



POPPY BANK

MEMBER FDIC

INSURANCE CLAIM PACKAGE

We are sorry to hear about the damages you suffered. Poppy Bank is committed to helping you get through this difficult time.

Our team is here to see that your insurance claim funds are processed as quickly and easily as possible.

Not only do we value you as a Poppy Bank customer, but as your lender, we have a security interest in the collateral. If you want to use the insurance proceeds to rebuild, we need to make sure your contractor is qualified and that there are sufficient proceeds to complete the construction project.

This package will walk you through each step, providing necessary forms and information to help you get through the process.

If you have any questions, please don't hesitate to reach out to our Disaster Recovery expert at:

Phone: (888) 636-9994 extension 9063

Attn: Kevin Downey

Kdowney@poppy.bank



REBUILDING OR PAYING OFF YOUR LOAN ?

If you intend to use insurance proceeds to pay off your loan, please contact our Loan Operations Department for payoff information at 1-888-636-9994 or email us at loanhelp@poppy.bank.

If you're planning on rebuilding, the steps below will walk you through the process.

FOR CLAIMS UP TO \$25,000

What you need to do:

Step 1 Report your claim

Once you've filed a claim and your insurance company has determined a settlement amount, report your claim to us by calling or visiting any one of our branches.

Step 2 Endorse your check

Once you receive your claim check from your insurance company, all of the parties listed on the claim check will need to endorse it. Bring your check to a Poppy Bank branch or mail it to us **along with a copy of your insurance loss settlement statement.** We will endorse the check and return the check to you.

If you have a Poppy Bank checking or savings account and the names on the check are the same as the signers on your account, we can deposit the check for you.

FOR CLAIMS OVER \$25,000

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Once you've filed a claim and your insurance company has determined a settlement amount, report your claim to us by calling or visiting any one of our branches.

Step 2 Endorse your check

Once you receive your claim check from your insurance company, all of the parties listed on the claim check will need to endorse it. Bring the endorsed check into a Poppy Bank branch or mail it to us. We'll then deposit the funds into an interest-earning bank account so that you may begin the repair process.

Step 3 Submit all necessary forms

To begin receiving funds, please submit the following information:

- Insurance adjuster's report or loss settlement statement
- Signed construction contract
- A copy of the contractor's license
- Plans, Budget, Permits (as applicable)
- Updated insurance policy that includes All-Risk Builder's Course of Construction policy and contractor's liability will be required along with evidence of workmen's compensation insurance.
- List of sub-contractors and material suppliers
- Declaration of Intent to Repair (included)
- Signed Holdback Control Agreement (included)
- Form W-9: Request for Taxpayer Identification Number and Certification - To be completed by your Contractor(s)

Poppy Bank must review and approve all required information before rebuild process can begin.

Submit forms by email, regular mail or bring them into a Poppy Bank branch.

- Email - kdowney@poppy.bank
- Bring them into a Poppy Bank branch
- Mail - Poppy Bank - Loan Operations
Attn: Kevin Downey
438 First Street
Santa Rosa, CA 95401

Step 4 Request an inspection

You may request an inspection, no more than once per month, by contacting our office at **1-888-636-9994 Ext. 9063** Note: **All loan payments must be current prior to each disbursement.**

Submit a Draw Request form, signed by an authorized signer along with:

1. Bank form spreadsheet (supplied) with line item summary of draw request.
2. Invoices organized and clipped together by line item. Indicate the line item number and category on each invoice.
3. Lien Waivers.
 - i. **Conditional lien** release upon progress payment signed by the general contractor for the entire amount requested.
 - ii. **Conditional lien** release upon progress payment **signed by each sub contractor with a sub contract over \$1,000.00.**
 - iii. Each subsequent draw request will require an **Unconditional lien** release from the entities who executed conditional lien releases in the prior period
4. Waivers will be required for any supplier who provides notice of a preliminary lien.
5. The Bank may retain up to a 10% retention on hard costs either on a per draw basis, a per line item basis, or on a total project basis for commercial loans. Residential retention will normally be held on a total project basis for the last draw unless requested otherwise.

Once the inspector verifies that the repairs are complete and you have submitted all of the necessary forms, we'll issue a check, made payable to you, all of the parties listed on the original insurance claim check and/or your contractor(s).

Inspections are completed by an independent third party chosen by us. All inspection costs are your responsibility. Inspection costs will be determined and may vary by location. Draw requests will be submitted to an Approving Officer for approval once the inspection report has been received and all conditions for the disbursement have been met.

Turn-around time for disbursements is typically 5-7 business days and begins after receipt of all required paperwork. If the job site is remote, additional time may be required for the inspector to visit the site. Multiple unit projects may also require additional time for processing.

*Direct Costs – costs paid as a result of actual construction. Examples of direct costs are demolition, concrete foundation, lumber, drywall etc.

**Indirect Costs – costs paid to bring the property to the point that construction can start. Examples of indirect costs are fees to engineers, fees to architect, Planning Department fees, soil testing and temporary power and water fees.

Step 5 Request a final inspection and receive the remaining funds

When the repairs are complete, request a final inspection by contacting our office at **1-888-636-9994 Ext. 9063**.

Once the inspector verifies that all repairs are complete and you have submitted all of the necessary forms, we'll issue a check for the remaining funds, made payable to you, all of the parties listed on the original insurance claim check and/or your contractor(s). All inspection costs are your responsibility. Inspection costs will be determined and may vary by location.

Recorded Notice of Completion – required prior to final draw. This is a time sensitive document that must record within 15 days of the completion of construction to be valid.

Certificate of Occupancy from agency that issued the building permit.

Insurance Requirements

Construction loans require an All-Risk Builder's Course of Construction loan policy with special endorsements, if applicable, for the full insurable value; however, in no event greater than the value of the replacement cost of the improvements.

A separate certificate of insurance for a minimum of \$1,000,000 (per occurrence), \$2,000,000 (aggregate) in contractor's liability will be required along with evidence of workmen's compensation insurance.

Flood insurance, if required, shall be in the dollar amounts and in a form that fully meets regulatory guidelines.

Change Orders

Lender is to be notified of any changes in the plans/specifications at any time during construction. Any changes made without notifying the Lender may place you in default of your Construction Loan Agreement.

Frequently Asked Questions

Why is my insurance claim check also made payable to Poppy Bank?

We have a security interest in the property and need to make sure the property is restored to its original or better condition or value.

When can I expect to receive my disbursement check for Poppy Bank?

We'll mail your initial disbursement check (or have the funds deposited into your Poppy Bank account) within three business days of processing your insurance claim check. If your claim is for more than \$25,000, you'll receive your remaining disbursement check(s) after the required inspection(s) have been completed and we verify you've submitted all of the correct forms.

Can I have my funds mailed to a different address?

Yes. If you'd like to have funds sent to an address other than the one we have on file, complete the enclosed Authorization to Mail Funds to Alternate/Temporary Address form and return it to us.

Can I have my claim information released and/or checks sent to someone not listed on my loan?

Yes. If you'd like to release information about your claim to someone not listed on your loan

or have checks from your account payable to a third party (such as a contractor), complete and submit the enclosed Authorization to Release Information to a Third Party form.

Why do you release funds for larger claim checks in separate payments?

We want to make sure that the repairs are being done correctly and according to schedule. Releasing the funds in separate payments also helps prevent contractor fraud.

Why are my disbursement checks from Poppy Bank for the remaining amount of my claim also made payable to my contractor?

This is to ensure the funds are distributed and used correctly, and to prevent the contractor from placing a lien on the property once the work is completed.

What if my claim amount is greater than the principal balance on my loan?

If you want to repair the property and your loan payments are up to date, we'll immediately release the amount that exceeds your unpaid balance, in addition to your first disbursement amount.

You can also request a payoff quote from Poppy Bank or to see if the claim funds will cover

the total outstanding amount. If so, submit a letter of request, signed by all parties listed on your loan, and we'll use your insurance claim funds to pay off your loan balance. For questions regarding payoff you may call 1-888-636-9994 ext. 9060.

Can I use the claim check to pay my past-due balance?

No. Insurance claim funds are intended to repair the collateral to its original condition and can't be applied to your past-due balance.

DECLARATION OF INTENT TO REPAIR

THIS FORM IS REQUIRED—BY COMPLETEING THIS FORM, YOU VERIFY YOUR INTENT TO REPAIR THE DAMAGE TO YOUR HOME.

LOAN NUMBER: _____

NAME(S) OF BORROWER(S): _____

EMAIL ADDRESS: _____

PREFERRED PHONE NUMBER: _____

PROPERTY ADDRESS: _____

AMOUNT OF CLAIM CHECK: _____

CAUSE OF DAMAGE/LOSS: _____

I/We hereby certify that the insurance claim funds in the amount listed above are to be used to repair/restore the property to a condition equal to or better than prior to the damage, that all repairs will be made in a timely manner and that no material or labor liens will occur as a result of the labor performed or the materials used.

I/We understand that a licensed and bonded contractor must be used to repair/restore the property.

Signature(s) of borrower(s) _____ Date: _____

AUTHORIZATION TO MAIL FUNDS TO ALTERNATE/TEMPORARY ADDRESS

This form is optional---complete and included this form with your check if you would like the funds sent to an address other than the one we have on file for you.

Loan Number: _____

Name(s) of Borrower(s): _____

Property Address: _____

Please check the appropriate box.

I/We would like the funds mailed to an address different than the one on file. The desired mailing address is:

Address: _____

I/We would like the funds mailed directly to a contractor or another third party, such as public adjuster, attorney, etc.

The name and address of the third party to whom checks should be sent:

Name: _____

Address: _____

Signature(s) of borrower(s): _____ Date: _____

_____ Date: _____

_____ Date: _____

_____ Date: _____

AUTHORIZATION TO RELEASE INFORMATION TO A THIRD PARTY

This form is optional—complete and submit this form if you would like us to release information about your claim to anyone other than the borrower(s) listed on the loan or have checks from your special interest-earning escrow account made payable to the contractor only. This form is not required to receive your funds.

Loan Number: _____

Name(s) of Borrower(s) _____

Property Address: _____

Please check the appropriate box(es).

I would like Poppy Bank to release information about my claim to a third party.

Name of third party: _____

Relationship to Borrower: _____

I/We would like the disbursement check(s) made payable to a third party only—the borrower name(s) will not appear on any disbursement check(s).

Name of third party payee(s): _____

Relationship to Borrower: _____

Signature(s) of Borrower(s): _____ Date: _____

_____ Date: _____

_____ Date: _____

_____ Date: _____

_____ Date: _____

REQUEST TO DEPOSIT FUNDS INTO POPPY BANK ACCOUNT

This form is optional---complete and include this form with your check if you would like the funds deposited into your Poppy Bank checking or savings account. This form is not required to receive your funds.

Loan Number: _____

Name(s) of Borrower(s): _____

Property Address: _____

Your request is subject to approval.

The following criteria must be met for funds to be deposited directly into your account:

- ✓ All payees must be listed on the account you are depositing the funds into.
(Payees include all of the parties listed on your loan, as well as all of the parties listed on the original claim check) except Poppy Bank.

- ✓ The account must be a Poppy Bank checking or savings account.

I/We would like the funds deposited into my/our Poppy Bank account.

The account number is: _____

Signature(s) of Borrower(s): _____ Date: _____

_____ Date: _____

_____ Date: _____

_____ Date: _____

_____ Date: _____

DEPOSIT ACCOUNT CONTROL AGREEMENT

Loan No. _____

Collateral Address: _____

This Deposit Control Agreement ("Agreement") is made and entered into this the ____ day of _____, 2018, by and between _____, ("Borrower"), and Poppy Bank, a California banking corporation, as secured party ("Lender"). The Borrower and Lender desire to enter into this Agreement in order to set forth their relative rights and duties with respect to the Bank Controlled funds.

1. Borrower is depositing those certain funds in the amount of \$ _____, held with Lender in a Bank Controlled account _____ (account number).
2. Funds on deposit are being held for the purposes of: Insurance claim/loss due to damage to (collateral address) _____ as stated by _____ Insurance Company claim number _____ dated _____.
3. Once satisfactory evidence has been received that the repairs relating to insurance claim/loss have been completed on subject property, Poppy Bank shall release bank controlled funds to Borrower.
 - a. Lender may also disburse funds upon receipt of invoices, paid receipts, billing statements and/or work orders as construction work progresses.
 - b. Lender may require property inspection(s) during course of repairs, and/or upon final completion.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the parties agree as follows:

1. Control of Account. The Borrower's Bank Controlled funds shall be under the sole dominion and control of Lender, Poppy Bank. The deposit shall be maintained by Lender in the name of Borrower.
2. Termination. This Agreement shall terminate thirty (30) days after all funds in the Bank Controlled are fully disbursed.
3. Amendment. This Agreement may be amended only by a written instrument signed by Lender and Borrower.

IN WITNESS WHEREOF, each of the parties has executed and delivered this Deposit Control Agreement as of the day and year first set forth above.

Borrower:

By: _____

By: _____

Lender:

By: _____
Title