

IMPORTANT INFORMATION REGARDING YOUR INSURANCE CLAIM

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

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

Overview of Process

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

Receive claim check
from insurance
company



Provide required
items to bank



Complete
repairs



Inform bank when
repairs are complete

Timeframe

The timeframe varies depending on when all required documentation specific to your claim is received, the repairs are completed, and if an inspection is required by the investor. The process typically takes anywhere from four to 12 weeks, but varies widely based on individual circumstances. The process could be delayed if the required documentation is not filled out correctly and/or required items are missing.

Inspections

Multiple inspections of repairs may be needed to process the claim (progress inspections). Each inspection ranges from \$70 - \$200 and is ordered by Consumer Lending Construction and Payoff Processing.

Payment responsibility for the inspection is determined by the investor on your loan. A third party vendor is used to complete all inspections and will contact you directly to set up an appointment, if necessary.

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

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

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

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IMPORTANT INFORMATION REGARDING YOUR INSURANCE CLAIM (CONT.)

Conditional Lien Waivers

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

Claim Proceeds

All borrowers listed on the loan are included on Associated Bank's disbursement check unless written authorization is received by the borrower stating otherwise. Claim proceeds can be deposited directly into your checking, savings or money market account with a signed authorization.

Paid Invoices/Receipts

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

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

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

Completing the Work Yourself

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

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

Misc.

- If a claim has both mitigation (e.g. fire damage or water damage clean-up) and repairs, we will need contractor bid and lien waivers for both.
- If Associated Bank is in second lien position:
 - Associated Bank will endorse the claim check so it can be taken to the first mortgagee.
 - The insurance claim is then handled by the first mortgagee, not by Associated Bank.

Contact us

Associated Bank

ATTN: Consumer Lending Construction and Payoff Processing

MS 7707

1305 Main Street

Stevens Point, WI 54481

800-242-2470

InsuranceClaims@AssociatedBank.com

GLOSSARY OF TERMS

Actual Cash Value (ACV)

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

Inform the insurance carrier and Associated Bank once the repairs have been completed.

Adjustor's Report

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

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

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

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

Check Endorsement

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

Claim

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

Contractor's Bid

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

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

Inspection

Email InsuranceClaims@AssociatedBank.com upon completion of work so an inspection can be requested by Associated Bank which will be completed by a Third Party Vendor. The inspection company will contact you directly to set up an appointment, if necessary.

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

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

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

Each inspection ranges from \$70 - \$200. Payment responsibility for the inspection is determined by the investor on your loan.

Some contractors may contact Associated Bank directly to request a final inspection and release of funds. Associated Bank requires your written approval to talk to the contractor in regard to the claim and will direct them to work with you for that authorization.

Investor

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

Lien

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

IMPORTANT INFORMATION REGARDING YOUR INSURANCE CLAIM (CONT.)

Lien Holder

Associated Bank is the lien holder who has a claim on the property until the satisfaction of the debt.

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

Conditional Lien Waiver

A conditional lien waiver is required from the contractor, subcontractor, supplier or another party who can file a lien against the property. This protects Associated Bank's interest in the property from anyone who can file a lien on the property in

the event of non-payment.

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

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

Replacement Cost (RC)

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

