

First United Bank  
Loss Draft Department  
PO Box 987  
West Seneca, NY 14224



DATE

NAME 1  
NAME 2  
MAILING ADDRESS 1  
MAILING ADDRESS 2  
CITY, ST ZIP

RE: Mortgage Loan No. XXXXXXXXXX  
Property Address: PROPERTY ADDRESS 1  
PROPERTY ADDRESS 2  
CITY, ST, ZIP

Dear Homeowner,

Thank you for contacting us regarding your recent property damage. We understand the claims process is a difficult time, and we will do our best to help you through this process as quickly as possible.

The following claims packet will provide you with important information and guide you through the claims process. It is important to note that, depending on your claim, we may not automatically endorse checks from your insurance company. Please read the attached information carefully and contact us should you have any questions.

You can contact us by dialing 1-855-694-6746, Monday through Friday, from 7:30 AM to 6:15 PM CT, or by emailing us at [FirstUnitedBank@LDOSC.com](mailto:FirstUnitedBank@LDOSC.com).

All materials can be mailed to the following address:

First United Bank  
Attn: Loss Draft Department  
PO Box 987  
West Seneca, NY 14224

Sincerely,

Loss Draft Department  
First United Bank

## Overview of the Loss Draft Process

When an insurance claim check (also called a “loss draft”) is paid for damage to a home, there are several steps that have to be taken.

1. **Determine if you qualify for Quick Endorse** Use the information below to determine if your insurance claim qualifies for our Quick Endorse Process.

Net Claim:	Requirements:
Your Total Claim Amount is \$40,000 or less	<ul style="list-style-type: none"><li>• If your loan is Current – you qualify for Quick Endorse</li><li>• If your loan is Delinquent – and the total claim amount* is for \$5,000 or less, you qualify for Quick Endorse</li><li>• If your loan is Delinquent - and the total claim amount* is for \$5,000.01 or greater, you DO NOT qualify for Quick Endorse</li></ul>
Your Total claim amount is greater than \$40,000	<ul style="list-style-type: none"><li>• If your loan is current – you qualify for Monitored</li><li>• If your loan is Delinquent and the total claim amount is for \$5,000.01 or greater, you qualify for Monitored</li></ul>

***\*You can find the total claim amount for your insurance claim on the Loss or Damage Report or Adjuster’s Worksheet that you should receive from your insurance adjuster.***

If you qualify for Quick Endorse, simply provide us with the information in the Loss Draft Document Checklist below and we will endorse and return your check to you. You can then endorse and deposit the check, and you will be responsible for ensuring that the repairs are made to your home.

2. **Process if You Do Not Qualify for Quick Endorse.** If you do not qualify for Quick Endorse, then we are required by the owner of your loan to hold your insurance proceeds and disburse them to you as inspections are completed on your home. The process is:
  - a. **If your claim is greater than \$40,000, you are required to use a contractor.** All documents listed in the Loss Draft Document Checklist below are required in order for us to begin processing your claim.
  - b. **You must provide required documentation.** You will be required to provide the information in the Loss Draft Document Checklist below in order for us to begin processing your claim. We cannot begin processing your claim without receiving all of this required information.
3. **We will hold and disburse your insurance proceeds after inspections are completed.** We may disburse funds while repairs are being made or only at the completion of the repairs, depending on the extent of the repair work. We will require an inspection be performed before we will disburse funds, which may occur several times for larger repair projects. See the Loss Draft Disbursement Guidelines for additional information.

## **Loss Draft Disbursement Guidelines**

For loans that do not qualify for Quick Endorse, First United Bank is required by the owner of your loan to hold your insurance proceeds and disburse them to you as inspections are completed on your home. How and when disbursements are made will depend on:

1. Whether your loan is current;
2. Your net claim amount

You can find the net claim amount for your insurance claim on the Adjuster's Report or Loss or Damage Report that you received from your insurance company/adjuster.

The guidelines below describe the requirements that apply to claim disbursements on **current loans**:

If Your Loan is Current	
Your Net Claim Amount is More than \$40,000	<ol style="list-style-type: none"><li>1. <b>Once you submit all of the documents required in the Loss Draft Document Checklist</b> - We will disburse approximately 1/3 of the insurance proceeds received (up to \$40,000 or 1/3 of the insurance proceeds received, whichever is greater).</li><li>2. <b>Once we receive the inspection results showing that the repairs are 50% or more complete</b> - We will disburse insurance proceeds up to the percentage of completion.</li><li>3. <b>Once we receive the inspection results showing that the repairs are 95-100% complete</b> – We will disburse the remaining insurance proceeds received.</li></ol>

The guidelines below describe the requirements that apply to claim disbursements on **delinquent loans (loans that are 31 or more days late)**:

If Your Loan is Delinquent	
Your Net Claim Amount is More than \$5,000.01	<ol style="list-style-type: none"><li>1. A contractor must be utilized for all repairs.</li><li>2. <b>Once you submit all of the documents required in the Loss Draft Document Checklist</b> - We will disburse 25% of the insurance proceeds received (up to \$10,000) payable to you and your contractor</li><li>3. <b>Once we receive the inspection results showing that the repairs are 50% or more complete</b> - We will disburse the next 25% of the insurance proceeds received payable to you and your contractor.</li><li>4. <b>Once we receive the inspection results showing that the repairs are 75% or more complete</b> - We will disburse the next 25% of the insurance proceeds received payable to you and your contractor.</li><li>5. <b>Once we receive the inspection results showing that the repairs are 100% complete</b> – We will disburse the final 25% of the insurance proceeds received payable to you and your contractor.</li></ol>

## **Loss Draft Document Checklist**

After you receive the check from your insurance company, submit the following documentation to us to begin the loss draft process.

**If You Qualify for Quick Endorse,** you will need to mail us the following documents:

- ☐ Customer Contact Form
- ☐ Claim check from the insurance company - Please **do not** endorse the check prior to mailing it. Be sure to write your mortgage loan number on the check.
- ☐ Loss or Damage Report or Adjuster's Worksheet from the insurance adjuster
- ☐ Notarized Repairs Affidavit

**If You DO NOT Qualify for Quick Endorse,** you will need to mail us the following documents:

- ☐ Customer Contact Form
- ☐ Claim check from the insurance company – The check **must** be endorsed by all parties prior to mailing it. Be sure to write your mortgage loan number on the check.
- ☐ Loss or Damage Report or Adjuster's Worksheet from the insurance adjuster
- ☐ Notarized Repairs Affidavit
- ☐ Signed agreement with the contractor
- ☐ Copy of the contractor's liability insurance
- ☐ Substitute W-9
- ☐ Conditional Waiver of Lien signed by the contractor

**Note:** If you have made advance payments to the licensed contractor, First United Bank is authorized to reimburse you. We will release the advance amounts from the insurance loss proceeds payable to you, only if you provide paid receipts confirming the advance payments were made and that the work has been completed.

**Mail Your Documents to us at:**

First United Bank  
Loss Draft Department  
PO Box 987  
West Seneca, NY 14224

**If Sent By Overnight Mail, Send to us at:**

First United Bank  
Loss Draft Department  
950A Union Road, Suite 104  
West Seneca, NY 14224

**Email Your Documents to us at:**

FirstUnitedBank@LDOSC.com

## **CUSTOMER CONTACT FORM (required)**

- Please complete the following information regarding your claim.
- This form must be mailed in with your check.
- Please make a copy of this form for your records.

Borrower Name(s): \_\_\_\_\_

Loan Number: \_\_\_\_\_

Property Address: \_\_\_\_\_

\_\_\_\_\_

Mailing Address: \_\_\_\_\_

\_\_\_\_\_

Primary Phone: \_\_\_\_\_ Secondary Phone: \_\_\_\_\_

Date of Loss: \_\_\_\_\_ Total Loss?    \_\_\_ Yes    \_\_\_ No

Reason of Loss (fire, flood, wind, etc.): \_\_\_\_\_

### **Insurance Information:**

Insurance Provider: \_\_\_\_\_

Insurance Adjuster's Name: \_\_\_\_\_

Insurance Adjuster's Phone: \_\_\_\_\_

Claim Reference Number: \_\_\_\_\_

Check Issued:    \_\_\_ Yes    \_\_\_ No

### **Contractor Information:**

Contractor's Name: \_\_\_\_\_

Contractor's Address: \_\_\_\_\_

Contractor's Phone: \_\_\_\_\_

**If you would like us to discuss and/or disclose claim information to an additional third party,  
please complete the Third Party Authorization form**

## **REPAIRS AFFIDAVIT (required)**

Pertaining to the Repairs of:

Loan Number: \_\_\_\_\_

Property Address: \_\_\_\_\_

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(Please print) \_\_\_\_\_ (owner) and  
being first duly sworn, depose(s) and say(s) that they are the owners of the property located at:

\_\_\_\_\_

\_\_\_\_\_

The property has been damaged and the owners seek to repair the damage. The owners agree to apply the released funds promptly to repair or reconstruct the residence on the property described above.

This affidavit is made for the purpose of inducing First United Bank to release the proceeds of a loss draft in the amount of \$ \_\_\_\_\_ (net claim) to repair or reconstruct the residence. The owners acknowledge that First United Bank may release the proceeds in installments, and may condition any payment upon documentation of the completed repairs satisfactory to First United Bank.

Please initial if the completion of repairs will take longer than 90 days. \_\_\_\_\_ (Initial)

Home Phone: \_\_\_\_\_ Business Phone: \_\_\_\_\_

Signature(s): \_\_\_\_\_

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### **NOTARY:**

State of \_\_\_\_\_ County of \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me appeared

\_\_\_\_\_, who is personally known to me, (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity, and that by his/her/their signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal,

(This area for notary seal)

\_\_\_\_\_  
Notary Expires:

# SUBSTITUTE W9 (For Contractor Use Only)

Pertaining to the Repairs of:

Loan Number: \_\_\_\_\_

Property Address: \_\_\_\_\_

This is an important tax document. Please complete the form according to the instructions and return the entire page.

<b>Form W-9</b> (Rev. October 2018) Department of the Treasury Internal Revenue Service	<b>Request for Taxpayer Identification Number and Certification</b>  ▶ Go to <a href="http://www.irs.gov/FormW9">www.irs.gov/FormW9</a> for instructions and the latest information.	<b>Give Form to the requester. Do not send to the IRS.</b>
<b>Print or type. See Specific Instructions on page 3.</b>	<b>1</b> Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.	
	<b>2</b> Business name/disregarded entity name, if different from above	
	<b>3</b> Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only <b>one</b> of the following seven boxes.	
	<input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate	
	<input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____	
	<b>Note:</b> Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is <b>not</b> disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.	
	<input type="checkbox"/> Other (see instructions) ▶ _____	
<b>4</b> Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):		
Exempt payee code (if any) _____		
Exemption from FATCA reporting code (if any) _____		
(Applies to accounts maintained outside the U.S.)		
<b>5</b> Address (number, street, and apt. or suite no.) See instructions.		
Requester's name and address (optional)		
<b>6</b> City, state, and ZIP code		
<b>7</b> List account number(s) here (optional)		

**Part I Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

**Note:** If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

<b>Social security number</b>										
-				-						
<b>or</b>										
<b>Employer identification number</b>										
-										

**Part II Certification**

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

<b>Sign Here</b>	Signature of U.S. person ▶ _____	Date ▶ _____
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## **CONDITIONAL WAIVER OF LIEN (For Contractor Use Only)**

Pertaining to the repairs of:

Loan Number: \_\_\_\_\_

Property Address: \_\_\_\_\_

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For and in consideration of the sum of \$\_\_\_\_\_, upon receipt thereof, the undersigned hereby waives and releases any and all present and future liens that the undersigned may have or may be able to obtain, under any applicable law pertaining to mechanic's and/or material liens, upon the following described premises:

\_\_\_\_\_  
\_\_\_\_\_

Relating to the work completed by the undersigned with the above referenced insurance payment, which work consists of the following repairs/replacements: (Please list) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If there are to be scheduled releases to the undersigned of the above-mentioned sum, then such waiver and releases of liens shall occur simultaneously with each release and to the extent of such release.

Date this \_\_\_\_\_ day of \_\_\_\_\_.

By: \_\_\_\_\_  
Contractor's Signature

\_\_\_\_\_  
Contractor's SSN/TIN Number Contractor's License Number

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ ST: \_\_\_\_\_ ZIP: \_\_\_\_\_

Phone Number: \_\_\_\_\_



## **THIRD PARTY AUTHORIZATION FORM**

Pertaining to the repairs of:

Loan Number: \_\_\_\_\_

Property Address: \_\_\_\_\_

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- This form gives authority for First United Bank to discuss details about your claim with a third party. This only needs to be completed if you wish for a third party to be able to obtain information about your claim.
  - If applicable, please complete this form in its entirety and return it with the other claim documents.
  - This form must be signed and dated for the authorization to be considered valid. No information will be released until we have received a signed document.

I/We (borrower name(s)) \_\_\_\_\_  
hereby authorize First United Bank (my lender/mortgage servicer) to disclose any and all  
information related to our loss claim for property address

\_\_\_\_\_  
\_\_\_\_\_

to the following third party:

Third Party Name: \_\_\_\_\_

Third Party Company Name: \_\_\_\_\_

Relationship to borrower(s): \_\_\_\_\_

Third Party Phone Number: \_\_\_\_\_

**I do hereby Indemnify and forever hold harmless First United Bank from all suits, actions, claims or other issues that result from First United Bank disclosing information pertaining to the claim listed above.**

_____ Printed Borrower Name	_____ Borrower Signature	_____ Date
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_____ Printed Borrower Name	_____ Borrower Signature	_____ Date
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## **EXPLANATION OF TERMS AND DOCUMENTS**

- **Claim Check** – When a property is damaged, the insured will contact the insurance company which will document the damages and issue a check to the insured for repairs. The borrower(s) and mortgage holder will be named on the check.
- **Conditional Waiver of Lien** – This is a form completed by the contractor who made repairs on the property. This document states that the contractor will release any liens on the property and the job is considered paid in full.
- **Contractor's Liability Insurance** – The contractor should have liability insurance to cover any injuries or damages that the contractor may be responsible for during the completion of the repairs.
- **Loss or Damage Report or Adjuster's Worksheet from the Insurance Adjuster** - When the insured files a claim with the insurance company, an adjuster should be sent to inspect the home and provide a report with details about the damages. If you do not have this document, please contact your insurance company to obtain one.
- **Signed Agreement with the Contractor** – This refers to the contract between the borrower and the contractor who will be completing the repairs. This agreement should be signed by both the contractor and the borrower.
- **Substitute W-9** – This is a form that will be completed by your contractor to provide their Tax ID Number.
- **Total Claim Amount** – The total claim amount is your loss amount minus depreciation and your insurance deductible. You can find the total claim amount on the Loss or Damage Report or Adjuster's Worksheet that you should receive from your insurance adjuster.

## **FREQUENTLY ASKED QUESTIONS**

- **Why is First United Bank listed on my check?** First United Bank is listed on the check because we are the loss payee on the insurance policy. We are required to be the loss payee on the insurance policy by the owner of your loan, which has a security interest in the property. Our responsibility is to ensure the property is repaired in the event of damage and restored to its original or higher value.
- **How do I get my documents notarized?** Banks and credit unions usually have a notary public who will notarize documents at little or no cost. Notaries can also be found at the local post office or mailing center, school, or city hall. A directory of public notaries in your area can be found at: [www.asnnotary.org](http://www.asnnotary.org).
- **Do I have to rely exclusively on my insurance company's adjuster?** No. However, if you choose a public adjuster, the fee for their services will NOT be paid with the insurance claim proceeds and you will be required to pay their fee out of pocket.

- **How will First United Bank contact me during the loss draft process?** We will make attempts to contact you via telephone and e-mail. The Loss Draft Department will use your billing address and telephone number as the best avenues to reach you. If you have a temporary address or phone number that you are using during the repairs, please notify us in order to update your contact information.
- **I qualify for Quick Endorse. Do these guidelines apply to me?** No. If you qualify for Quick Endorse, we can endorse and return your check to you quickly once we receive the information required in the Loss Draft Document Checklist.
- **Why does First United Bank release my insurance proceeds in increments?** If you do not qualify for Quick Endorse, we will be required to hold and release your insurance proceeds in increments under the guidelines required by the owner of your loan.
- **What happens if I don't sign the insurance claim check?** If we receive your check without endorsements by all listed payees, we will return it to you to be signed. Be sure to write your mortgage loan number on the check. We will not be able to begin processing your loss drafts until we receive the endorsed check and all information required in the Loss Draft Document Checklist.
- **What should I do if my contractor needs more than the initial disbursement to begin the repairs?** You can submit to us a written request from the contractor that is signed by the contractor and the borrower(s). The request must include an itemized breakdown of funds. We will review the request and determine whether additional funds may be released. The contractor may not request more than 50% of the total insurance proceeds received to begin the repairs.
- **Why does First United Bank have to inspect the property for the funds to be released?** The property is inspected to ensure all required repairs have been completed before a disbursement can be made.
- **What if I don't use all of the insurance claim funds for the repairs?** When the repairs are 100% complete, all inspections have occurred, and all contractors have been paid in full, any remaining money is refunded to you, the borrower. All mortgage payments must be current in order for you to receive the remaining claim funds.
- **May I use the claim funds to pay off my mortgage?** Yes, but only if the funds are used to pay the mortgage in full. If the amount of the claim exceeds the amount required to pay the mortgage in full, you should send the endorsed claim check with a letter authorizing First United Bank to use the funds to pay off the mortgage. If the amount of the check is less than the amount owed, you must send certified funds for the difference along with the endorsed claim check and a letter authorizing First United Bank to pay off the mortgage. To obtain the payoff amount, contact us at 1-800-561-0922.
- **What is considered a total loss to my property and is it handled differently?** A property is considered to have a total loss when the amount of the claim exceeds 80% of the insurance coverage amount. The contractor is required to provide a copy of the permits and/or building plans in the event of a total loss, along with all other required forms.

**If you would like to discuss how these guidelines apply to you, or you have any questions, please contact us at 855-694-6746.**