

**Contribute**

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## **Road Traveled How to work the National Flood Insurance Program to REDUCE Homeowner Recovery DEBT.**

This is a series of posts that I'll be sharing designed to maximize your recovery by careful planning and knowing what to do and when to do it.

In this issue of the Road Traveled I'd like to share what I did in the early days and what I would recommend others do from day one of your recovery.

First of all, we know if you're in a flood zone you have flood insurance. You'll need this, if not, sell and move to a different area.

I'll start at the point where you're homeless standing outside your flooded home looking at all your life in a muddy mess.

What's the first thing you should do?

*(I really do mean the first thing, before that morning coffee, before lunch.)*

1. Call your Home Insurance Agent and your Flood Insurance Agent. Report that you have had a flood and your home was flooded.  
Ask the following questions:
  - a. What should I do first, do you have a list to guide me?
  - b. Do you want me to start taking pictures?
  - c. Do I need to time date stamp my pictures?
  - d. Do I need to inventory all personal items?
  - e. Do I need to wait for my adjuster to arrive before starting repairs?
  - f. etc.
2. Collect all your financial paperwork, vehicle information, bank accounts, loans, mortgages, credit cards, family loans, etc.
  - a. Call them all, tell them what happened and ask that they defer payments until you can resettle and return to work.
3. File for Disaster Unemployment if your place of work also flooded.
4. Find the food bank, food Stamps, Visa cards, church groups offering food. You'll need this more than you think, food and water daily and you must remember to eat, set a reminder if you must, this

- is overwhelming and our bodies will not understand they are in need of food until you are completely out of energy.
5. If you lost your vehicle and had full coverage report your claim now. Ask for a rental car. If you did not have full coverage insurance to replace your vehicle and need to get back to work look at the lowest cost rentals. If you can car pool or borrow a vehicle do that. Try to keep your overhead costs of getting your vehicle replaced low. Many people used FEMA IA and IHP grants to put down payments on vehicles or to purchase a vehicle. This will haunt you in about 12 months, not only will this expense not be justified it will be a duplication of benefits against your home even if not spent on your home.
  6. Refuse any and all Contractors and workers that want to charge you to clean out your home and dry it out in the first weeks after the flood. Door to door scams are going to happen the first day. Anyone asking for money up front is a scam. If a group of people claim they will be back in the morning then you pay them at the end of the work day not the day before. You will be flooded with out of state workers check ID's, take pictures of license plates, call for warrants with local sheriff departments. Be safe, thousands will be victims of fraud after a disaster, don't be one of them.
  7. Sign up on every church group and not for profit group you can. Recruit friends and family to sign you up. Do not stop at the tenth sign up sheet. You'll going to need help for a very long time if you have limited resources. Sign up on out of state sites and all local groups.
  8. Put a sign up in your front yard of what you need help with. I've seen volunteer groups sitting around waiting for a call when others drive around looking to help. They can't enter your property unless invited. So place a sign, tell them to call you or if you are on site to talk to you. "Help needed here, Volunteers call (225) 555-1411. Get the word out so you don't break your back.
  9. Document and take pictures of all valuables in your home. If it's not damaged it's not going on a claim. Find a safe place for everything that works in the shed and all your personal items in the home that can be stolen and pawned. You're going to have looters without question. Leave the flooded equipment at the door and take all working tools and hide them or place them in a safe place away from the flooded home. If you can guard your property with security cameras or sleep on site. Tents, RV's, campers, it's your personal items that will grow legs and walk off in the early morning hours.
  10. Call your insurance agent and insurance company daily and ask for the status of your insurance adjuster. Time of arrival and work load. Be sure once you have your adjusters name and email to work with them until every item on your property is addressed. Some homeowners had to document everything from a tube of toothpaste to power drills. Expect to take thousands of pictures and research the market value of each item. it's going to take you time, get started as soon as possible.
  11. If you have young children find church groups, trusted friends to help. Don't ask a fellow flood victim to watch your 3 year old, find someone outside the disaster area that can help.
  12. Call FEMA and register over the phone or online. Ask them for your IA benefits, tell them you need food, clothing, housing, expense reimbursements or funds to cover hotel / motel costs, etc. This is more detailed in the FEMA section of this site. YOU SHOULD NOT HAVE TO VISIT FEMA IN PERSON at this point. If you do, they will push you to take a SBA Recovery Loan which you will have to pay back. This is about the Road Traveled not the Bankruptcy Filing after a disaster.
  13. Find a local group online, Facebook groups popup after disasters all the time. Find the groups that offer local resources and limit the number of advertisements to replace your floors before you even have your insurance adjusters estimate.
  14. Send questions by email, allow up to 12 hours for responses and then ask the question again. This applies to any and agencies offering assistance.

So far so good, you have not actually asked for any FEMA grants which come with strings and you haven't been told to apply for a SBA Disaster Loan because you haven't asked FEMA for anything but Individual Assistance (IA) and Housing grants. Let's keep it that way for a bit of time.

Call your insurance adjuster, tell your adjuster Murray said to ask the following questions.

1. How soon will you be at my property?

2. After you have documented the structure how long will it take for you to create a damage report so the insurance company can review it and offer a payment?
3. How long do I have to file an appeal if I feel the inspection overlooked items?
4. Will the structural damage be sent in as one claim and contents as another or will you want to group these together. NOTE: This is very important, this will delay your payment if you are required to document all personal items you are claiming damaged. I have a process that documented 5,500 items and it took two of us 3 days. Over 12,000 pictures and an online spreadsheet then that data had to be entered into the insurance adjusters online spreadsheet. (We ended up putting the date directly into the insurance page and saving the page after every entry so not to risk a connection issue.)
5. Will the check be made out to me or to me and the mortgage company? (If your home is owned without a lien then the check will go to the registered owner. If it's to a bank and you then you have other steps in freeing up the money.)
6. Once your inspection is complete and your inventory is complete you can start cleaning and gutting your home. Typically 5 to 10 days is what your insurance adjuster needs to arrive onsite.
7. While you are cleaning and gutting your home start calling local known contractors. It's going to be a very busy time for them. You need to start getting estimates just after your insurance adjuster leaves.
8. When you get your insurance quote compare it to your local contractors estimates for repairs. This is very important and can take time. but you should do this, check to see what the full value of your Flood Insurance (NFIP) policy is. If your estimate of repair is higher than your insurance adjusters claim send the adjuster your estimates and see if that person can correct the issue. If not, on to step 9.
9. If your insurance payment is below 3 bids then you're not getting enough money. If your policy has more money available then hire a lawyer to sue FEMA NFIP for the balance + 33.3% in legal fees if possible. Start this right away, it may take a few months.
10. Tell your insurance adjuster you need cash advance to the payment. They will offer you a check that can help you with your expenses for now. This is an advance, so it will be deducted later from the total.

Now that you have everything going forward start attending local town hall meetings and FEMA endorsed speaking engagements. Just listen, don't sign, don't sign up for loans, don't believe you'll ever get a ONA Other Needs Assistance. It is very rare anyone with NFIP and is a homeowner will ever get ONA designed for the very low income. They may say they can give you up to \$7,000 for vehicle repairs, but you'll have to apply for the SBA Disaster Loan that also offers money for vehicles. You as a homeowner and a NFIP policy owner will qualify for a SBA loan which makes you ineligible for ONA Grants or Other Needs Assistance.

Now here's your checklist of things you have setup for your recovery.

- Groups of people to help you gut and clean your flooded home.
- You have food and water.
- You have shelter.
- You have transportation.
- You are a member of an online group.
- Your Insurance claim is being processed.
- You have your FEMA Verified Loss paperwork.
- You are attending local town hall meetings.
- You're not attending state planning meetings. (Task Force Meetings ordered by your governor.)
- You have a friends and family support network setup for babysitting, money, temporary repairs, etc.

It's all a waiting process now, but you can keep moving forward by visiting your flooded home daily and doing some work on it to reduce the actual repair costs later. Don't worry about hiring a company or buying drywall before your home is completely dry and clean. Many people rush or rent expensive dryers trying to rush things. I've seen people use fans and open windows to reduce the moisture levels in their homes

framing and then close the home and dehumidify to a safe level in the hardest to reach area. You can purchase a moisture sensor from any major hardware store.

Let's say this is now the 3rd month, you have your insurance check in hand, you have your repair quotes, the insurance check is for more than the repair quotes so you start the repairs.

But what happens if your insurance check is lower than your repair quotes, thousands lower and you have more money available to you on your policy. Again, you hire a lawyer, don't wait for them to be so busy they can't file your paperwork for days. Get it filed, it might be 3 months or 6 months but you will get your money. You have to use all the resources you have been paying into up first before you go out asking friends, family, local banks for loans to complete your repairs.

When you are completely finished with your NFIP flood insurance claim and they have paid you the full face value of your policy or your lawyer says to take the money then you do.

If you need more financial assistance beyond what your Flood Insurance offered you're going to look for private loans. Try not to max out your credit cards, look for a fixed percentage private loan that will allow you to have a fixed monthly payment that isn't in the credit card percentage rates. If you can't get a personal loan see if you can get a secured loan and use your property as collateral as long as you can make payments and repay the loan at it's term.

Still no SBA Loan, this is the goal and this is the plan, next will be HUD CDBG-DR grants which are not a loan, they are a grant, they can be used to reimburse you for your personal efforts and investments. Your Flood insurance will deduct from your HUD CDBG-DR grants but that's expected. You're only looking for reimbursements of your private loans and your personal investments as well as funding to complete repairs that you might have overlooked.

If you follow these simple steps and your state manages your recovery programs carefully you should be back into your home and have your home completely repaired in about 18 months after the disaster. This might seem long, but it's not, it's also not adding to your debt, your monthly debt. If you need to go faster you would need to apply for an SBA loan which adds to your household debt. This method allows your NFIP to pay for what you purchased it for. By not using Government Secured Loans like the SBA, VA, FHA you do not duplicate federal assistance. So if you have a personal line of credit or loan from your local bank that you used to pay for labor and materials for repairs or you hired a contractor those documented repairs by a 3rd party can be reimbursed by the HUD CDBG-DR federal assistance grant. Again, by avoiding SBA and working the federal assistance program as it was designed you are looking for money you do not have to pay back. Insurance, NFIP, HUD CDBG-DR. HUD focuses on unmet needs and unforeseen costs so it's what you couldn't cover that they offer you grant money for.

This is what thousands of people have done. This can limit additional debt or prevent additional debt. It's all up to you and how you manage your recovery. If you need to be back inside your home faster than your insurance will allow then you'll be looking for private lenders, local banking, family and friends. If you look toward SBA, your recovery ends with the SBA money which you will be repaying.

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