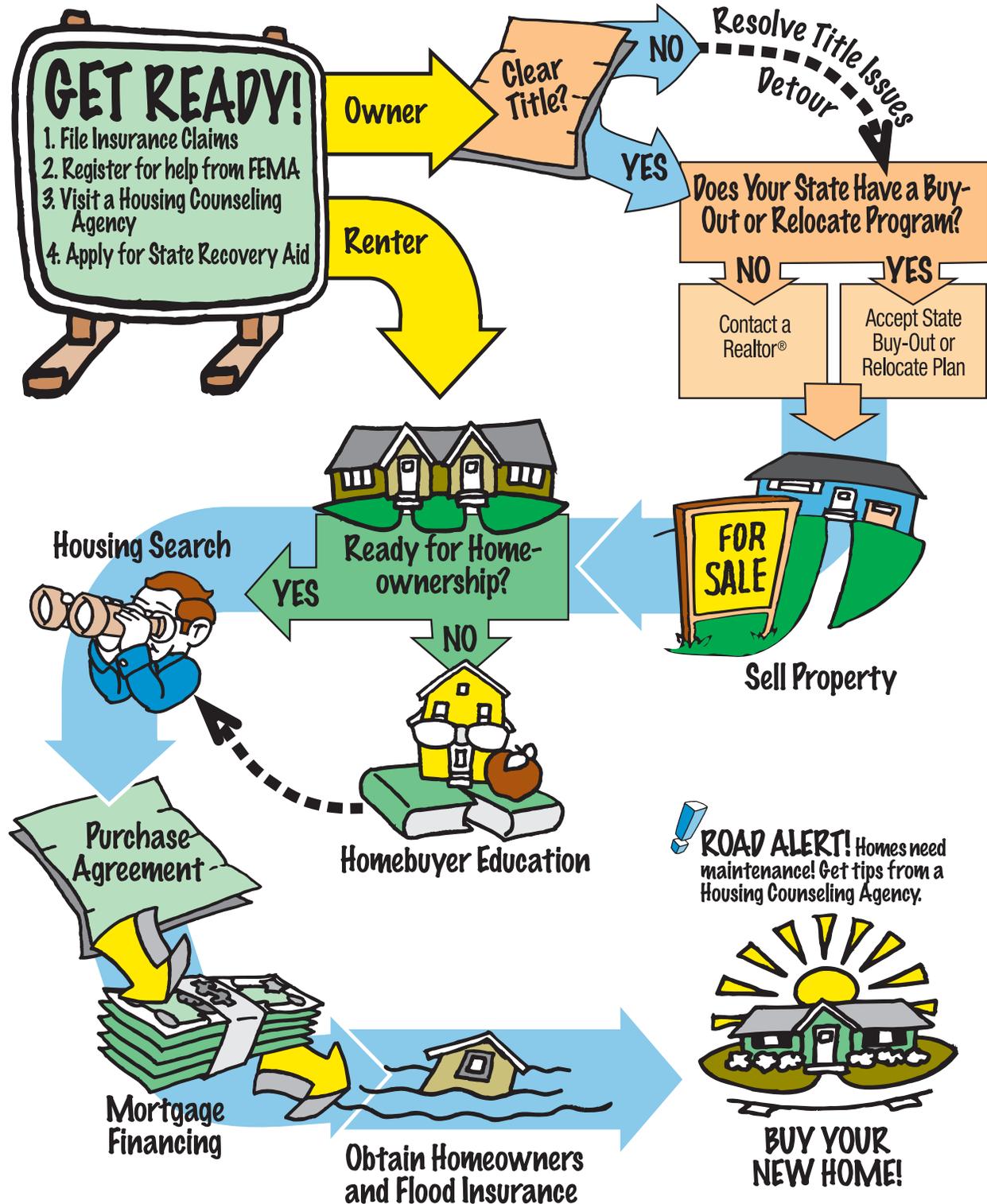
If you are still deciding which housing road to take, this map is for you.

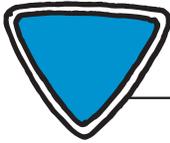
To get help in thinking about your options, visit your local Housing Counseling Agency. The first page of each State section of the Resource Guide says how to find one near you. Learn about aid programs, potential roadblocks, and how to deal with things like title problems or credit repair.

See the other road maps to learn the steps involved in different routes to housing recovery.



ROAD MAP FOR BUYING A HOME

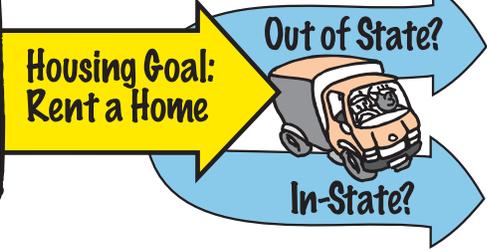




ROAD MAP FOR RENTING A HOME

GET READY!

1. File Insurance Claims
2. Register for help from FEMA
3. Visit a Housing Counseling Agency
4. Apply for State Recovery Aid



Contact a Professional Rental Property Agent for Help with Finding Affordable Rental



State Aid Not Available

State Aid May Be Available

Need Financial Fitness?

Contact a Housing Counseling Agency for Help with Budgeting, Debt Reduction, or Credit Counseling.



Need Rental Assistance?



Lease Apartment

ROAD ALERT! Check out state rental assistance programs—affordable rentals may be available.



Apply for Assistance

Introducing Your Roadside Assistance Crew



Now that you've charted your course by selecting a map, you'll need to identify your most trusted travel companions. In this section of the guide, we will identify a few of the major helpers you will meet as you make your stops along the road. Some of the names will be familiar, while others may not — but there are lots of folks out there who would like to help you get your life back to normal. So come along and get connected to your Roadside Assistance Crew!

The following will be covered along Route 2:

- FEMA: "What's in It for You?"
- State Programs: "Understanding My State's Recovery Assistance Resources"
- The Insurance Industry: "Securing the Rebuild"
- The Financial Community: "Bridging the Gap Through Financial Tools and Products"
- Housing and Other Providers: "Meeting the Rest of the Team"





Alert:

Bypass to Insurance?

You may want to fast forward to the Insurance Section, p. 27 which provides detailed information about how to file an insurance claim.



Alert:

Have Insurance? Help from FEMA

If any of the scenarios to the right describe your particular situation, you can contact FEMA for additional help. You will have up to 12 months from the date you register with FEMA to submit your insurance information for review. Remember that any funds issued to you from FEMA that are eventually paid through your insurance company will have to be repaid to FEMA. According to federal law, FEMA cannot provide money to individuals or households for losses that are covered by insurance.

Disaster Assistance for Those With Insurance

There are some circumstances where you may be able to receive help from FEMA **even if you do have insurance coverage**. However, it is essential that you have already contacted your insurance agent and filed a claim. If you have not done this already, you will need to do it as soon as possible. Failing to file an insurance claim will make you unable to register for FEMA assistance.

Assuming that you have already filed a claim with your insurance company, let's look at some of the situations where FEMA may still be able to provide you with assistance:

- **Your insurance settlement is delayed.** In technical terms, “delayed” means a decision on your insurance settlement has taken longer than 30 days from the time you filed the claim. If this is what has happened to you, write a letter to FEMA at: Federal Emergency Management Agency, PO Box 10055, Hyattsville, MD 20782 or by fax, to 1-800-827-8112; explaining the circumstances. In your letter, include documentation from the insurance company proving that you filed the claim. If you filed your claim over the telephone, you should include the claim number, the date when you applied, and the estimated length of time it will take for you to receive your settlement. Remember, though, that any help awarded to you by FEMA would be considered an advance — it must be repaid to FEMA once you receive your insurance settlement.
- **Your insurance settlement is insufficient to meet your disaster-related needs.** If you have received the maximum settlement from your insurance and still have an unmet disaster-related need, write a letter to FEMA explaining that unmet disaster-related need. Include related paperwork from your insurance company for FEMA's review.
- **You have exhausted the Additional Living Expenses (ALE) provided by your insurance company.** If you have received the maximum settlement from your insurance for Additional Living Expenses (ALE) and still need help with your disaster-related temporary housing need, write a letter to FEMA explaining why you still need help. You will also need to provide documentation to prove you had and used ALE assistance from your insurance company, and include a plan for future permanent housing.
- **You are unable to locate rental resources in your area.** The FEMA Helpline has a list of rental resources in the disaster area. If no resources are available in your county, the Helpline agent will try to provide you with resources in an adjacent county. Call the Helpline at **(800) 621-FEMA (or 3362)**. For TTY service, call **(800) 462-7585**.



When you contact FEMA, you will need to have the following information:

- Five digit Zip Code
- Current contact telephone number
- Social Security number
- Current mailing address and address of damaged property
- Date the damage occurred
- Directions to the property
- Brief description of damaged property
- Insurance information and policy number(s)
- Gross family income
- A bank routing number (So FEMA can deposit funds directly to your bank account.)

Disaster Recovery Centers

FEMA Disaster Recovery Centers are accessible facilities or mobile offices where applicants can go for information about FEMA or disaster assistance. Specific services may include:

- Clarification of FEMA correspondence
- Housing assistance and rental resource information
- Status information on FEMA claims and applications
- SBA program information
- General guidance regarding disaster recovery

During a disaster FEMA will set up numerous disaster recovery centers located throughout the affected areas. To find one near you visit www.fema.gov/disaster-recovery-centers or by texting "DRC" and your zip code to 43362 or 4FEMA (standard rates apply).





Flood Insurance Requirements

When property owners receive financial assistance from the Federal Government following a disaster declaration, they may be required to purchase flood insurance coverage. Renters also need to carry flood insurance to protect against losses resulting from floods.

Flood Zones and Flood Maps

Flood zones are areas identified by FEMA for use in the National Flood Insurance Program (NFIP). These zones indicate how likely an area is to flood. If you live in one of the areas most likely to flood — the A and V zones — you will be required to purchase flood insurance for your home. In addition, the maps provide information about your home’s “Base Flood Elevation.” This measure determines whether or not you may need to elevate your home.

The official flood zone maps can be found on the FEMA website. If you would like to speak to a local expert to examine the maps, contact your local planning, engineering, or public works department.

Reading a Flood Map

The codes on the map can tell you whether an area is likely to flood and how high a home in that area should be elevated to avoid flood damage. A and V zones are both below “Base Flood Elevation” and are likely enough to flood that flood insurance is required. The letters are followed by numbers that show just how likely the area is to flood. The higher the number following the A or V the more likely a property is to flood. (It is better to be in A1 than A30.) B, C, and X zones are considered unlikely to flood because of their elevation, drainage, or levee protection. If you live in a B, C or X zone, you are not required to carry flood insurance, but remember that while you are not required to carry flood insurance on properties located in these zones, any losses you incur that result from a flood can be covered only through the NFIP.

What the Flood Maps Mean to You

The flood zones can guide your rebuilding. They may determine whether you can rebuild, whether you can get certain kinds of assistance, and whether you will need to elevate your home. Following a disaster, FEMA may revise flood maps. Be sure to reference the most recent flood map and insurance requirements before taking steps to rebuild or repair your home.





Building Codes: “Don’t Fight City Hall!”

Building permits are generally issued by the local Building or Planning Department. The permits are based on building codes for your area. Building codes are laws and ordinances detailing minimum safety standards that are required both for your personal safety and for others. Building codes vary from one jurisdiction to another, so you will need to check with your local office to find out the exact procedure for obtaining a building permit.

Obtaining a Building Permit:

Permit requirements are based on where your property is located and what damage was caused by the storm. In order to get a building permit to start repairing or rebuilding your home, you will probably need the following three documents:

- **Elevation Certificate** — Obtained as part of your flood insurance documents or mortgage documents. If you have not received it, you will need to check with a licensed land surveyor. This certificate will help you determine if your current slab elevation meets the Base Flood Elevation for your particular flood zone.
- **Cost of Repair Estimates** — No guessing here. The repair estimate should be obtained from a licensed general contractor, professional construction estimator, or insurance adjuster.
- **Fair Market Value** — Acceptable estimates of your home’s market value include a recent appraisal (value of land not included), a copy of your homeowners or flood insurance policy stating the value of the structure, a tax bill, or a comparative market analysis prepared by a licensed real estate broker.

Caution:



Environmental Issues

In addition to flood conditions, you also need to be aware of the environmental problem of toxic soil that may be a result of prolonged flooding. You need to consider how these problems are dealt with in the local building codes or other requirements related to rebuilding or repairing a home.

Frequently Asked Questions About Damage and Building Codes

- Q. Suppose I don’t agree with the official damage assessment of my home. What can I do?**
- A. You may dispute the assessment by visiting your local permit office to request a re-evaluation of your property. To quickly complete the assessment, bring with you: the estimated market value of your house prior to the storm, a detailed description of all damage, and photos that show the specific areas of contention.

The Insurance Industry: “Securing the Rebuild”



By now you should be well on your way down the road to housing recovery. You’ve picked up your map and started the process of identifying your Roadside Assistance Crew. You’ve made a pit stop at the FEMA section and you’ve now arrived at the Insurance Industry Pit Stop. We’ll reduce the speed here and focus on all the details since insurance is at the top of the list for ensuring a successful journey.

Insurance is the purchase of protection in case of loss — some might say it is the purchase of “peace of mind.” But, however you express the need for it, insurance is a necessity. It provides you with financial protection for your health, home, and automobile, among other things. Having the correct type and amount of insurance can help you replace lost possessions when you experience events like theft, fire, storms or other natural disasters. Unfortunately, if you’re like many of us, you may not find out how your insurance policies work until you have to file a claim. By then it can be too late, especially if the coverage isn’t what you expected.

At this stop on the Road to Housing Recovery we’ll explore the in’s and out’s of insurance and the types of protection available.

- ***Confused by the Fine Print? The Nuts & Bolts of Insurance***

In this section, you’ll gain a basic understanding of what the typical policy covers. We will help you understand the features of various types of homeowner and flood insurance programs. We’ll also point out the options you may have for additional protection.

- ***Need Help Now? Navigating the Claims Process***

We’ll walk you through the claims process. We’ll also discuss the various types of covered damages and give you tips on how to make filing and settling claims faster and easier.

- ***When Things Go Right: Settling Damage Claims and Moving Ahead with Repairs***

Your insurance company has offered a settlement. How can you negotiate if you don’t think the settlement is enough? How do you move ahead with repairs to your home? We address these and more issues here.

- ***When Things Go Wrong: What to do When You Have a Complaint or Can’t Get an Answer?***

Even if you’ve carefully prepared and submitted your claim, many things can still go wrong during the claims process. We’ll outline the typical obstacles you might confront along the way and offer some resolutions to common problems. When all else fails, we’ll point you to local authorities who can help you resolve a conflict with insurance providers.

- ***Just Beginning Your Search? Acquiring Insurance***

You may not know what to look for and whom to turn to for advice. In this section we’ll offer tips on finding the right coverage so you’re not wasting time. We’ll also let you know how you can save money while you shop and compare.



Caution:

Mobile Home Insurance vs. Special Vehicle Insurance

Mobile home insurance is not the same as motor home, recreational vehicle (RV), or travel trailer insurance.

Homeowners Insurance for Mobile and Manufactured Homes

If you own a mobile or manufactured home, the steps for getting insurance are pretty much the same as for owners of other types of homes. Usually you get a standard homeowners insurance policy, though some companies may offer a special manufactured or mobile home policy. You can still qualify for mobile home insurance even if you don't live in the mobile home all year round. If you're renting a mobile home, you can purchase renters insurance to cover personal belongings just like any other renter.

Am I covered if I move my home?

The main difference between your mobile or manufactured home and other homes is the fact that yours is built to be moved. Your regular homeowner's policy will not cover the move from one site to another, and in fact the policy will probably tell you that you have to call your insurance agent if you plan to relocate your home. The company will sell you a different policy for about a month's time, which covers any damage due to the move, the property being stranded, and so on. You may find that you get charged a higher deductible during the move, so be sure to read the policy carefully before trying to make a claim.

Are there any other differences?

Companies that insure mobile homes are most concerned about wind and storm damage. This is because mobile homes tend to be lighter and easier for the wind to push around. In order to get insurance you may have to use industry-approved "tie downs" that anchor your unit to the ground.

Another difference is that the company may offer little or limited coverage for outbuildings, like sheds. For example, they might limit coverage of all outbuildings to \$2,000.

Flood Insurance

You may be required to carry flood insurance on your home if it is in a federally designated Flood Zone. These zones are mainly located in coastal areas that are prone to flooding from oceans, lakes and/or rivers.

Even if your home is not in a Flood Zone, if you think flooding is possible you may be able to voluntarily purchase flood coverage. **All** standard homeowners and renters policies exclude coverage from floods. Basic coverage **is only available** through FEMA's National Flood Insurance Program (NFIP). The National Flood Insurance Program is managed by FEMA, though the insurance policies are sold by approved insurance companies.

You can only purchase flood insurance if your community participates in FEMA's NFIP. For a complete state-by-state list of communities that are participating, check out the links at FEMA's website, www.floodsmart.gov.

If flood insurance is available in your community, it can be purchased through your local insurance company along with your homeowners or renters policy as long as it offers the NFIP coverage.



- Clothing
- Furniture, housewares, bedding
- Decorative items, lamps, lighting fixtures
- Books, home electronics, computers
- Area rugs, and draperies
- Clothes washers, and dryers
- Air conditioners
- Food freezers, and the food in them
- Portable microwave ovens

Mold Damage

Water damage that can cause mold may come from a burst pipe, a failed appliance or an automatic fire sprinkler. Water can also enter your home from storm damage to a roof or window, or rising water from a flood. Regardless of the source, insurance coverage for mold damage varies with individual policies.

Mold that results from a sudden and accidental discharge of water — like a burst pipe or other plumbing failure — is usually a covered claim in homeowners policies. Claims may also arise from water damage due to hurricanes or flooding. Please refer to your policy provisions for details regarding specific mold coverage and limitations.

Most insurers now offer limited coverage for mold-related property damage within the basic policy. Many insurers offer \$10,000 of limited coverage, with the opportunity to purchase additional coverage for an additional premium. Other insurers exclude mold-related property damage entirely, but offer coverage in amounts of \$10,000, \$15,000, \$25,000, \$50,000, and policy limits for an additional premium. Any changes in mold-related property damage coverage must usually be approved by the state.

Soil Damage

Prolonged, severe flooding can create new challenges in terms of environmental hazards such as dangerous levels of minerals or other toxic substances — such as pesticides and industrial waste. Environmental testing may be required, unsafe levels of toxic substances (ex: arsenic) could be found in the soil at or above exposure thresholds.



-
- **Follow Up in Writing** — After phoning your agent, follow up with written notification to your insurance company if possible. It should include the following basic information:
 - Your name and contact information, including address and telephone numbers
 - The name and contact information of the insured person, if different from above
 - Location of loss
 - Date and time of loss
 - Brief description of loss
 - **Secure Your Property** — Take precautions if the damages require you to leave your home. Secure your property. Remove valuable items. Lock windows and doors. Contact your agent or insurance company and leave an address and phone numbers where you can be reached.
 - **Prevent Further Damage** — Make emergency repairs and document them — keeping a file with all of your receipts. Your policy requires such repairs to prevent further weather-related damage to your home and its contents. However, don't make permanent or extensive repairs before the claims adjuster arrives. Also, don't throw out damaged furniture and other expensive items; the adjuster will want to see them.
 - **File Claims As Soon As Possible** — Don't let the bills or receipts pile up. Call your agent or your company's claims hotline as soon as possible. Your policy may require that you notify your insurer within a certain time frame. If possible, determine what it will cost to repair your property before you meet with the claims adjuster.
 - **Provide Complete, Correct Information** — Make a list of everything you want to show the adjuster when he or she arrives. Give the claims adjuster records of any improvements you made to your home — such as photos of a deck you had added on. Be certain to give your insurance company all the information they need. Incorrect or incomplete information will only cause a delay in processing your claim. Keep all receipts and take photographs of the damages — before and after temporary repairs — to submit with your claim. Your insurer will reimburse these costs later.
 - **Keep Copies of All Correspondence** — Whenever you communicate with your insurance company, keep copies and records of all correspondence. Write down information about your telephone and in-person contacts with your insurance company, including the date, name and title of the person you spoke with, and what was said. Also keep a record of your time and expenses.



- **Ask Questions** — Ask the company for the specific language in the policy that is in question. Find out if the disagreement is because you and the insurance company interpret your policy differently.
- **Don't Rush into a Settlement** — If the first offer made by an insurance company does not meet your expectations, be prepared to negotiate to get a fair settlement. If you have any questions regarding the fairness of your settlement, seek advice from a professional.

Personal Property Insurance Claim Processing Tips

- Add up the cost of everything inside your home that has been damaged in the disaster. Review your home inventory to help you remember the things you may have lost.
- If you don't have an inventory, look for photographs or videotapes that picture the damaged areas. For expensive items, you may also contact your bank or credit card company for proof of purchase.
- When making your list, don't forget items that may be damaged in out-of-the-way places—such as the attic or tops of closets.

Additional Tips for the Claims Process

FEMA also provides a set of guidelines for filing flood insurance claims at its website, at www.floodsmart.gov/floodsmart/pages/preparation_recovery/file_your_claim.jsp.

When Things Go Right: Settling Damage Claims and Moving Ahead with Repairs

Disasters can make enormous demands on insurance company personnel. Sometimes after a major disaster, state officials request insurance adjusters to see everyone who has filed a claim before a certain date. When there are a huge number of claims, the deadline may force some adjusters to make a rough first estimate. Don't hesitate to ask the adjuster for an itemized explanation of the settlement offer if you need it.

If the first evaluation is not complete, set up an appointment for a second visit. The first check you get from your insurance company is often an advance. If you're offered an on-the-spot settlement, you can accept the check right away. Later on, if you find other damage, you can "reopen" the claim and file for an additional amount.



Alert:

More Ahead on Disputing An Insurance Settlement

See "Have a Complaint or Can't Get an Answer? When Things Go Wrong" just ahead, on page 45, for how to dispute your insurance company's proposed settlement with you.



What Is Mediation?

Mediation is a process through which a neutral, unbiased third party meets with opposing sides in an effort to resolve a dispute. Mediation is not arbitration, where the arbiter makes the decision on how to resolve the dispute. Instead, the mediator recommends a solution after helping the parties focus on the issues and understand each other's point of view. The mediator usually chooses a non-threatening place for the conference, which could include meeting privately with you or your insurance company. The most important thing to remember about participating in mediation is that you have a chance to explain what you believe you are entitled to under your insurance claim.

Mediators should be trained professionals who are skilled in resolving disputes. All should be specifically trained in mediation theory and practice and have no bias, ties or affiliation with you or the insurance company.

Mediation is usually non-binding. Neither you nor the company is legally obligated to accept the outcome. Even if you do settle at the mediation, you have a three-day grace period to change your mind, as long as you do not cash your settlement check and you inform your insurance company that you have decided to reject the mediated outcome.

Choosing mediation also does not prevent you from taking part in other ways of resolving the dispute, or even going to court later. Nothing you say in a mediation conference can be used against you in any later proceedings.

Who Can Ask for Mediation?

Any insured person who has a disputed claim may request mediation. A disputed claim is defined as any claim where the difference between the positions of you and your insurance company are \$500 or more. Claims related to commercial insurance, auto insurance, liability coverage, or the National Flood Insurance Program are not eligible. Don't let your insurance company discourage you from pursuing mediation — it's your right under the law.

How Does the Mediation Process Work?

Most states have established mediation programs to bring policyholders and their insurance companies together to find common ground (see contact information for "State Regulators" on page 47 in this section).

How Do I Get Started?

Your insurance company is required to notify you in writing of your right to mediation. If you wish to request mediation, contact the American Arbitration Association at **(800) 778-7879** or contact your insurance company or agent. Once mediation has been agreed to, the mediator will notify you and the company of the date, time, and place of the conference. Mediation will be held at a neutral site.



**Alert:****Reducing the
Cost of Mobile or
Manufactured
Home Insurance**

As a mobile or manufactured home owner, there are things you may be able to do to keep the costs down, such as insulating and winterizing, securing the home to the ground with approved tie-downs and ground anchors, and installing security devices. The cost of mobile home insurance also depends on the age and type of mobile home you own. Doublewide and multiple-segment homes usually cost less to insure.

Seek Out Group or Other Discounts

Ask about specific discounts or special offers that may apply to you or your home. These might include such things as senior discounts for those over age 55 or special incentives for modernizing home electrical, plumbing, heating and cooling systems.

Also check with your auto, life, or long-term care insurer to see if any savings are available to you.

**Choosing Homeowners Insurance for
Mobile or Manufactured Homes**

Homeowners that live in manufactured or mobile homes have often had to pay more for insurance coverage than other homeowners for the same amount of coverage. This is because mobile homes are at a higher risk of damage from wind. You should be prepared to shop around to find a policy that best suits your needs.

Major Pit Stop Ahead!

You've just rounded the bend and the road is wide open — so you can pick up speed. However, just ahead there is a gap in the road, and you'll need to make a pit stop at the financial section — just in case you need a loan to bridge the gap. There are a number of loan product options ahead that may come in handy farther down the road to housing recovery. So, let the top down as you breeze along the Road to Housing Recovery.



Definitions of Insurance Terms

Hazard: Anything that increases the chance of an accident occurring.

Homeowners Insurance: Protects homeowners from losses to their homes, personal property, and some types of damage or injury to others for which the homeowner is liable. Homeowners insurance is subject to the terms, limits, and conditions of the policy contract.

Independent Adjuster: An individual who estimates losses on behalf of an insurance company, but is not an employee of that company.

Inspection: Verification of a vehicle's physical condition.

Insurance Score: Used in the underwriting process in some states. An individual's insurance score is frequently based, in part, on a person's credit history.

Insured: A person or organization covered by an insurance policy.

Insurer: An organization that provides insurance.

Liability: Any legally enforceable obligation or responsibility for the injury or damage suffered by another person.

Limit: The maximum amount of protection purchased by the insured for a specific coverage.

Loss: Any measurable dollar cost of damage and/or injury suffered by a person.

Loss of Use: Compensation to a third-party claimant for financial consequences resulting from the inability to use property as the result of accident-related damage.

Peril: A danger or hazard that can cause a loss, for example, a car collision with an object, or a fire.

Personal Property: Property that is not land or connected to land (real estate), such as furniture or jewelry.

Policy: A contract between you and the insurance company.

Premium: The price of the insurance policy that the insured pays in exchange for insurance coverage.

Property Damage Liability Coverage: Pays for damage to someone else's property resulting from an accident for which you are at fault and provides you with a legal defense. This coverage is subject to the terms, limits, and conditions of your policy contract.

Umbrella Insurance: Provides high limits of additional liability coverage above the limits of your homeowners and auto policy. In addition, it provides coverage that may be excluded by other liability policies.





Work with Your Lender or Loan Servicer to Prevent Foreclosure

Remember, foreclosure is avoidable. The following options may be available, especially if you begin working with your lender early in the process of your financial difficulties:

- **Forbearance** — You are allowed to delay payments for a short period, with the understanding that another option will be used afterwards to bring your mortgage up-to-date.
- **Reinstatement** — This is when you are behind in your payments, but you can promise a lump sum to bring your mortgage up-to-date by a specific date.
- **A repayment plan** — If your account is past due, but you can now make payments, the lender may agree to let you catch up by adding a portion of the past-due amount to each monthly payment until your account is current.
- **Modifying your mortgage** — You and your lender can renegotiate your mortgage to extend the term (length) of your loan or take other steps to reduce your payments. One potential solution is to add the past due amount into your existing loan, and finance it over a longer term.
- **Selling your home** — If catching up on payments is not possible, the lender might agree to put foreclosure on hold to give you some time to try to sell your home.
- **Property give-back/Deed in Lieu of Foreclosure** — You may request that the lender allow you to give back your property — and then forgive the debt. While give-backs do hurt your credit rating, they don't hurt as much as a foreclosure. The lender might require that you attempt to sell the house for a specific time period before agreeing to this option, and it might not be possible if there are other liens (mortgages or other debts) against the home.

HUD Foreclosure Prevention — Check It Out!

There are a number of programs administered through the U.S. Treasury Department and HUD to assist homeowners who are at risk of foreclosure and otherwise struggling with their monthly mortgage payments. A summary of these various programs can be found on HUD's website http://portal.hud.gov/hudportal/HUD?src=/topics/avoiding_foreclosure. On this site, you can explore options such as loan modification and refinancing, find links to HUD foreclosure prevention counselors, and other useful information. Distressed homeowners are encouraged to contact their lenders and loan servicers directly to inquire about foreclosure prevention options that are available. If you are experiencing difficulty communicating with your mortgage lender or loan servicer about your need for mortgage relief, you can also find information about and links to organizations that can help contact lenders and servicers on your behalf at the webpage listed above.





Fannie Mae's My Community MortgageSM Product Suite

The My Community Mortgages (MCM) help lenders serve America's increasingly diverse population of low- and moderate-income borrowers. This menu of products is offered with several options and with flexible terms. A few of the key features of these products include:

- Minimum down payment of 0 to 5% , depending on the borrower and the number of units in the property. For a single unit property the minimum down payment is zero dollars from the borrower with a maximum 97% LTV, 3% can come from another acceptable source. For a 2-4 unit property the maximum LTV 95%, the borrower must contribute 3% the remaining 2% can come from another acceptable source.
- Financing up to 100% of the value of the property
- Flexibility related to credit history; nontraditional credit history accepted
- Special options for teachers, police officers, firefighters, and health-care workers
- Special options for the disabled

Freddie Mac Home PossibleSM Mortgage Product Suite

Freddie Mac's Home PossibleSM Mortgage is designed for first-time homebuyers, and minority, new immigrant and low- to moderate-income borrowers. It provides you with a low down payment and flexible credit terms to make it easier for you to qualify. A few of the key features of these products include:

- Minimum down payment of 5%
- Available in fixed-rate and adjustable-rate mortgages
- Flexibility related to credit history
- Second mortgages allowed under certain circumstances.
- Flexible income limits for underserved communities (hurricane-affected areas apply)
- No cash reserves required
- Homebuyer education is required (some exceptions apply)



Alert:

Don't Forget to Tap into Your State Housing Finance Agency

You should also check with your state Housing Finance Agency to see if local programs to help disaster survivors have been introduced. Locate your state's housing finance agency at the National Council of State Housing Agencies (NCSHA) website, www.ncsha.org.





Construction and Renovation Programs

If your home needs extensive repairs or has to be completely rebuilt, you'll want to examine these construction, renovation and home improvement loans. Some allow you to purchase or refinance your existing mortgage and build the cost of repairs into the loan.

In this section we'll review the following products:

- Fannie Mae HomeStyle® Renovation Mortgage
- Freddie Mac Renovation Mortgages
- FHA 203(k) Rehabilitation Mortgage
- HUD Title 1 Program
- RHS Homeownership Direct Loan Program (Section 502)
- RHS Mutual Self-Help Housing Loans (Section 502)
- RHS Guaranteed Rural Housing Loan Program (Section 502)
- RHS Very Low Income Housing Repair Program

Fannie Mae HomeStyle® Renovation Mortgage

The HomeStyle® Renovation Mortgage allows the borrower to combine home purchase or refinance with the cost of renovating or repairing the home — in one loan and with one closing. Instead of financing the renovation with a second mortgage or home equity loan, you get the lower interest rate of a first mortgage and only have to pay for one mortgage closing. You can also borrow an amount based on the value of the home after the renovations are finished, so you know you will have the funds available to do the job right.

Other costs related to a renovation may be added to the loan amount. For example, you can even finance the rent on another home or apartment to live in while the renovations take place. For home purchases, the loan amount can be based on the costs of the renovation project or on the "as-completed" value of the home after the renovations are finished. That means you can borrow more than the home's current value, knowing its value will increase after the improvements are finished.





RHS (Rural Housing Services) Homeownership Direct Loan Program (Section 502)

Section 502 loans are used to help low-income households purchase homes. They can be used to build, repair, renovate or relocate homes, or to purchase and prepare sites — including providing water and sewage facilities.

The Housing Assistance Council, a nonprofit corporation devoted to rural affordable housing, is a great resource for rural housing and loan program information. It offers the following guidance on Rural Housing Services loan programs at its website, www.ruralhome.org.

- Loan terms can be up to 38 years.
- The loan can be used to purchase or rehabilitate a manufactured home.
- There is no down payment requirement.

Contact your Rural Development State Office to find out the location of the local office closest to you, or visit www.rurdev.usda.gov/hsf_sfh.html. **You may also call 202-690-1533 or TTY, 800-877-8339.**

RHS Mutual Self-Help Housing Loans (Section 502)

The Section 502 Mutual Self-Help Housing Loan program (a variation on the regular Section 502 Homeownership program) is for families who are unable to buy decent, safe, and sanitary housing through conventional methods. Families in this program — a mutual self-help project — do a substantial amount (approximately 65%) of the construction labor on each other's homes, under supervision. The savings from the reduced labor costs allow these families to own their homes. If families cannot meet their mortgage payments during the construction phase, the payments can be included in the loan.

RHS Guaranteed Rural Housing Loan Program (Section 502)

The Section 502 Guaranteed Rural Housing Loan Program serves rural residents who have steady, low, or modest income, and yet they can't get adequate housing through conventional financing.

These loans enable low-income and moderate-income rural residents to acquire modestly priced housing by buying a new or existing house, or buying a new manufactured home.

In this variation of the Section 502 program, RHS does not make a loan directly to an eligible borrower, but guarantees a loan made by a commercial lender. This guarantee substantially reduces the risk for lenders, thus encouraging them to make loans to rural residents who have only modest incomes and little collateral.





Financial Resource Guide

National Resources

Fannie Mae

3900 Wisconsin Avenue, NW
Washington, DC 20016
Telephone: 800-7FANNIE or 800-732-6643
Website: www.fanniemae.com

Freddie Mac

Headquarters I (PHO I)
8200 Jones Branch Drive
McLean, VA 22102-3110
Telephone: 703-903-2000
Website: www.freddiemac.com

HUD

U.S. Department of Housing and Urban
Development
451 7th Street, SW
Washington, DC 20410
Telephone: 202-708-1112
TTY: 202-708-1455
Website: www.hud.gov





Finding an Advocate: “I’m Ready to Go. Where Do I Start?”

What Are Housing Counseling Agencies and How Can They Help Me?

Having bad credit or too much debt can make it hard for you to hold on to your housing, whether you are a renter or a homeowner. Housing counseling agencies can teach you about managing your debt and developing a healthy spending and savings plan so you can realize your housing goals — whatever they might be.

Housing counseling agencies can also prepare you to purchase a home and teach you how to be a successful homeowner. To help you do this they offer:

- Homebuyer education classes, which teach you about the process from A to Z
- Individual counseling on your budget, debt repayment, and credit repair issues
- Advice on how to protect yourself from lending scams
- Classes or advice on home maintenance and repair
- “Financial Fitness” classes to help you budget and save so you can reach your goals
- Guidance on home purchase, repair and renovation financing
- Assistance with delinquency or foreclosure issues
- Classes to teach people how to be landlords

It is too soon to know the exact role housing counseling agencies will play in delivering state disaster aid. However, they will be able to steer you to the place to go to get state assistance, and to help you think through your housing options.

Locating a Housing Counseling Agency

The best way to get this help is to call for an appointment or, if there is one close by, to stop in at your local housing counseling agency’s office. To find one in your area, turn to the section on Housing Counseling Agencies at the beginning of each state’s **Resource Guide at Route 4**. Consumers can search for housing counseling agencies that are HUD approved. Along with looking for a HUD-approved housing counseling agency, they can also search for housing counseling agencies that have adopted the National Industry Standards for Homeownership Education and Counseling at www.homeownershipstandards.org. These Standards help practitioners and organizations serve families and communities with consistent service and professional excellence.



Alert:

Compare and Save on Title Insurance

To save money on title insurance, compare rates among title insurance companies. Ask what services and limitations on coverage are provided under each policy so that you can decide whether higher-cost coverage may be better for your needs. However, in many states title insurance premium rates are established by the state and you may not be able to negotiate a lower rate.

If you are buying a home which has changed hands within the last several years, ask your title company about a “reissue rate,” which is cheaper. If you are buying a newly constructed home, make certain your title insurance covers claims by contractors. These claims are known as “mechanics liens.”

Every state has legal aid offices that help people with low incomes deal with legal issues related to housing, wills, divorce and similar issues. Legal aid offices receive public funding, so their services are usually free. Because they serve all low-income people in their area, not just people who were victims of the disaster, legal aid offices are generally busy places, and it can take some time to get an appointment. Still, if you need a lawyer to do a title search, represent you in a legal matter, or to give you legal advice on your unique situation, the legal aid offices are one place to go.

Another way to get free or low-cost legal advice is through “pro bono” attorneys. These attorneys are in private practice but volunteer their time to give legal counsel to people who otherwise could not afford it. Depending on what you need, these lawyers could represent you in court, give you legal advice, or represent your legal interests in other ways.

To find a pro bono attorney or legal aid offices near you, turn to your state Resource Guide at Route 4 and look under the legal section.

Resources for Buying and Selling

I’m in the Market to Buy

If you’re buying a home, one way to find out about and visit a lot of properties is to work with a real estate professional. This service does not cost you anything; the seller pays the fee at the time the property is sold (the “closing”). Real estate agents and REALTORS® can be helpful in setting up times to look at properties, negotiating with the sellers over the price you are willing to offer, and getting the deal to closing.

Real estate professionals can also help you think through what sort of a house you’re looking for. Agents can show you properties in your price range and with the features you’re interested in. While real estate agents usually work for the seller, “buyer-brokers” represent the buyer’s interest in the deal. They also collect their fee at closing when the sale is complete.

Real estate professionals have access to a member database called the Multiple Listing Service (MLS) that includes information about land and properties that are for sale or for rent. They can use this to search for the type of property you want in the town or neighborhood where you want to live. MLS listings are also available to the general public although real estate agents get access to more information. The listings have one or more pictures as well as basic information about the property: the number of bedrooms, how old it is, and the lot size. You can find vacant lots in the MLS as well, if you’re interested in building a new house.





If problems arise:

- **Cancel the contract.** By law you can cancel a contract within three business days of signing. Be sure to follow the procedures for cancellation that are set out in the contract. Send the notification by registered mail with a return receipt to be signed by the contractor.

Top 10 Tips for Managing a Rehab Job on Your Own

You've used the suggestions from the last section on how to hire the right contractor, and the job is ready to start, but you've never managed anything like this before. What do you do?

If you feel at all nervous about being the boss, remember that whether it came from an insurance company, your savings, FEMA, or a bank loan you are paying for this with your own money. After everything you have been through, you really need this work to be done right the first time. It is better to start out being the boss and being firm about what you expect, than to try later when the job is well underway. Here are the top 10 tips for managing your own home construction project:

1. **Behave like a builder, talk like a builder.** Be friendly with your subcontractors, but let them know who is the boss.
2. **Keep records** of purchase orders, invoices, paid receipts and checks, workers compensation records, etc. Set up an easy filing system so you know where the records are and how to find them. (Hint: Office supply stores sell plastic filing bins that are easy to carry and hold a lot of file folders.)
3. **Understand the order** in which work has to be done, and develop a schedule for when to bring in each subcontractor.
4. **Inspect work often** to check on progress, quality and the schedule of work.
5. **Allow some time gap** between the work schedules of two subcontractors so that inspections can be made and changes, if any, can be made. Build in some time for "surprises."
6. **Insure workers** who will be on the construction site through a rider to your homeowners insurance policy. This can protect you against any accident on the job site.
7. **Keep track of how much money you've spent** and how much more is needed to finish the project. Compare this often to how much money you have to spend.
8. **Use written contracts** with your subcontractors. Put all changes in writing, and use lien waivers when work is finished. A lien waiver is a release signed by the contractors and suppliers stating that they have been paid for all labor and material that they have supplied on your project. By signing, they relinquish all rights to place a mechanics lien on your property.





- Where there are threats of flooding, install closed-celled foam insulation that does not absorb moisture.
- Using more insulation than the required minimum saves on energy costs and makes the house more comfortable.
- Insulation works best when air is not moving through or around it. To get the most benefit out of any insulation, be sure that all air leaks are sealed.
- To get the biggest savings, add insulation in your attic. Other common places to add insulation are the floors above unheated spaces, unventilated crawl spaces, and the edges of slabs-on-grade.
- Selecting high quality materials during construction may add to upfront costs, but will likely provide long-term savings through greater durability, strength and reduced replacement costs.

How ENERGY STAR® Products Improve Energy Efficiency

- A combination of building envelope upgrades — high-performance windows, controlled air infiltration, upgraded heating and air conditioning systems, and tight duct systems — contribute to improved home quality, lower energy demand, and lower utility bills.
- Appliances and lighting account for 40% of home energy usage. Refrigerators are typically the single biggest energy-consuming home appliance. ENERGY STAR®-qualified appliances use 10% to 50% less energy and water than standard models.
- Many ENERGY STAR®-qualified products are available, ranging from windows and doors to refrigerators and programmable thermostats. When buying new appliances, it pays to look for the ENERGY STAR® label.

Additional Resources

ENERGY STAR® is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy. To find local homebuilders or to find out if you may qualify for energy efficiency home tax exemptions, credits or rebates, visit www.energystar.gov. Also, ask your housing counseling agency about an Energy Efficient Mortgage (EEM), which is a mortgage that credits a home's energy efficiency in the mortgage itself. EEMs give borrowers the opportunity to finance cost-effective, energy-saving measures as part of a single mortgage.





Faith-based Organizations: Accessing an Army of Helping Hands

In disasters, faith-based organizations are often the first to respond. They may offer basic survival help such as shelter, food, water, clothes and access to information about other assistance. Once aid starts flowing to a stricken area, religious organizations can be vital to getting assistance out into the community to help people at the local level.

Faith-based organizations gather volunteers from their own communities and from across the country to ask for funds, food, clothing, and even work crews.

Many faith-based organizations focus on helping people in their neighborhoods or communities. Others, like the Salvation Army and Catholic Charities, have become large, multiservice organizations that contract with the state and federal government to provide things like emergency shelter, mental health and substance abuse services, case management, home visiting, and refugee resettlement.

As you look around for help on the road to housing recovery, don't forget to check in with your local church, temple, or mosque. In the Resource Guide in Route 4 you will find a listing of faith-based organizations active in your area. In the months to come they will continue to play an active and vital role in organizing volunteers, private donations and public dollars to support the recovery and rebuilding efforts.

Catholic Charities

Catholic Charities agencies provide a wide range of services to people in need. They don't all offer the same programming, however, so you may need to call your local office to see what services they have. Find a member agency near you by visiting the website at www.catholiccharitiesusa.org/who-we-are/member-agencies.

Habitat for Humanity

Habitat for Humanity specializes in building new homes for low-income people. Typically, the buyer helps to build the house with the help of many other volunteers, and then receives a loan with no interest for the purchase.

Habitat is very successful in bringing in volunteers and donations to reduce the cost of building homes. It also offers housing counseling to its buyers to help them prepare for ownership. The website, www.habitat.org provides more details about Habitat's response to natural disasters.



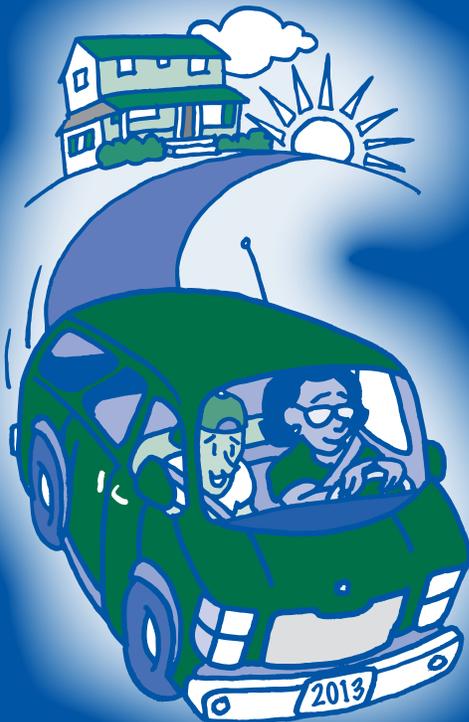
Making Informed Decisions and Steering Clear of Warning Signs



By now you've selected a destination, identified your Roadside Assistance Crew, and learned about the programs and products that may make your journey less bumpy. This section of the guide will provide information and tips for steering clear of the pitfalls, potholes, and roadblocks so you can make informed decisions as you navigate the course.

Along Route 3, you'll find out how to:

- Ensure Internet Access
- Use financial tips to prepare for and recover from disaster
- Improve your access to credit to cover financial gaps in your recovery plan
- Avoid scams, identify theft, and prevent foreclosure — otherwise known as the pitfalls, potholes, and roadblocks to recovery





Priorities — Which Path Will You Choose?

When creating a spending plan, it's important to consider your needs and wants. Needs are items needed for basic survival, such as food, water, shelter, and clothing. Wants are things desired but not necessary for basic survival. Sometimes budgeting requires tough decisions so you can eliminate spending on wants to free up money for needs. Remember, everyone has different priorities. Budgeting forces you to determine your family's financial goals and gives you the framework for accomplishing them.

What Payments Should I Make First If I Don't Have Enough Money to Pay For All My Bills

- First, pay off your necessary household expenses, such as rent or mortgage, utilities, and food. You need to pay your rent or mortgage to ensure you don't get evicted or have your property foreclosed. Think about the health and safety of your family when making these types of decisions.
- Many utilities, such as telephone, electric, and gas companies, have programs to lower your bill if you qualify. If you think you need assistance, call the customer service number shown on your utility bill.



Caution:

Wants vs. Needs

If you have to make some tough decisions about wants and needs, consider the following questions.

- Why do you want it?
- Is it something you really need?
- Will it help you reach your goal?
- Could you spend your money in a different way?
- Is it something you can live without?

The answers to these questions might help you figure out what is most important so you can direct your money to your priorities.

What Should I Do If I Can Pay Off My Monthly Household Expenses, But Am Having Trouble Paying Off My Loans?

- Pay off the loan with the highest interest rate first to save on interest payments.
- Talk to your creditor (the bank holding the loan, the credit card company, or another company to whom you owe money). Your creditor may be willing to reduce your payments or change the terms to accommodate your situation. Some creditors might offer extensions (smaller payments over a longer period of time). Some creditors might accept partial payments.
- Get a debt consolidation loan, but be cautious of this option. If loan fees and interest rates are too high, it may not be the best option for you.
- Get professional advice. Check out the Resource Guide in Route 4 for information on how to contact a local housing counseling or nonprofit credit counseling agency that can help you deal with your financial problems. The most reputable organizations charge little or nothing for their services.
- Be cautious of companies that promise to fix your credit problems right away. Credit repair can be a long process that might take several years. Just remember, "If it sounds too good to be true — it probably is."

Exploring Your Credit Report

Do you wonder whether you have good credit? You can find out by reviewing your credit report. Your credit report is an electronic record of your credit activities. These activities range from borrowing to buy a car or a home to applying for a loan or credit card. That's right — every time you apply for a credit card or other loan; an inquiry is documented on your credit report.

The Fair and Accurate Credit Transactions Act requires each of the three major credit reporting agencies (Experian, Equifax, and TransUnion) to provide you with a free copy of your credit report, at your request, once a year.

Brake Hard Now And Order Your Free Credit Report!

You can order your free credit report by logging onto the official website (www.annualcreditreport.com), calling a toll-free number **877-322-8228**, or submitting your request in writing. To request your report in writing, follow the instructions on the website listed above and complete the Annual Credit Report Request Form. Don't be fooled by websites with similar names that want to charge you for your credit report!

Understanding Your Credit Report

There are four major types of information included in your credit report:

1. **Identifying information** — This includes your name, phone number, address, Social Security number and date of birth. It may also include a list of your current and previous employers and your previous addresses.
2. **Credit history** — Your credit history is a summary of your credit transactions. This is the core of the credit report. It includes your payment history, including any late payments to banks, credit card companies, retailers, and other lenders. Other lenders include mortgage and auto-finance companies. These items remain on your credit report for seven years.
3. **Public records** — If you owe a creditor or tax agency a debt and do not pay it, expect to have a public lien against you. For example, a person who owes property taxes but does not pay them is likely to have a lien filed against him or her by the local property tax board. Public records include any filings of personal bankruptcy or court judgments against you. Bankruptcies remain on your credit report for seven to 10 years.

Sample Credit Report

CREDIT FILE - January 2, 2013 **Confirmation # 0123456789**

Personal Identification Information (This section includes your name, current and previous addresses, and any other identifying information reported by your creditors.)

Name On Report: [Redacted] Length of Credit File: [Redacted]
 Social Security Number: [Redacted] Date of Birth: [Redacted] Reported: (MM/YYYY)
 Current Address(es): [Redacted] Reported: (MM/YYYY)
 Previous Address(es): [Redacted] Reported: (MM/YYYY)
 Last Reported: [Redacted]
 Previous Employer(s): [Redacted] (previous type of employment & previous employer)

Credit Account Information
 (For your security, the last 4 digits of account number(s) have been replaced by *) (This section includes open and closed accounts reported by credit grantors)

Account Column Title Descriptions:

Account Number - The Account number reported by credit grantor	Amount Past Due - The Amount Past Due as of the Date Reported
Date Acct. Opened - The Date that the credit grantor opened the account	Date of Last Payment - The Date of Last Payment
High Credit - The Highest Amount Charged	Actual Pay Amt - The Actual Amount of Last Payment
Credit Limit - The Highest Amount Permitted	Sched Pay Amt - The Requested Amount of Last Payment
Terms Duration - The Number of Installments or Payments	Date of Last Actvty - The Date of the Last Account Activity
Terms Frequency - The Scheduled Time Between Payments	Date Maj Delq Rptd - The Date the 1st Major Delinquency Was Reported
Months Reviewed - The Number of Months Reviewed	Charge Off Amt - The Amount Charged Off by Creditor
Activity Description - The Most Recent Account Activity	Deferred Pay Date - The 1st Payment Due Date for Deferred Loans
Creditor Class - The Type of Company Reporting The Account	Balloon Pay Amt - The Amount of Final(Balloon) Payment
Date Reported - The Month and Year of the Last Account Update	Balloon Pay Date - The Date of Final(Balloon) Payment
Balance Amount - The Total Amount Owed as of the Date Reported	Date Closed - The Date the Account was Closed

Account History

1 : 30-59 Days Past Due	5 : 150-179 Days Past Due	J : Voluntary Surrender
2 : 60-89 Days Past Due	6 : 180 or More Days Past Due	K : Repossession
3 : 90-119 Days Past Due	G : Collection Account	L : Charge Off
4 : 120-149 Days Past Due	H : Foreclosure	

American Express PO Box 297871 Fort Lauderdale FL 33329-7871 ; (800) 874-2717

Account Number	Date Opened	High Credit	Credit Limit	Terms Duration	Terms Frequency	Mths Rvtd	Activity Description	Creditor Classification
-0123456789*	05/1984	\$4,400	\$22,000			1		

Current Status - Pays As Agreed, Type of Account - Revolving, Type of Loan - Credit Card, whose Account - Individual Account.

Inquiries that display to companies (may impact your credit score)
 This section lists companies that requested your credit file. Credit grantors may view these requests when evaluating your credit worthiness. Employment inquiries do not impact your credit score.

Company Information	Inquiry Date(s)
Creditor Address, City, State ZIP Phone: (555) 123-4567	(MM/DD/YYYY)
Creditor Address, City, State ZIP Phone: (555) 456-7890	(MM/DD/YYYY)
Creditor Address, City, State ZIP Phone: (555) 789-0123	(MM/DD/YYYY)

Inquiries that do not display to companies (do not impact your credit score)
 (This section includes inquiries which display only to you and are not considered when evaluating your credit worthiness. - examples of this inquiry type include a pre-approved offer of credit, insurance, or periodic account review by an existing creditor.)

Company Information - Prefix Descriptions:

- PRM - Inquiries with this prefix indicate that only your name and address were given to a credit grantor so they can provide you a firm offer of credit or insurance. (PRM inquiries remain for 12 months)
- PR - Inquires with this prefix indicate that a creditor reviewed your account as part of a portfolio they are purchasing. (PR Inquires remain for 12 months)
- AM or AR - Inquiries with these prefixes indicate a periodic review of your credit history by one of your creditors. (AM and AR inquiries remain for 12 months)
- Equifax or EFX - Inquiries with these prefixes indicate Equifax's activity in response to your contact with us for a copy of your credit file or a research request.
- ND - Inquiries with this prefix are general inquiries that do not display to credit grantors. (ND inquiries remain for 24 months)
- ND MR - Inquiries with this prefix indicate the reissue of a mortgage credit report containing information from your Equifax credit file to another company in connection with a mortgage loan. (ND MR inquiries remain for 24 months)

Company Information	Inquiry Date(s)
Equifax PO Box 740241 Atlanta, GA 30374-0241	(MM/DD/YYYY)
Creditor Address, City, State ZIP Phone: (555) 123-4567	(MM/DD/YYYY) (MM/DD/YYYY)
Creditor Address, City, State ZIP Phone: (555) 456-7890	(MM/DD/YYYY) (MM/DD/YYYY)
Creditor Address, City, State ZIP Phone: (555) 789-0123	(MM/DD/YYYY) (MM/DD/YYYY)
Creditor Address, City, State ZIP Phone: (555) 123-4567	(MM/DD/YYYY) (MM/DD/YYYY) (MM/DD/YYYY) (MM/DD/YYYY)

Brake Now and Identify Any Errors on Your Credit Report

You should review your credit report from all three major credit bureaus at least once each year. Check for errors or omissions in any and all of the three reports. Differences may exist between the information they show and what you know about your credit history. If you find an error or something left out, contact the credit bureau directly. You can use the form letter that follows to alert the credit bureaus of errors on your credit report and ask that they be corrected.

Sample Dispute Letter

Date

Your Name, Your Address

Your City, State, Zip Code

Email address

Complaint Department

Name of Credit Reporting Agency Address

City, State, Zip Code

Dear Sir or Madam:

I am writing to dispute the following information in my file. I've [highlighted or circled] the items I dispute on the attached copy of the report I received.

This item [identify item or items disputed by name of source, such as name of creditor or tax court, and identify type of item, such as credit account, judgment, etc.] is inaccurate or incomplete because [describe what is inaccurate or incomplete and why]. I am requesting that the item be deleted [or request another specific change] to correct the information.

Enclosed are copies of [use this sentence if applicable and describe any enclosed documentation, such as payment records or court documents] supporting my position.

Please reinvestigate [this matter or these matters] and [delete or correct] the disputed item[s] as soon as possible.

Sincerely,

Your name

Enclosures: [List what you are enclosing]

Avoiding the Pitfalls, Potholes, and Road Blocks to Housing Recovery

Becoming a homeowner is a major milestone, but once you purchase a home, you'll need to take steps to maintain and protect it. This section of the guide will explain some of the things you can do to keep and maintain your home. The section provides information about using your home equity wisely, saving for emergencies, avoiding credit traps, avoiding foreclosure, managing taxes, and handling home maintenance and home repairs.



Avoiding the Debt Detour

Accumulating additional debt can cause you to detour off the road to housing recovery. New home buyers should avoid taking on any new debt for car loans, credit cards or revolving credit for at least one year after closing. It will take that long to get used to making the new mortgage payments and to really understand how much it costs to take care of your home.

Avoid the Foreclosure Pot Hole—It's a Big One!

Many homeowners find themselves in situations where they are unable to make their mortgage payments and are in very real danger of losing their homes to foreclosure. If you can't make your next mortgage payment, or if you are already behind, you need immediate help. The Homeownership Preservation Foundation has joined forces with mortgage lenders, nonprofit organizations, and city governments to provide homeowners with free assistance and resources to help you get back on track. Visit the Hope for Homeowners website at www.995hope.com, or call the homeownership hotline at **888-995-HOPE (4673)** for immediate assistance.

What Should I Do If I Miss a Payment?

Asking for help is the most important factor in preventing foreclosures.

- Notify the bank as soon as you know your payment will be late. Calling when you are one or two months late is better than calling when you are four months behind in payments. Remember that foreclosure is not in the best interest of lenders. Lenders report that it costs up to \$50,000 or almost half the loan balance each time they write off a foreclosure.
- Work it out. Depending on the situation, the lender may lower the interest rate, lower the borrower's monthly payment, or enter into a repayment agreement for missed payments.





Caution:

Before Deciding to File for Bankruptcy

- Reduce your spending. Consider a smaller home or vehicle. Slash your spending, and you may be surprised to find enough money left over to repay the debt you've built up.
- Talk with your creditors. Despite what you may have heard, your creditors are often willing to work out a payment plan to help you pay off what you owe. This is preferable to having a bankruptcy filing on your credit report.
- Talk with a nonprofit counseling agency. These agencies can help you create a plan that will handle all of your debts.
- Talk to at least 3 bankruptcy attorneys (during free initial counseling sessions) to get feedback about filing. Be sure you understand the consequences of declaring bankruptcy.
- You may be able to borrow against a workplace retirement plan, stocks, other securities you own, or the cash value of a life insurance policy in order to pay off your debt. However, all of those options have serious implications. Make sure you analyze the potential risks and consequences thoroughly.

- Carefully choose your Personal Identification Number or PIN. When you set up your PIN for your ATM or debit card, don't use a number that a person could easily associate with you, such as a birth date, Social Security number, or phone number. Use a number that only you know and that you can recall easily.
- Check your credit. Order a copy of your credit report every year. Catch mistakes and fraud before they ruin your personal finances.

Caution!

Bankruptcy May Not Be the Best Choice

Personal bankruptcy as an option for dealing with debt should be the "last resort" option because the results are long-lasting and far-reaching. A bankruptcy stays on your credit report for seven to 10 years, and can make it difficult to obtain credit, buy a home, get life insurance, or even get a job.

The Bankruptcy Abuse Prevention and Consumer Protection Act, which took effect in October 2005, makes it harder to file for Chapter 7 bankruptcy and steers more people toward repaying a portion of their debts through a Chapter 13 bankruptcy. Instead of wiping out debts under Chapter 7, many debtors will have to establish up to five-year repayment plans under a Chapter 13 plan.

This law includes several changes that might affect you. You won't be allowed to file for Chapter 7 if your income is above your state's median and if you can afford to pay 25 percent of your unsecured debt. You also may not discharge new debt. If you have credit card debt, cash advances, and other forms of consumer debt borrowed within 70 days of a bankruptcy filing, it might not be discharged under the new law. The court will review your finances and determine how much you have available to pay debts, and you will be required to undergo credit counseling before applying for bankruptcy.



Know Your Rights

As a consumer, you have rights that are protected by law. Consumer credit laws regulate creditors and the three major credit reporting agencies and are designed to protect you. For example, they protect you from discrimination by companies that give credit and require creditors to give reasons for not doing business with you. If you feel you have not been treated fairly or have been discriminated against, consumer credit laws will be important to you.

Below is a summary of some of the key consumer protection laws that you should understand so that you are treated fairly and within the law.



Equal Credit Opportunity Act (ECOA)

The Equal Credit Opportunity Act protects consumer rights throughout the loan process. Lenders cannot discourage you from applying for a loan based on certain characteristics you may have. The ECOA makes sure that credit is available to all applicants who qualify for credit, without regard to the following factors: race, color, religion, national origin, sex, marital status, age, or receipt of public assistance income. You also cannot be denied credit if you exercise your rights under the Consumer Credit Protection Act (for example, you cannot be denied a loan because you have filed a complaint against the bank). ECOA also restricts the lender from requesting certain information during the loan application process.

Fair Credit Billing Act

The Fair Credit Billing Act requires creditors to promptly credit payments and correct billing mistakes for open-ended accounts such as credit cards. It also allows you to withhold payments on defective goods. Examples of billing errors include a charge for something you did not buy, a charge that is different from the actual purchase price, or an error in math (for example, the total does not add up, or there is an error in the amount of interest added).

If you think there is an error on your bill you should notify your creditor in writing within 60 days of receipt of the incorrect bill. Include your name, account number, and what you believe is the error. Keep a copy of the letter.

Fair Debt Collection Practices Act (FDCPA)

The Fair Debt Collection Practices Act requires that debt collectors treat you fairly and bans unfair, deceptive, or abusive debt collection practices. This law applies to personal and household debts including: money owed for the purchase of a car, medical care, or charge accounts. Under this law, debt collectors other than your creditor cannot:

- Contact you at any unusual time or place.
- Contact you at work if you have informed them not to call you there.

Resource Guide for Finding the Assistance Crew Nearest You



Route 4 is a comprehensive resource guide for finding valuable disaster recovery resources in California.



Resource Guide for Finding the Assistance Crew Nearest You



Route 4 is a comprehensive resource guide for finding valuable disaster recovery resources in Florida.



Resource Guide for Finding the Assistance Crew Nearest You



Route 4 is a comprehensive resource guide for finding valuable disaster recovery resources in Puerto Rico.



Resource Guide for Finding the Assistance Crew Nearest You



Route 4 is a comprehensive resource guide for finding valuable disaster recovery resources in Texas.



Navigating the Road to Housing Recovery

A step-by-step guide for individuals and families affected by Hurricane Sandy



Working Together for Strong Communities



Developed jointly by



NeighborWorks® America
www.nw.org



FDIC
550 17th Street NW
Washington, DC 20429
www.fdic.gov