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Disaster Recovery: A Resource for Homeowners

A resource paper for homeowners that outlines what to do before and after a hurricane or another natural disaster along with how to start, and then, work through the recovery process.

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Before the Disaster: Prepare

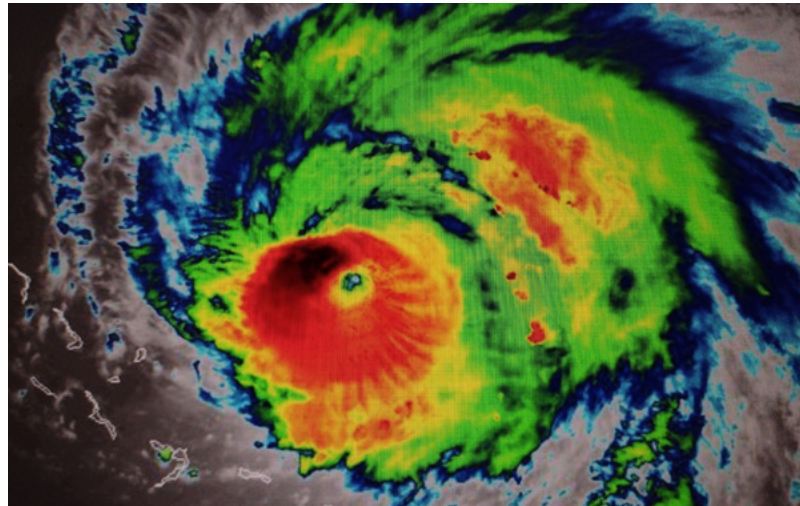
Before a disaster hits, you can take precautionary action that will aid your future recovery.

IF YOU HAVE ANY REASON TO BELIEVE YOU ARE AT RISK IN YOUR RESIDENCE, EVACUATE AND SEEK SHELTER.

- Find a Shelter. Listen to your radio or watch local media for the location of the nearest shelter. Search online for local and state disaster response information, e.g. your state governor's office of emergency services.
- You can use the normal text message functionality on your phone to search for open shelters: text SHELTER and a Zip Code to 43362 (4FEMA). You may also contact 211, if it has been activated by your State.
- American Red Cross: www.redcross.org (800) RED-CROSS
 - + Provides meals, beds, clothing and other necessary items.
 - + Call ahead for the shelter's pet policies.
- If you have a little time before evacuation, document your property before you leave.
 - + Take photos or a video of every room. Focus on walls, cabinets, and large appliances.
 - + Take photos of all important documents using your cellphone camera.
 - + Gather important papers and documents, such as birth certificates, passports and insurance policies. Include your last mortgage statement, as that will include contact information for your mortgage servicer.

- If you have more time before evacuation, and resources to do so, do your best to secure your residence.
 - + Board the windows
 - + Secure and protect outside property as best you can. Property and belongings outside of your home such as trees, plants, wells, septic systems, walks, decks, patios, fences, seawalls, hot tubs, and swimming pools are not covered under standard flood insurance policies issued by the National Flood Insurance Program (though some forms of outside damage may be covered by your homeowner's insurance).
 - + If possible, trim back any plant or tree material that could fall down or become airborne.

For full information on best disaster preparation practices, visit www.ready.gov



After the Disaster: Immediate Steps

Document and Secure Your Home

ONCE IT IS SAFE TO RETURN

DOCUMENT DAMAGE TO YOUR PROPERTY

- Continue to take photos and videos of the damage.
- Digital forms of documentation are preferred, as they can be easily stored and copied.
- Document before and after you perform any repairs yourself.
- If you buy materials to help with repairs, keep all receipts.

SECURE YOUR PROPERTY

- It is the homeowner's responsibility to prevent further property damage by securing the home.
- Board windows or doors. Secure tarp on the roof to prevent leaks. If you are not staying on the property, do your best to lock the house to prevent from vandalism or intruders.

Caution! Your Dwelling May Be Hazardous!

- Look for structural damage around the house. Any warping, splitting, or cracking of structural elements should be inspected before you enter the home. This is especially important following an earthquake.
- Contact utility companies if you suspect damage to water, electrical, gas, or sewer lines.
- All water and electrical sources should be turned off before you enter the home. Even if the power is not restored, manually turn off the fuse box in case of unsuspected reactivation.
- Even if flood waters are gone, the dirty water may have left dangerous materials behind.
- Beware of mold exposure — problems from exposure can follow if mold is disturbed through cleanup procedures, and mold is easily transferred from one surface to another. Infants, children, immune-compromised patients, pregnant women, individuals with existing respiratory conditions and the elderly are at higher risks for adverse health effects. Protect yourself with waterproof clothing — high waterproof boots, overalls, or bodysuits.
- Use rubber gloves, protective eyewear, and masks when removing debris.
- Do not ingest anything that came into contact with flood water. FEMA recommends boiling all non-bottled water before drinking until further notice.
- Be aware of air quality issues. Listen to local news and search online for information if possible. Masks may be necessary, especially if there were fires in the disaster.

Warning! Beware of Potential Scams!

Survivors of natural disasters should be wary of persons offering contracting work or other assistance who may be attempting fraud. Criminals posing as government officials, building contractors, or relief workers may attempt to solicit your money or personal information.

REMEMBER

- Officials always carry identification.
- There are no fees to apply for FEMA assistance, SBA loans, or other state help
- Be wary of door-to-door salesmen who:
 - + Have no contract, blanks in the contract, or do not wish to leave the contract for you to review.
 - + Play on your emotions.
- Contractors may offer unfavorable terms
 - + Watch for asking for entire amount of insurance claim prior to beginning work.
 - + Check for contracting licenses.
 - + Be careful with Assignment of Benefits, or AOBs. An AOB is a document signed by a policy holder that allows a third party, such as a water extraction company, a roofer, or a plumber, to “stand in the shoes” of the insured and seek direct payment from the insurance company. It has become prevalent in scams.



Contact Your Mortgage Servicer

As soon as possible, notify your mortgage servicer that you have been impacted by a natural disaster. Note whether you are in a Presidentially Declared Disaster area (if you know).

What happens if I can't make my mortgage loan payments?

If you live or work in an area impacted by a natural disaster and the disaster impacts your ability to pay your mortgage, you may be eligible for assistance with your mortgage loan such as:

WAIVER OF LATE CHARGES

Servicers may waive late fees or other penalties during a time of disaster.

PAYMENT FORBEARANCE

Payment forbearance allows you to temporarily delay making your mortgage payments for a short period of time (typically 1-3 months). During the forbearance period, you will not be assessed late fees.



IMPORTANT NOTE ABOUT FORBEARANCE

Remember forbearance is not forgiveness. You will eventually have to make up missed payments. You should only consider taking the forbearance if your income or employment has been temporarily impacted by the disaster, or you have incurred a temporary spike in expenses related to the disaster. The sooner you can afford to begin making regular payments, the easier it will be in the long run to remain current on your loan.

What happens at the end of a payment forbearance period?

At the end of a disaster payment forbearance Your options for repaying missed payments will depend on the type of loan you have and whether you were current on your payments before the disaster or if you had already missed payments. You can repay the full amount all at once (lump sum) if you have the means to do so. If you need assistance in repaying the missed payments, your options might include:

1. If you are able to resume making your regular mortgage payments and can afford to pay extra, you might be able to enter into a repayment plan with your mortgage servicer to spread the missed amount over several months.
2. If you were current on your mortgage payments and you can resume making your regular monthly payments you may be eligible to tack the missed payments to the end of your loan to be paid when you pay off your mortgage or when you sell or refinance your home.
3. If you can't make your regular monthly payment, you might be eligible for a loan modification. Loan modifications typically extend the term of your loan or your interest rate and roll your missed payments into a new loan

Beginning the Recovery Process

File Insurance Claims

YOUR HOMEOWNER'S INSURANCE PROVIDER

Speak with a representative about your policy and what they can offer to assist with recovery.* Please see the chart on page 6 for more information about how the insurance process will work.

YOUR FLOOD INSURANCE PROVIDER

If you have a policy from the National Flood Insurance Program (NFIP) file a claim here: www.fema.gov/nfip-file-your-claim

If you have a flood insurance from a private company, contact your agent or the company for information on filing a claim.

OTHER DISASTER INSURANCE PROVIDERS

CALIFORNIA EARTHQUAKE AUTHORITY (CEA)

Your CEA policy was purchased through your home insurance company. Find your provider online at: www.earthquakeauthority.com/california-earthquake-insurance-policies/participating-insurers

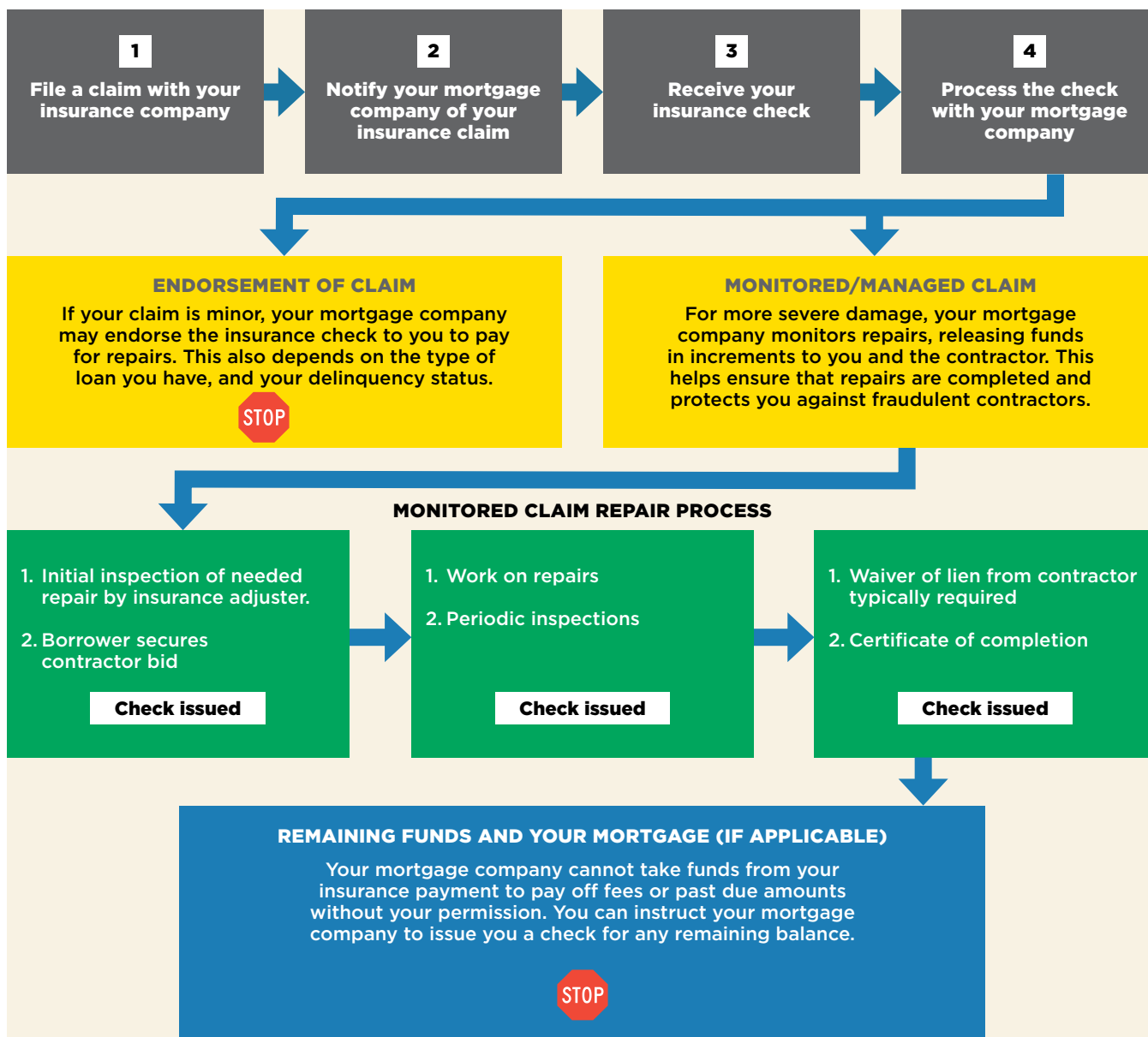
Windstorm Insurance

If you have a windstorm insurance policy, contact your provider to begin the claims process.

**If you do not have insurance
or sufficient coverage, see page 7
for disaster assistance.**



Insurance Payments Distribution Flow Chart: From Filing Your Claim To Final Refund



Q: Why is my insurance check made out to both me and my mortgage company?

A: If your property is damaged, your mortgage company has a financial interest in ensuring your property is repaired.

TIPS FOR SUCCESS

- Keep documents/forms organized and prepared, and take notes during conversations with your insurance and mortgage company.
- Good records will be useful for tax purposes.
- Save receipts on personal purchases for repairs.

Q: What if my home was completely destroyed?

A: Generally the company will only pay to rebuild your home the way it was before it was destroyed. If you do not wish to rebuild and your mortgage is paid, you may receive a smaller settlement amount. If you do not wish to rebuild and you are still paying your mortgage, your mortgage company might require you to rebuild your home.

IF YOUR PAYMENT ISN'T COVERING REPAIRS

Contact your insurance company for a supplemental claim review.

Recovery and Rebuilding Assistance

Short-term Disaster Assistance

FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) INDIVIDUALS AND HOUSEHOLDS PROGRAM

FEMA's Individuals and Households Program (IHP) provides financial and direct services to eligible individuals and households affected by a disaster, who have uninsured or under-insured necessary expenses and serious needs. IHP assistance is not a substitute for insurance and cannot compensate for all losses caused by a disaster.

Disaster assistance may include money for temporary rental assistance, home repairs, personal property loss, medical losses, funeral expenses, and other serious disaster-related needs or expenses not covered by insurance or other means.

Apply for FEMA disaster assistance. **Do not wait to hear back from your insurance providers.** PAY ATTENTION TO APPLICATION DEADLINES. For more information go to www.fema.gov/assistance/individual/program.

SMALL BUSINESS ADMINISTRATION (SBA)

The U.S. Small Business Administration (SBA) offers low-interest disaster loans to homeowners and renters in a declared major disaster area. **You don't need to own a business to apply for SBA assistance.**

If you are uninsured or underinsured, SBA loans may help with home repair or replacement, personal property, vehicles, mitigation, business losses, and working capital for small business and most private nonprofits. For more information on types of SBA loans, see page 9. Go to www.sba.gov/funding-programs/disaster-assistance or call (800) 659-2955 [TTY: (800) 877-8339].



AMERICAN RED CROSS

In addition to shelter, supplies, and other aid during a disaster, survivors can apply to the Red Cross's immediate assistance program to receive financial aid. PAY ATTENTION TO APPLICATION DEADLINES. Apply here www.redcross.org or call (800) RED-CROSS.

STATE AND LOCAL GRANTS

Check your state and local government websites for additional programs and assistance for which you may be eligible.

2-1-1

2-1-1 is a free and confidential service available 24/7 to help people across the United States find local resources, including those related to natural disaster, which can be found here: www.211.org.

Summary of Loan and Grant Programs

SBA HOME AND PERSONAL PROPERTY LOANS 9

If you have experienced damage to your primary residence or personal property due to a declared disaster, you may apply to the SBA for a loan to help recover losses not covered by insurance or other recoveries.

FHA MORTGAGE INSURANCE FOR DISASTER VICTIMS 203(H) PROGRAM 10

Enables borrowers that live in presidentially designated disaster areas whose homes were destroyed or seriously damaged to purchase a home or rebuild their home with no down payment. The program can also be used to refinance a mortgage on a home that was not destroyed in the disaster but requires repairs, renovations or reconstruction.

FHA 203(K) REHABILITATION PROGRAM 11

Enables home buyers or owners to finance the purchase or refinancing of a home plus the cost of a major home rehabilitation, improvement or remodeling project with a single FHA loan.

RENOVATION MORTGAGES 12

Offers financing options to repair, restore, rehabilitate or renovate existing site-built homes.

USDA RURAL HOUSING SINGLE-FAMILY HOUSING REPAIR LOANS 13

Funding for low to very low income homeowners for essential repairs to improve conditions to provide decent, safe and sanitary living conditions under Section 502.

OTHER FINANCING OPTIONS 14

Use the equity in your home to finance repairs through options like home equity loans, HELOCs, cash-out refinancing, or alternative personal and store-based loans.

PROJECT PORCHLIGHT: POST-DISASTER FINANCIAL RECOVERY COUNSELING 15

Offers free post-disaster financial recovery counseling to individuals and families in disaster-affected areas including assistance in navigating FEMA and insurance processes.

SBA Physical Damage Loans

If you live in a declared disaster area and have experienced damage to your home or personal property, you may be eligible for financial assistance from SBA — even if you do not own a business. These loans cover only uninsured or underinsured disaster losses.

ELIGIBILITY

- Homeowners can get loans to repair or replace their primary residence. Secondary homes or vacation properties are not eligible.
- Renters and homeowners can get loans to replace or repair personal property — such as clothing, furniture, cars, and appliances damaged or destroyed in a disaster.
- In some cases, you may be able to refinance all or part of your previous mortgage if you have suffered substantial damage and you do not have other sources of credit.

USE OF PROCEEDS

- You may not use the funds to upgrade homes or make additions, unless required by the local building code.
- You may be eligible for up to a 20% loan amount increase above the real estate damage, as verified by SBA, for improvements that will help prevent risk of future property damage. For example, you can use the extra funds to upgrade to building materials that can reduce high-wind damage to your roof and windows, add a sump pump to reduce the risk of flood damage, or install non-combustible gutters, fences, and gates to reduce your risk of damage from wildfires.

ADDITIONAL INFORMATION

For more information or to apply online, contact SBA's Disaster Assistance Customer Service Center at: (800) 659-2955 [TTY/TRS: 711] or email: disastercustomerservice@sba.gov.

FHA Mortgage Insurance for Disaster Victims 203(h) Program

The Section 203(h) Loan Program enables borrowers that live in presidentially designated disaster areas whose homes were destroyed or seriously damaged to purchase a home or rebuild their home with no down payment. The program can also be used to refinance a mortgage on a home that was not destroyed in the disaster but requires repairs, renovations or reconstruction.

WHAT TYPE OF PROPERTIES ARE ELIGIBLE?

- Property must be a single-family home that is your primary residence.

WHAT ARE THE TERMS?

- There are limits for the size of mortgage loan under the 203(h) program. The current FHA mortgage limit can be viewed online. These figures vary over time and by place, depending on the cost of living and other factors.
- You will have to pay an up-front mortgage insurance premium (which may be financed) at closing as well as monthly premiums that are added to your mortgage payment.

HOW TO APPLY

To apply, find an FHA approved lender near you by going to https://www.hud.gov/program_offices/housing/sfh/lender/lenderlist.

You must apply within one year of the disaster declaration.

INFORMATION

For more information, go to the FHA Resource Center at <https://answers.hud.gov/FHA/s/searchresult?keyword=>





FHA 203(k) Loans

The FHA 203(k) Loan Program enables you to finance the purchase or refinancing of a home plus the cost of a major home rehabilitation, improvement or remodeling project with a single FHA loan.

1. **Limited 203(k)** is designed for less extensive improvements. The renovation must begin within 30 days of the closing of the loan and must be completed within the time frame established in the loan agreement. The total time for renovation must not exceed six months and must not cause you to be displaced from the property for more than 30 days during the time the rehabilitation work is being conducted.
2. **Standard 203(k)** is intended for more complicated projects that involve structural changes, such as room additions, exterior grading and landscaping, or renovation that would prohibit you from occupying the residence. Since this loan allows for more extensive work, more paperwork is required to apply and more supervision is required throughout the process.

WHAT TYPES OF PROPERTIES ARE ELIGIBLE?

- Owner-occupied single family properties
- Condo and townhome owners can use the program for interior projects
- Investment properties or vacation homes and NOT eligible

FHA 203(K) LENDERS

Not every mortgage lender originates 203(k) loans, and not every loan officer or mortgage broker understands the product. So you'll want to make sure that the company you work with is approved to do this loan and does a lot of them.

INFORMATION

For more information, go to https://www.hud.gov/program_offices/housing/sfh/fharesourcectr

Renovation Mortgages

Renovation loans allow you to refinance your existing loan and wrap the renovation costs into the new loan amount. In addition to your primary home, renovation loans typically can be used for second homes and investment properties, manufactured homes, and condo and co-op units.

Renovation loan funds can be used to repair damage from a past natural disaster and some, such as the Freddie Mac CHOICERenovation® loan allow you to add resilience upgrades to help protect your home from future disasters.

HOW TO APPLY

Ask lenders if they offer renovation loans. If possible, it's good to get loan estimates from multiple lenders to find the best rate and lowest fees.

WHAT ARE THE TERMS?

Renovation funds will be deposited into an escrow account managed by the lender. Some of the funds can be advanced to your contractors right away to get work started. Afterwards, an inspection is required after each phase of the renovation before the contractor can get paid for their work.

Most renovation loans require renovation and repair work to be completed within a certain period of time such as within one year after closing.





USDA Rural Housing Single-Family Housing Repair Loans

The Section 504 Direct Loan Program offers repair loans to low and very-low income homeowners who reside in an eligible service area. The Direct loans are originated from the USDA Rural Development Field Office locations throughout each state and U.S. territory.

WHAT ARE THE QUALIFICATIONS FOR THIS PROGRAM?

- Only available for primary homes.
- Your household income must be in the very-low-income limit (typically below 80% of the area median income limit) and you must be unable to obtain affordable credit elsewhere.
- Your home must be in an eligible rural area. You can check online at www.rd.usda.gov

HOW MAY I USE THE FUNDS?

Funds can be used for essential repairs to make your living conditions decent, safe, and sanitary.

INFORMATION

For more information, go to <https://www.rd.usda.gov/programs-services/single-family-housing-programs/single-family-housing-repair-loans-grants>



Other Financing Options

Homeowners can leverage the equity in their homes — the difference between market value and mortgage balance — to fund repairs through options like home equity loans, HELOCs, or cash-out refinancing. Alternatives include personal loans or store-based credit programs, which may offer low or promotional rates if paid off promptly.

- **Use the Equity in Your House:** Equity is the difference between what the market value of your home and the amount you still owe on your mortgage. You can use your equity to help finance repairs through a Home Equity Loan, Line of Credit, or Cash-Out Refinance.
 - + **Home Equity Loan:** A loan that lets you borrow against the equity you've built up in your home. The interest rate will be fixed so you will have a fixed monthly payment amount. They are often referred to as a second mortgage.
 - + **Home Equity Line of Credit:** Instead of getting the loan proceeds in one lump sum, a home equity line of credit (HELOC) lets you access funds when you need them.
 - + **Cash-out refinance:** Cash-out refinancing is when you take out a new mortgage for more than you owe and keep the difference in cash.
- **Personal Loan:** Ask your bank about personal loans. It may be a cheaper option if you get a low rate and can pay it off in 10 years or less.
- **Home Improvement Credit Card or Project Loan:** Home improvement stores like Home Depot and Lowes offer credit cards and project loans often with a 0% introductory rate. These can be a good option if you are able to pay off the balance before the interest rate resets.



Project Porchlight: Post-Disaster Financial Recovery Counseling

Project Porchlight offers free financial recovery counseling and personalized support for individuals and families impacted by natural disasters. Services include creating tailored recovery plans, assistance with FEMA and insurance processes, ongoing guidance, and access to educational resources and community support.

Provider: Money Management International (MMI)
[Post-Disaster Financial Recovery Counseling Services | MMI](#)
Phone: (866) 889-9347

Project Porchlight provides free financial recovery counseling and personalized assistance for individuals and families living in areas affected by disasters.

SERVICES OFFERED

- **Personalized Recovery Plan:** Work with a certified counselor to create a tailored plan for financial recovery.
- **FEMA and Insurance Assistance:** Guidance through FEMA aid applications, appeals, and insurance claim processes.
- **Ongoing Support:** Regular check-ins to provide resources, guidance, and encouragement.

- **Education and Community:** Access to Porchlight Online for peer support, scam prevention tips, disaster preparedness, and more.

ELIGIBILITY

Available to anyone in the U.S. impacted by a natural disaster. Especially helpful if you:

- Experienced income or employment interruption
- Have home repairs not fully covered by insurance
- Find FEMA or insurance processes confusing
- Are behind on mortgage or debt payments
- Face overwhelming out-of-pocket expenses
- Exhausted savings, credit cards, or retirement funds

If you have any reason to believe
you are at risk in your residence,
evacuate and seek shelter.



MORTGAGE BANKERS ASSOCIATION

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