San Bernardino "Old Fire" Victims

Meeting Minutes Sunday Decmeber 07, 2003

Today's visitors

Donald Williamson – County Tax Assessor www.sbcounty.gov/assessor

Dennis Draeger – Assistant tax collector www.mytaxcollector.com

Linda Williams CPA representing California Society of CPA's www.calcpa.org

George Kehrer from CARE www.carehelp.org

Donald Williamson

The tax assessor has a complete list (to date) of all properties damaged in the fire. The list is 1004 so far. If you need a form to certify your property is damaged, contact the Tax Assessor's office. Most government agencies are confirming damage through the tax assessor's office.

They immediately dropped the value of every property damaged. They found damaged property by physically going out to fire areas and also by forms that were filled in by homeowners. If your home is on the list, you don't need to fill out a form, even if you haven't filled it out yet.

Once your property has been restored you will go back to the Prop13 value you had before the house burnt (plus 2% as is normal).

If your new house is 119% bigger or less, your tax bill will not be increased. If it is 120% or larger then the **increased or excess** amount will be taxed at the current value.

If you decide to take the money and buy a new house, you can keep the property tax value of the old house. The bare lot will be reassessed at the current value.

There is a form for everything if you ask!

The $7k exemption for homeowners is still on your bill, even if you have no home on the property… the land value has been decreased by $7k.

Someone asked about square footage differences. They said square footage is based on utility so if the square footage previously was determined to be used for one type of activity, the new square footage will have to have the same utility, or be taxed at the higher rate.

Dennis Draeger

Bills are available, but will not be mailed out until after Christmas. They are not due until April 10.

If you have an impound account there could be several scenarios based on what mortgage company you have.

Generally, the mortgage company receives the bill in October; pay a holding company in November who pays it JUST before the due date in December. So your mortgage company probably does not know about the decreased bill since they got the bill before the decrease and new bills have not yet been issued and will probably pay the larger amount.

When the tax collector receives an overpayment, they refund the people who pay it, in this case, the mortgage company. The mortgage company will send you a statement at some point showing the overpayment and have their own system to handle excess in the impound account. If you don't say anything to them, they could hold onto it until Jan 2005.

You could call the tax collector and have him print a new bill for you, then give it to your mortgage company who would then pay the lower amount, but it is close to the due date so call them first!

The due date is not extended for impound account companies, only individuals.

You can find out the status of your bill at www.mytaxcollector.com

You should turn in a change of address card to the tax collector so they can mail the bill to you. The post office might not hold your mail for pickup the entire time. If you fill in a change of address card, the mailing address will be changed for both the tax collector and the tax assessor. You must turn in another card once your house is rebuilt and you are receiving mail at your house again.

Your tax bill has only been reduced the prorated amount AFTER the loss so you still have to pay the full amount for the first ¾ of the year.

There are two laws that govern property tax after a disaster. One is 170 and the other is prop-8. 170 requires the tax to increase (once house is restored) the prorated amount… so your tax bill will increase in the month your house is complete. Prop-8 allows for a tax bill to be reduced the entire year of the restoration. The assessor is trying to get us covered under Prop-8, but we'll have to see about that later.

Linda from California Association of CPA's

Most money received from insurance is not taxed, but there are situations where money is taxable, for example, when receiving reimbursement from loss of income, or if you get more than you use to replace stuff.

She handed out two handouts that will help you and your CPA go in the right direction. Most CPA's don't deal with this much; so don't be surprised if they have to do "research" to figure it out.

California Association of CPA's is sponsoring a seminar for CPA's on Dec 17 in Ontario and Dec 18 in San Diego. Tell your CPA about these meetings so they can get their questions answered. Check their web site for more information www.calcpa.org.

Consult with a CPA before finalizing your settlement with the insurance company. The insurance company might be able to "reconfigure" your payouts to better suit your tax needs.

George from CARE

You should be focusing on two lists. One for personal property (look for tips on this list later in this section) the other is for your house. The list for your house is called a "Scope of loss". Although making a list of the "things" you lost might seem fairly straight forward, coming up with a scope of loss is a complicated process that takes specialists to create.

Creating a Scope of Loss

The first step is to make a set of "as-built" drawings. You will probably need to sit with a professional to create these plans. Obtain any pictures you have of your dwelling (inside and out) to support your claim.

Once the drawings are completed they will be turned into a contractor (or similar) to create the list. You will probably have to pay the people to do this, but you should be able to use your insurance money to do so. In the end, it will be money well spent if you can get more out of your insurance company because of it.

Don’t let the insurance company distract you from this “ Scope of loss” by giving you other arbitrary numbers. They agreed to pay “ like kind” not “community average” or other such made-up numbers. When you go line-by-line you will usually get more money.

Explanation of RCV and ACV

RCV = Replacement Cash Value. This is the money you will need to spend to replace the item(s) lost.

ACV = Actual Cash Value. This is today’s value of the item. This is also called the depreciated value. It is usually less than the RCV.

Most insurance companies pay ACV, not RCV. It is the *insured* responsibility to figure ACV, not the insurance companies. The ACV is negotiable.

<u>Example</u>

Your policy limit is $100k (ACV) with a maximum of $150k (RCV). This means they will definitely give you $100k, but they will give you more (up to $150k) if you need more. They will only give you more than $100k on an as-needed basis.

When your loss to equals or exceeds the RCV you’re underinsured (I think this is what I understood). If you can get your claim to be more than your RCV then they will pay it all and leave you alone (not bug you to explain every cost above the ACV).

Tips on Creating a Personal Property Lists

Use the Yellow Book provided by the Sharman’s to jog your memory. Go through catalogs and stores you frequent. Keep a notebook with you so you can write stuff down.

Some adjusters/reps will say, “stop when you get to the limit” but don’t. Keep going and going with EVERYTHING you lost. If you stop at your limit, they will depreciate the list and you will end up with LESS than the policy limit.

It is up to you to come up with depreciated value. They might offer to do the depreciated cost for you. It might not be in your best interest to allow them to do this. ACV is negotiable. The company might use the IRS depreciation table or their own. Thing is, some of your items might not be as depreciated as they say… for example, if you had a couch in a room that was never used, the ACV would be more than an identical couch in a room that was used frequently.

Find creative ways of coming up with quantities and your list. For example, George figured out how many linear feet of closet space they had and went to Macy’s and looked to see how many pieces of clothes fit in that space. They used that quantity in their list.

Don’t list anything as trash, even if you never planned on using it, it was yours and it had value.

Don’t forget about collector’s value. Don’t be afraid to use/hire experts to value items. You will be surprised how much they are worth!

When you make your list, make sure each page says “ partial list”. Last page should say “ more to follow”.

Most people undervalue their ACV. Make sure to include sales tax, shipping/delivery charges.

Include storage of the item if you’ll need to pay for storage. Include delivery to new house if the item will need to be moved to new house.

Additional Living Expenses

This coverage shouldn't start until your claim is settled, not from the date of the disaster. Well, you can at least ask for this (if it's not stipulated in your policy).

Question and Answers

Remember to accept any money the insurance company gives you as long as you don't have to say it's a final payment.

The A part of your insurance check will have your name and the mortgage companies name. Call your insurance company to ask how they will deal with it. They might take part of the money to pay off your mortgage. You'll have to decide if you want to do this if they'll let you negotiate. They have the right to take the amount they are owed as a full payment.

SBA can cover extra expenses but CARE's mission is to give people the knowledge to get the insurance company to pay their fair share. There are ways to get money if you're underinsured (and he said about 98% of the people he meets are underinsured).

Someone said their adjuster told them they would pay $87 a sq/ft. George says they are doing this to distract you from digging into the detail of your existing house and finding it's true worth.

Right now you need to focus on your house as it stood just before it burnt down. You need to figure out how much that house would cost to build in today's dollars so you know how much money you have to work with. "How much money does the insurance company owe me?"

They will always start low. Farmers actually testified that they had insured houses at $100/sqft while they new they were actually $120-$240 a square foot… sometimes even more!

Another person asked about the definition of " other structures" . Generally, if they have 4 walls and a roof they are part of the dwelling. If they don't (i.e. gazebo, porch, pool, retaining walls) they are "other structures"

They created this section to cover barns etc, but people now don't have barns so don't let them box structures into this category that don't belong.

The check for debris removal should not be connected to the structure although it might depend on the policy. In some, it is a part of A, in others debris removal is a% of A, B&C. Read your policy about debris removal.

No contractor should be negotiating your claim. A Claim Rep or Claim adjuster should be doing this and they have to be licensed by the state. Don't let a contractor negotiate your claim, then build your house. California law prohibits this.

The LA Times had a story in the Real Estate section regarding Public Adjusters. They left out quite a few relevant facts. Adjuster will put a lien on the settlement amount or property.

Have your policy with you at all times. Have them point out where in the policy the things they are saying are stated. They should be familiar enough with your policy to point them out.

If you ever get a letter from an attorney regarding the insurance company, call CARE or an insurance attorney immediately.

NEW INFORMATION ON RECORDED STATEMENTS

If they ask about anything other than the claim or the property lost, they are doing this ONLY for discovery purposes. They generally only do it to try to box you into saying you were at fault for being under-insured. It is generally "pre-litigation" preparation. They will probably only call if they think there is an under-insurance issue. Technically could be a 17200/unfair business lawsuit.

Read your policy. If it says anything about a recorded statement, it should say you must submit to a recorded statement, but it only; has to be regarding your LOSS, not about the relationship between you and your agent, or how you got the policy or anything else.

If your policy says this, tell them you would be happy to answer questions about your claim. If they start asking about anything other than your loss and/or your claim, tell them the question is not in the scope of this recorded interview.

They will probably ask about how much you are claiming. Make sure you say, "so far we have determined" or similar. **Disclaimer all answers**.

Technically, it is unfair business practice to ask questions about the claim this early in the claim process.

What you must do after your loss

LOOK IN YOUR POLICY FOR EXACTLY WHAT YOU MUST DO

-Contact your insurance company and tell them you have a loss.

-Protect property from further loss – at your own cost

-Keep receipts and records

-Give detailed list of damaged goods which includes (see following section on creating personal property lists):
Quantity | Cost | ACV (depreciated value) | RCV (replacement cost)

-Submit to examination under oath and/or do a recorded statement.

Next Meeting Date

This Saturday, December 13 there is a meeting at a Church at 2:30PM. It is about setting up a central location for information. Call George for more information. I think they are trying to get funding from www.communitypartners.org

Sunday Jan 4, 2003 3:00 PM.