

House Business Affairs & Labor

03/08/2023 Upon Adjournment

HB23-1174 Homeowner's Insurance Underinsurance

Typed Text of Testimony Submitted

Name, Position, Representing	Typed Text of Testimony
Judylynn Schmidt Against themselves	<p>I've owned a home in Superior for over 20 years. I refinanced my home with a reverse mortgage by CELINK Mortgage company on Nov 16, 2021, just six weeks prior to the Marshall Fire. I asked my mortgage broker if I needed more insurance and was told the Underwriters said it was fine. It was not. I am at least \$100,000 underinsured. Now my problems lies with both the mortgage company and the insurance company.</p> <p>Celink mortgage company, holds my insurance funds from ASI Progressive Insurance. ASI Progressive released the initial settlement check, but will not release more funds until 'the expense is incurred'. This means they will withhold payout until 50% of the home is built. They have also informed me that: They will only cover my rental ALE until mid July, when my ALE dollar limit is reached. So I need to pay my rent for the rest of the year until my home is rebuilt.</p> <p>And: they will only payout my final rebuild settlement until Dec. 30th 2023.</p> <p>The mortgage company only releases 50% of what they have received thus far from insurance BUT insurance is not giving them ALL the money they need to rebuild upfront!</p> <p>The mortgage company allows a partial release of funds (up to 33% of total funds in insurance escrow) and after that --mortgage company will not release more funds until home is 50% built. But builder needs 66% of funds in place to move beyond foundation to framing. Meanwhile, Insurance will not release final settlement funds (up to 25% funds). So we have another gap - homeowner must come up with 33% of funding to get the house to 50% done.. so final insurance will be released to the mortgage company.</p> <p>An example: if House costs \$600,000 - mortgage pays \$200,000 on front end to finish the foundation. Now Builder needs another \$200,000 to frame. Homeowner must come up with \$200,000 short term, so builder can get to 50% framing, so insurance will release funding needed to</p>

	<p>complete the build and then (hopefully) mortgage company reimburses .. do you see the problem? Ironically, the only way I can do this is to use the money insurance gave me for personal property – and/or money from my equity line in my reverse mortgage – which ironically CELINK Mortgage company would then MAKE INTEREST on the back end.</p> <p>Honestly, on top of the total loss of one’s home, to have to face this much stress and adversity to rebuild a home is cruel and unnecessary. Please find a way to hold insurance and mortgage companies accountable.</p>
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