



gustav

RESOURCE GUIDE

produced by the
Greater New Orleans Fair Housing Action Center
Hurricane Relief Project

228 St. Charles Ave.
Suite 1035
New Orleans, LA 70130

(504) 596-2100
www.gnofairhousing.org

Contact: sweingart@gnofairhousing.org

Table of Contents

1. Insurance – pg. 2
2. Mortgages – pg. 5
3. FEMA – pg. 9
4. SBA – pg. 12
5. Contractors – pg 14
6. Other Resources – pg 15

INSURANCE

Filing an insurance claim after a major disaster can be a long and difficult process. This guide provides some basic information about insurance that every homeowner should know before filing a claim. If you have any problems with your insurance company, you can call the Greater New Orleans Fair Housing Action Center at 877-445-2100.

1. Know what kind of coverage you have. Have copies of your declaration pages and your policies and review them. Homeowners insurance generally covers damage from wind and wind-driven rain. Most homeowners insurance also includes coverage for additional living expenses, personal property, and other structures (like garages, sheds, and fences). Flood insurance covers damage from rising waters, and usually damage to personal property caused by flooding, but it does not offer coverage for additional living expenses. If you don't have a copy of your policy, request one from your agent or insurance company.
2. Know what is covered. Some insurance policies may exclude certain items or damage from certain events. Review your policy declarations for any "exclusions" that your policy does not cover.
3. Know how much coverage you have. Your declaration page will tell you how much you can receive for covered damages under your policy. These are known as the policy limits and differ for each type of coverage. Policies may also cover either Replacement Cost Value (RCV) or Actual Cash Value (ACV). RCV will pay to replace damaged items with a new item comparable in value. ACV will only pay the value of an item minus any depreciation since it was purchased.
4. Deductibles: When filing an insurance claim, the homeowner is responsible for covering damage up the amount of the deductible. Many homeowners insurance policies have special hurricane deductibles, so if the damage was caused by a named hurricane, the homeowner will have to pay more out-of-pocket expenses, before insurance will pay for

anything. Look at your policy declaration page to find out how much your deductible is. If the damage is less than the deductible, you may not receive any money from your insurance company.

5. **Additional Living Expense/Loss of Use:** Most homeowners insurance policies (but not flood insurance) include coverage for additional living expenses. If you are unable to live in your home, you may be able to file a claim for any money you had to spend on hotels, gas, food, or other necessary items, while you were evacuated. Keep receipts for all your purchases, so you can provide them to the insurance company when you make your claim.
6. **Personal Property:** Also called Contents coverage, this is included in most homeowners insurance policies. It covers damages to furniture, clothing, housewares, electronics, appliances, and bedding. Take pictures of all damaged items, make a list of all damaged items, when and where they were purchased, and document how much they were worth before filing a claim.
7. **Document your losses:** Take pictures of all damage to your home. If minor repairs are needed to secure the property, you should take pictures of the damage, then complete the repairs immediately to prevent the damage from getting worse. Keep receipts for any money that was spent to secure the house. Your insurance company should cover this as well.
8. **Claim Process:** Call your insurance agent or the insurance company's toll-free claims hotline to file a claim. The insurance company will then send an adjuster to your home to survey the damages. You should be at the house when the adjuster comes so you can point out any damage that might not be visible, especially damage to attics. Make sure the adjuster looks at all areas of your house that may have had damages. Do not agree to a rushed settlement or sign any form that says "final" or "full" settlement before you've had a chance to review it.

The claim process is a negotiation. You don't have to accept what the insurance company offers and can negotiate depreciated values.

9. Get repair quotes from reputable, licensed contractors. Your insurance should pay you whatever is necessary to bring your house back to its pre-storm condition. Do not accept a check unless it is enough to pay what a contractor has documented the repairs will cost.
10. Keep records. Keep copies of all correspondence between you and your insurance company. Document every conversation you have with an insurance company representative in a claim diary. Include the date and time of each conversation.
11. Seek assistance. If you continue to have problems with your insurance claim, there is help available. If you feel that the insurance company is not fairly settling your claim, you can file a complaint, go to mediation, or hire an attorney to file a lawsuit. Call the Department of Insurance at 1-800-259-5300 or go online to <http://www.lidi.state.la.us/> to file a complaint, or call the Louisiana State Bar Association at 1-800-421-5722 for help finding an attorney.

MORTGAGES

Homeowners with mortgages on their homes should be aware of assistance that is available to them, and what the consequences are of accepting relief from their mortgage companies. In order to qualify for any mortgage relief, homeowners should immediately contact their mortgage company and ask for assistance due to Hurricane Gustav or Ike. If you need further advice, you can also call the Greater New Orleans Fair Housing Action Center at 877-445-2100. Depending on the type of loan, there are different programs available.

1. Freddie Mac has given its mortgage companies the authority to suspend or reduce payments for up to 12 months for homeowners in federally-declared disaster areas. This includes the ability to waive penalties and late fees, and not report borrowers as late to credit bureaus. Homeowners must contact their mortgage companies to request this assistance if their home was damaged or destroyed, or if the cost of evacuation has made it impossible to make a mortgage payment.
2. HUD has instituted a 90-day moratorium on foreclosures of FHA-insured loans in hurricane-impacted areas in Louisiana. HUD has also recommended that mortgage companies to make available special forbearance plans, loan modifications, refinancing, and waiving of late charges on FHA loans. This means if you have a FHA loan, HUD cannot take any action to foreclosure on your house for 90 days, even if you are already behind on your payments. It does not mean you will not need to pay the money back that you owe. Once this 90-day period is over, homeowners will need to negotiate other arrangements to make up missed payments.

For conventional mortgages, mortgage companies will handle situations on a case-by-case basis. If you are unable to make mortgage payments, your lender may suspend payments for a specific period of time. This can be called a **payment**

moratorium, a **suspension** of payments, or a **temporary forbearance**. After that time period is over you will have to make up the missed payments, either in a lump sum or through other repayment arrangements. If a mortgage company representative tells you they will add the payments on the back end of your mortgage or not to worry about making payments, **DO NOT BELIEVE THEM**.

If you are unable to make mortgage payments for an extended period of time, there are other repayment options. Make sure to get any agreements with your mortgage company in writing. Some of these include:

1. **Repayment plan:** You will make payments in addition to your regular monthly payment to catch up on any missed payments. How much your payment is depends on how much you can afford and how far you are behind. They may ask you to make up to 2 payments a month to catch up. Your mortgage company will likely offer this option first.
2. **Loan Modification:** Your missed payments will be added back into the loan balance, and the terms of your mortgage may be changed, including the interest rate and length of repayment. This is a long-term solution that will generally only be offered after you have returned to your house. You may qualify for a loan modification depending on your income and specific situation, but it is not guaranteed. You have to qualify for this assistance, by proving that you can afford the payments, and will have to provide proof of your income and expenses.
3. **Partial Claim:** Only for FHA, government-insured loans. A partial claim is a forgivable loan from the government agency that can cover from 4 to 12 months of missed payments. You can only qualify for 1 partial claim over the life of the loan. The loan has to be repaid when the house is sold or the loan is paid off.

Other Information to Know

Even if your house is severely damaged, and you can't live in it, you still owe a debt to your mortgage company. Your mortgage is a contract on the land that your house is on, so even if the house is not there, you still owe that money.

If you can afford to make your mortgage payment, you should continue to do so. While mortgage companies are able to offer limited assistance, they are not generally sympathetic with homeowners in your situation. None of the above-mentioned repayment arrangements are guaranteed. They all depend on the homeowners ability to pay, and you must be able to qualify.

For assistance with any mortgage-related problems, contact a Housing Counseling Agency in your area. A list of HUD-approved counseling agencies can be found at www.hud.gov or by calling 1-800-569-4287.

Mortgage Companies and Insurance

When you receive an insurance claim for losses to your home, the check will be written out to you and your mortgage company. That is because your mortgage company also has an interest in the property. You will need to send the check to the mortgage company and they will deposit it into a restricted escrow account. The money can only be used for 2 purposes:

1. Complete repairs: Your mortgage company will pay out the money to you or your contractor in installments as repairs are completed. You will need to provide contractor's estimates and receipts for the money to be paid out. Generally, the mortgage company will not pay out all of the money until repairs are 90% complete.
2. Pay off your mortgage: If the insurance claim is enough to pay off the mortgage, including any fees owed, the mortgage company can pay off the mortgage. If it is not, **you can't use the money to make regular payments**. If you have a pre-payment penalty, ask your mortgage

company to waive it. Clauses in certain mortgage contracts allow your lender to pay off your mortgage if your insurance claim is more than you owe on the house, even without your permission. Before sending a check to the mortgage company, make sure to find out if they will do this. If they pay off the mortgage, you will not have any money to fix the house.

FEMA

The Federal Emergency Management Agency (FEMA) makes financial assistance available to residents of presidentially-declared disaster areas. This assistance can come in the form of temporary housing, grants for home repairs and to replace damaged personal property. Residents will be eligible for assistance to cover uninsured losses and if their home has been made unlivable as a result of storm damage. Residents of the disaster area should register for assistance by calling FEMA at 1-800-621-3362 (1-800-462-7585 for hearing impaired) or online at www.fema.gov. The deadline to file for assistance is November 2, 2008.

Residents can also go to a Disaster Recovery Center (DRC) to register for assistance. DRCs are now open at the following locations:

Assumption Parish

Lucky Hit Shopping Center 260 Hwy 70
Spur, Plattenville, LA 70390

Livingston Parish

Old State Police Camp 11845 Buddy Ellis Rd.
Denham Springs, LA 70726

Point Coupee

Scott Civic Center 1200 Major Parkway
New Roads, LA 70760

West Baton Rouge

Multi Purpose Facility 210 Turner Road
Port Allen, LA 70767

Ascension Parish

Lemann Memorial Community Center 1100 Clay St.
Donaldsonville, LA 70346

East Feliciana Parish

American Legion Hall 12024 Liberty Street

Clinton, LA 70722

Terrebonne Parish

Houma Terrebonne Civic Center, 346 Civic Center Boulevard

Houma, LA 70360

When registering, all applicants should have the following information available:

1. Social security number
2. Current and pre-disaster address
3. Current contact information including phone number and email address
4. Homeowners and flood insurance policy information (if applicable)
5. Household financial information
6. Banking information: account and routing numbers for direct deposit of funds
7. Description of losses

Save all receipts for any expenses related to evacuation, including hotels, gas, and food, as FEMA may be able to reimburse you, but only if your house suffered damage that made it unlivable.

After you have registered for FEMA assistance, they will send an inspector to your home to verify the damages. Make sure the inspector has identification and do not pay the inspector. FEMA inspections are free.

FEMA may require you to apply for a SBA loan before receiving any financial assistance. This does not mean you have to accept a loan or that you will qualify for one.

Assistance now available from FEMA is as follows:

- Rental payments for temporary housing for those whose homes are unlivable. Initial assistance may be provided for up to three months for homeowners and at least one month for renters. Assistance may be extended if requested after the initial period based on a review of individual applicant requirements.
- Grants for home repairs and replacement of essential household items not covered by insurance to make damaged dwellings safe, sanitary and functional.
- Grants to replace personal property and help meet medical, dental, funeral, transportation and other serious disaster-related needs not covered by insurance or other federal, state and charitable aid programs.
- Blue Roofs to temporarily fix damaged roofs. For more information, call 1-888-766-3258.
- Unemployment payments up to 26 weeks for workers who temporarily lost jobs because of the disaster and who do not qualify for state benefits, such as self-employed individuals. (*This program will be administered by the state of Louisiana.*) To file for Disaster Unemployment benefits, call the Louisiana Workforce Commission at 1-866-783-5567 or go online to www.laworks.net.
- FEMA assistance is capped at \$28,800 per household for all potential expenses.

Appeals: If you are denied assistance from FEMA, you can file an appeal within 60 days of the decision letter you receive. To appeal, send a letter to FEMA by mail to: FEMA – Individuals and Households Program, National Processing Center, PO Box 10055, Hyattsville, MD 20782-7055, or fax to 1-800-827-8112. This letter should explain why you disagree with FEMA’s decision and be signed by you. Include your FEMA registration number and the disaster number on your appeal letter (These should be on any correspondence you receive from FEMA and should be given to you when you registered for assistance.)

SBA

The Small Business Administration (SBA) makes loans available to residents of disaster areas to repair and replace damaged homes and personal items.

Homeowners, renters, and businesses are all eligible for SBA loans. In order to qualify for a SBA loan, applicants must also register for assistance from FEMA, as described above.

SBA provides two types of disaster loans:

1. The Physical Disaster loans provide funds for permanent rebuilding and relocation to property owners who sustained losses and their property was uninsured or underinsured. Homeowners, renters, businesses (small and large), and non-profit organizations can apply for this loan. Homeowners and renters can receive funds to cover losses to their home, personal property, and vehicles. Businesses can recover funds for losses to their real estate, business contents, and economic loss.
2. The Economic Injury Disaster loans supplies small businesses with available capital (money) for operational purposes.

Loan Information:

- In order to qualify, applicants must have an acceptable credit history, the financial ability to repay the loans, and collateral in the form of property, if the loan is for more than \$14,000.
- SBA loans can be used to refinance existing mortgages in certain circumstances, such as if credit is not available from other sources, the home has substantial uncompensated losses, and the homeowner intends to repair the property.
- Loans can be used to relocate, depending on the specific situation.
- Interest rates are below-market, and for home loans can be between 2.875% and 5.75%.

- Maximum loan terms are for 30 years.
- Maximum home loans are \$200,000 for repair or replacement housing and \$40,000 for repair or replacement of personal property.
- Only uninsured or uncompensated losses are eligible for SBA loans. Loans are not available for secondary homes, boats, airplanes, or recreational vehicles.

To apply for SBA loans, disaster-affected residents should call 1-800-659-2955 or go online to www.sba.gov. Applicants can also apply at DRCs listed above. Applicants will need to have the following information available to complete their application:

- Current and alternate contact information
- Social Security numbers and FEMA registration numbers
- Ownership documentation for damaged property (for homeowners)
- Valid lease (for renters)
- All insurance policy information including homeowners, flood and renter's insurance, if applicable
- All household financial information including proof of income

CONTRACTORS

Many contractors will try to take advantage of consumers after a disaster. Follow this advice to find a reputable contractor:

1. Get bids from at least 3 different contractors before hiring one. Make sure the estimate clearly details all the work that needs to be done.
2. Get references for contractors. Ask the contractor for phone numbers of people who have used them before. References can also be found online at www.louisianarebuilds.info, www.bbb.org, or the Road Home Rebuilding Registry at rebuilding.road2la.org.
3. Make sure your contractor is licensed in the state of Louisiana. You can check on a contractor's license by calling the State Licensing Board for Contractors at 225-765-2301 or online at www.lslbc.louisiana.gov. Get a physical address and phone number.
4. Ask for proof of insurance from the contractor before signing an agreement.
5. Get a written contract and don't sign anything until you understand the terms. Don't sign any contract with blank spaces in it. Seek legal assistance if needed to review the contract and file the contract with the Clerk of Court's office. Any changes to the contract should be in writing.
6. Include in the contract a payment schedule that details how the contractor and all subcontractors will be paid as repairs are completed. Generally, you should only need to pay 10% of the total cost or \$1,000 up front, depending on the total cost of the job. Do not pay more than 25% up front, and do not pay if you are not satisfied with the work. Make your payments by check or money order directly to the company, not an individual, and never pay cash.
7. Do not sign a certificate of completion and make final payment until you are satisfied with the work.
8. If you have a problem with a contractor, call the Attorney General's Consumer Protection Hotline at 1-800-351-4889 to file a complaint, or go online to <http://www.ag.state.la.us/>.

OTHER RESOURCES

1. **Red Cross:** For emergency shelter and other needs, call 1-866-438-4636
2. **Disaster Food Stamps:** Louisiana Department of Social Services (DSS) has made available food stamps to families that would normally not qualify. Applicants must meet in person with DSS staff at distribution sites set up around the state. Call 1-888-524-3578 and press option 3 to find locations.
3. **Disaster Unemployment:** Call the Louisiana Workforce Commission at 1-866-783-5567 to sign up for unemployment benefits if you are unable to work as a result of the disaster.
4. **Mental Health:** Louisiana Spirit offers free counseling services, call 1-800-273-8255 to speak to a counselor.
5. **Updated storm information** can be found at www.gustavinfo.org, emergency.louisiana.gov, and parish government websites.
6. **Discrimination Complaints:** If you feel you have been discriminated against in securing temporary shelter, call the Greater New Orleans Fair Housing Action Center at 877-445-2100.
7. **Free legal help:** Capital Area Legal Services Corporation and Southeast Louisiana Legal Services have offices that serve areas affected by Hurricanes Gustav and Ike. Call the office nearest you for assistance:
 - Baton Rouge: 800-256-1900, serves East Baton Rouge, East and West Feliciana, West Baton Rouge, Point Coupee, Iberville, and St. John
 - Houma: 985-851-5687, serves Terrebonne and Lafourche
 - Donaldsonville: 800-256-6151, serves Ascension (West), Assumption, and St. James
 - Gonzales: 225-647-9775, serves Ascension (East)
 - Covington: 800-891-0076, Livingston, St. Helena and Tangipahoa
 - Hammond: 800-349-0886, St. Tammany and Washington

- New Orleans: 877-521-6242, Orleans, St. Bernard and East Bank Jefferson
- Marrero: 800-624-4771, West Bank Jefferson, St. Charles and Plaquemines