

*Creating Assets, Savings and Hope*

**CASH**  
**CAMPAIGN**  
OF MARYLAND



Credit is an Asset!

2021



Presenter:

Sue Rogan, AFC®  
Director of Strategic  
Partnerships

CASH (Creating Assets,  
Savings and Hope)  
Campaign of Maryland

*Creating Assets, Savings and Hope*

## Financial Coaching & Planning

Campaign of Maryland offers two great programs to help you reach our financial goals.

**Financial Coaching** offers ongoing, unlimited, one-on-one support to reach your financial goals! The trained coaches work individually with participants and help them to achieve personal financial goals such as eliminating debt, rebuilding credit, and developing spending plans.

**The Financial Planning Program** is designed to connect Marylanders to a professional, quality financial plan on a range of topics and goals, including, investing, homeownership, college funding, and wills and retirement planning. Our Pro Bono Certified Financial Planners® provide consultations in up to two free sessions to CASH Campaign clients.

### How do I know which program is right for me?

A Financial Coach might be right for you if...	A Certified Financial Planner® might be right for you if...
...your financial goal is related to: <ul style="list-style-type: none"> <li>• Developing a budget or spending plan</li> <li>• Improve or build credit</li> <li>• Paying down debt</li> <li>• Achieve a short-term savings goal (e.g., establishing emergency savings, purchasing a car)</li> </ul>	...your financial goal is related to: <ul style="list-style-type: none"> <li>• Investing</li> <li>• Insurance</li> <li>• Starting a small business</li> <li>• Achieve a long-term savings goal (e.g., retirement planning, college savings, homeownership)</li> </ul>
...you'd like advice on finding a bank account or another financial product that works for you.	...you just received or will be receiving pension benefit(s) or a large payment from a settlement.
...you would like on-going support while you work to implement your financial plan.	...you're interested in short-term support (up to two sessions).
To get started with our Financial Coaching program, <a href="#">sign up to participate in an upcoming information session.</a>	To get connected with a Certified Financial Planner®, <a href="#">Complete this intake survey.</a>

**WANT MORE \$\$\$\$ FAST AT TAX TIME?**  
**USE FREE TAX PREP & DIRECT DEPOSIT!**

**CASH CAMPAIGN OF MARYLAND**  
Creating Assets, Savings and Hope

If you made less than \$55,000 in 2018, you may qualify for free tax prep!

IRS certified volunteers at nonprofits and local agencies will e-file your taxes and direct deposit your refund into your bank account.

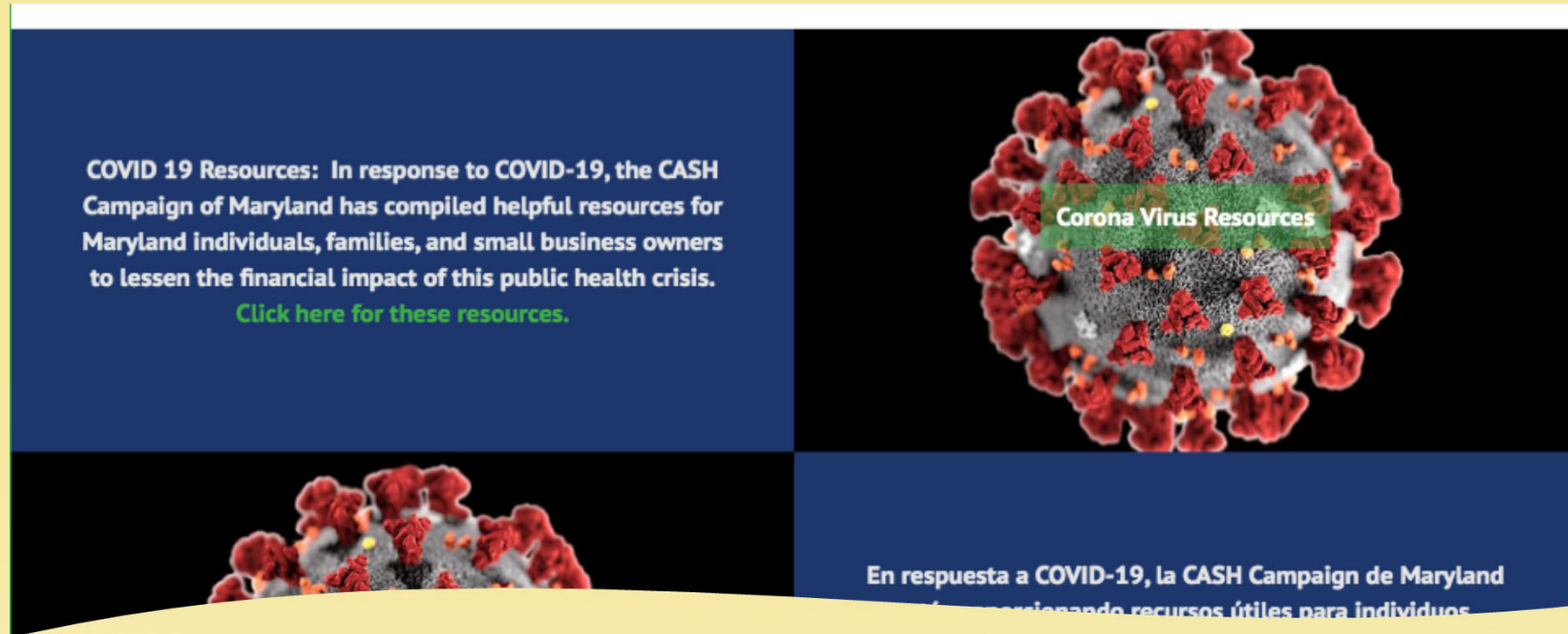
**GET YOUR TAX REFUND FAST & FREE!**  
 Call 800-492-0618 for a list of sites or visit [WWW.CASHMD.ORG](http://WWW.CASHMD.ORG)

**WANT TO DO YOUR OWN TAXES FOR FREE?**  
 Visit [www.cashmd.org](http://www.cashmd.org) for FREE software to do your own taxes!

**DHS**  
DEPARTMENT OF HUMAN SERVICES

# CASH Programs

*Creating Assets, Savings and Hope*



- Webinars
- COVID 19 specific content
- Webinar Recordings/Facebook Live

*Creating Assets, Savings and Hope*

# Why is Credit Important?



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# Credit Reporting Bureaus

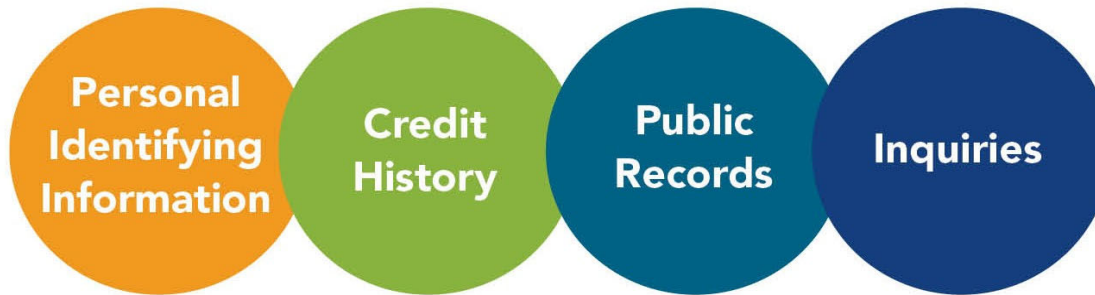


- Their job is to gather and organize pertinent information about you and your credit history.
- There are many bureaus. They do not contain identical info.

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# What's On Your Credit Report?



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# Consumer Access to Credit Reports



- [www.annualcreditreport.com](http://www.annualcreditreport.com): One free report each year from each of the three major credit bureaus.

- Adverse action: When denied for credit or favorable terms.

MD law also allows free report per year

COVID 19 = Free reports weekly until April 2022

January	February	March	April
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Equifax

TransUnion

Experian

Free Credit Monitoring!

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- A number based on the analysis of an individual's credit report that represents their creditworthiness.
- Same info in a report used
- Helps lenders efficiently judge creditworthiness



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# Cost of Credit Score Exercise (Small Loan)

Credit Score	Interest Rate
• 760 - 850	10%
• 680 - 759	12%
• 620 - 679	14%
• 580 - 619	38%
• 300 - 579	N/A



36 Mo PERSONAL LOAN of \$2,000 FOR NEW LAPTOP

Interest for highest credit score tier= **\$323**

Interest for lowest tier= **\$1,422**

**Opportunity Cost: \$1,099**

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# Where Can You Retrieve Your Credit Score?

- ❖ Is it on your credit report? No (typically not).
- ❖ Do the reporting bureaus have it? Yes, but it'll cost you!
- ❖ What about Credit Karma? Yes, but there's a catch?
- ❖ Then WHERE!?! You can try...
  - ❖ Your Bank
  - ❖ Your Credit Card Company

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- Secured Credit Card
- Unsecured Credit Card
- Installment Loan

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# Best Practices for Strong Credit Scores



**Keep it Active!** Establish and maintain a mix of at least three active installment and revolving credit tradelines – ALWAYS PAY ON TIME!



**Keep it Low!** Lower debt balances on revolving lines of credit.



**Keep it Up!** You want at least six months of credit history -- and activity! -- on your credit report at any time.

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**THANK  
YOU!**

[Sue Rogan](mailto:Sue@cashmd.org)  
[Sue@cashmd.org](mailto:Sue@cashmd.org)

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# Maryland Mortgage Program



*What's new with  
the  
Maryland Mortgage Program?*



**MARYLAND** MORTGAGE

*Making Homeownership Affordable*



## REASONS FOR SUCCESS!

- **Evolving product line**
  - More options include loans, grants, and low rates
  - Flex track allows for **repeat** homebuyers (not only veterans or purchasers in targeted areas).
- **Partner growth**
  - **116** approved lenders—more in the pipeline
  - Developed greater connections with realtor associations
- **New marketing tools**
  - Calculator that identifies eligible loan products
  - Social media presence

# MARYLAND MORTGAGE PROGRAM

## The Benefits



## MMP BENEFITS

- Down Payment & Closing Cost Assistance
- 30-year fixed rate
- Homebuyer Education

# DOWN PAYMENT & CLOSING COST

- Interest-free, deferred loans or grants that help you pay down payment and settlement expenses.
- This helps to get you into your home faster, and you can start building equity now!

# 30-YEAR FIXED RATE

- Competitive interest rates, locked in for 30 years.
- No surprises!! (You know your repayments not only for today, and tomorrow, but for the life of your loan.)

# HOMEBUYER EDUCATION

- Homebuyers can find some Homebuyer Education Options on our website.
- These community-base homebuyer classes will give you clarity and the confidence that you need to make the best decisions in the homebuying process.

## THE FIRST STEP

### Homebuyer Education

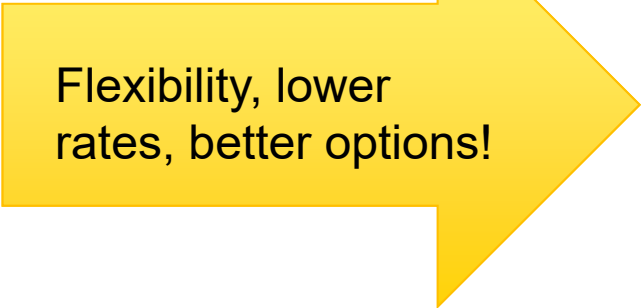
- Educating yourself prepares you for the process of purchasing a home in Maryland.
- It's not only an MMP requirement, but we also encourage taking the class prior to signing a contract.
- It can be any class—online or in person—approved by HUD, Fannie Mae, Freddie Mac, or private mortgage insurers, as long as it meets the insurer and master servicer requirements.
- This must be completed and a certificate issued within 12 months prior to closing.

# MMP PRODUCT LINE





# PRODUCT LINE



Our product line is set up so you can see at a glance which loans are for first-time homebuyers ONLY (yellow side) and which can be offered to repeat homebuyers, too (pink side).

MARYLAND MORTGAGE <i>Making Homeownership Affordable</i>		Dual Track Product Line	
<b>MMP 1<sup>st</sup> Time Advantage</b> <i>Must be FIRST-TIME homebuyers</i>	<b>MMP Flex</b> <i>Can be REPEAT or FIRST-TIME homebuyers</i>		
<b>1<sup>st</sup> Time Advantage Direct</b> <i>No MMP DPA</i>	<b>Flex Direct</b> <i>No MMP DPA</i>		
<b>1<sup>st</sup> Time Advantage 5000</b> <i>Comes with a \$5,000 DPA loan May utilize Partner Match if applicable</i>	<b>Flex 5000</b> <i>Comes with a \$5,000 DPA loan May utilize Partner Match if applicable</i>		
<b>1<sup>st</sup> Time Advantage 3% Loan</b> <i>Comes with a DPA loan equal to 3% of the first mortgage</i>	<b>Flex 3% Loan</b> <i>Comes with a DPA loan equal to 3% of the first mortgage</i>		
A first-time homebuyer is defined as: <ul style="list-style-type: none"> <li>• Not having owned a home ANYWHERE in the last three years; or</li> <li>• Purchasing in a Targeted Area; or</li> <li>• A Veteran using their exemption for the first time.</li> </ul>	<b>Flex 3% Grant</b> <i>Comes with a DPA grant equal to 3% of the first mortgage</i>		
	<b>Flex 4% Grant</b> <i>Comes with a DPA grant equal to 4% of the first mortgage.</i>		

### Specialty Loans

<u>Maryland SmartBuy</u> <i>For first-time homebuyers with student debt. Conventional only; manual underwriting.</i>	<u>Montgomery Homeownership Program</u> <i>For first-time or repeat homebuyers, includes a DPA loan up to 40% of household income (maximum \$25,000).</i>
<u>Maryland HomeAbility</u> <i>For first-time homebuyers with disabilities; special income limits apply.</i>	<u>97% LTV Conventional Refinance Program</u> <i>Existing MCC may be re-issued, but no new MCCs. Existing MMP DPA may be subordinated.</i>

[mmp.maryland.gov](http://mmp.maryland.gov)

# New Dual Track Product Line

- **1<sup>st</sup> Time Advantage**

- First-time homebuyers only
- Low rates

- **Flex**

- First-time and Repeat Homebuyers!
- Grants available

## PRODUCT LINE

# List of All MMP 1<sup>st</sup> Time Advantage Loans

*(Generally lower rates, no MCCs)*

- 1<sup>st</sup> Time Advantage Direct
  - No MMP DPA, low interest rate
- 1<sup>st</sup> Time Advantage 5000
  - \$5,000 DPA loan (allows Partner Match)
- 1<sup>st</sup> Time Advantage 3% Loan
  - DPA equal to 3% of the first loan

## PRODUCT LINE

# List of All MMP Flex Loans

*(For Repeat OR First-Time Homebuyers)*

- Flex Direct
  - No MMP DPA, low interest rate
- Flex 5000
  - \$5,000 DPA loan (allows Partner Match)
- Flex 3% Loan
  - DPA loan equal to 3% of the first mortgage
- Flex 3% Grant
- Flex 4% Grant

## PRODUCT LINE

# Maryland Smartbuy 2.0

*For homebuyers with student debt*

- This program pays off your student debt during the purchase of the home through special MMP financing.
- For all MMP-eligible properties statewide
- Homebuyers must have an existing student debt with a minimum balance of \$1,000.
- Maximum payoff amount of \$30,000

KEY PROGRAM FEATURES	MARYLAND SMARTBUY	MARYLAND SMARTBUY 2.0
Available homes	Beautifully rehabilitated homes owned by the State of Maryland and designated for sale through the SmartBuy 1.0 program. For a full list of properties visit <a href="https://mmp.maryland.gov/Pages/SmartBuy/Properties.aspx">https://mmp.maryland.gov/Pages/SmartBuy/Properties.aspx</a>	Any eligible home available for purchase in Maryland. Consult with a Realtor for homes in your preferred area and price range.
Eligible borrowers	First-time homebuyers with an existing student debt of at least \$1,000.	First-time homebuyers with an existing student debt of at least \$1,000.
Student debt relief	Up to 15% of the purchase price of the purchased home.	Up to 15% of the purchase price of the purchased home, with a maximum benefit of \$30,000.
Lenders	Must use an approved Maryland SmartBuy lender.	Must use an approved Maryland SmartBuy lender.
Down payment and settlement assistance available	Yes	Yes
Full amount of outstanding student debt loans must be paid off at closing	Yes	Yes. If there are two MMP borrowers, only one borrower's student loan balance must be paid off.
Date eligible homes can be purchased through the program	Available now	Available while funding lasts.

## PARTNER MATCH PROGRAMS

- Available with the 1<sup>st</sup> Time Advantage 5000 & Flex 5000
- Matches a participating partner contribution up to \$2,500, as additional down payment assistance.
- Partners can be employers, builder/developers, and community agencies.
- Partners are listed on the website:

*<https://mmp.maryland.gov/Pages/Downpayment.aspx>*

## HOUSE KEYS 4 EMPLOYEES – MD STATE EMPLOYEES

- State of Maryland employees can receive \$2,500 in a zero percent deferred loan; that would be added to the \$5,000. This gives you a total of \$7,500 in a ZERO PERCENT DEFERRED LOAN!
- State of MD Government employees DO NOT need to submit a “Verification of Partner Contribution form with their application. The lender will verify by reviewing the employee’s pay stub through (POSC).
- Staff of the education systems (University of MD, Morgan, etc.) and quasi-government entities (such as MAIF) do not count as State employees under this program.



## HOUSE KEYS 4 EMPLOYEES PROGRAM

Continued

- Live within 10 miles of your place of employment OR within the same County as the place of employment?
- Is the property located in a Priority Funding Area??

If your answer is yes to both of them, then you could possibly receive further down payment assistance in the amount of \$1,000 through the program.

## BORROWER ELIGIBILITY

- Must have a valid social security number and be eligible to work in the United States.
- Citizenship of the United States is not required to obtain a CDA loan.
- Everyone on the loan must live in the home—no co-signers!

## ELIGIBILITY

- Borrowers may be single or married. If married, both spouses are not required to apply, but will be included in the household income calculation. If separated, a Separation Affidavit must be completed.
- Must intend to occupy the property as a principal residence within 60 days of closing.
- Cannot own any other real property **ANYWHERE** at the time of closing.

## ELIGIBILITY

A first-time homebuyer is defined as not having owned a home ANYWHERE in three years. Exceptions include:

- An honorably discharged veteran using their exemption for the first time. *(A copy of the DD-214 must be provided to Lender.)*
- A borrower purchasing in a **TARGETED AREA**.  
*For more information:*  
<http://mmp.maryland.gov/Pages/Targeted-Areas.aspx>

## LENDER REFERRALS

- Our website provides branch and contact details of all MMP mortgage lenders, which allows you to contact directly any listed lending company.

To view or download a list of approved lenders, visit:

[mmp.Maryland.gov/Pages/Find-A-Lender.aspx](http://mmp.Maryland.gov/Pages/Find-A-Lender.aspx)

- MMP home page gives potential homebuyers the opportunity to be referred to a top producing loan officer for that county (based on production from the previous quarter)

## NEW MARKETING TOOLS

### The MMP Calculator!

- Helps to identify potentially eligible MMP loan products.
- Includes estimated monthly loan payment (P&I); it does not include taxes, insurance, or any escrows, so this number is always low—just gives an idea



DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
**Maryland Mortgage Program**

Enter search term



- HOME
- ABOUT MMP
- ELIGIBILITY
- APPLY NOW
- CALCULATOR
- INTEREST RATES
- CONTACT US
- PROFESSIONAL PORTAL

Success Story *Donte & Kathy*  
*Homeowners*

MARYLAND MORTGAGE PROGRAM  
**HOME LOAN**



Watch Their Story >



Maryland Department of Housing  
and Community Development  
*Kenneth C. Holt, Secretary*  
*Tony Reed, Deputy Secretary*

The homebuying process has never been easier, check out our website and get started today!!


Easy as 1,2,3!







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DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
**Maryland Mortgage Program**




HOME ABOUT MMP ELIGIBILITY APPLY NOW CALCULATOR INTEREST RATES CONTACT US PROFESSIONAL PORTAL

Success Story *Jessica*  
*Homeowner*

MARYLAND MORTGAGE PROGRAM  
**HOME LOAN**



Watch Her Story >



SOCIAL MEDIA PRESENCE

**@MarylandMMP**

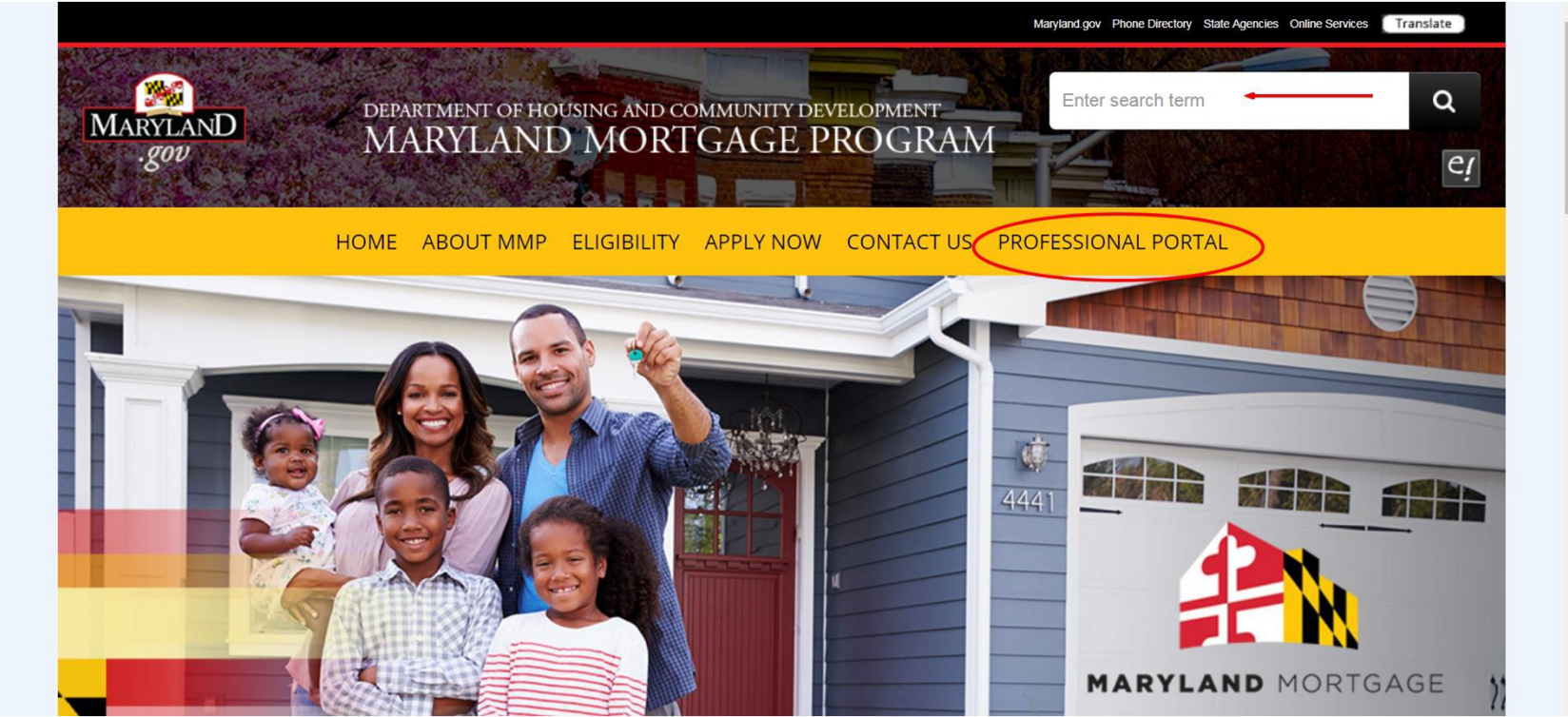


## GUIDELINES FOR MORTGAGES AFFECTED BY COVID-19

- <https://dhcd.maryland.gov/Residents/Pages/COVIDMortgageGuidelines.aspx>

# mmp.maryland.gov

Website contains program info, rates, initiatives, approved lenders, and more.  
Questions? Email SingleFamilyHousing.DHCD@maryland.gov



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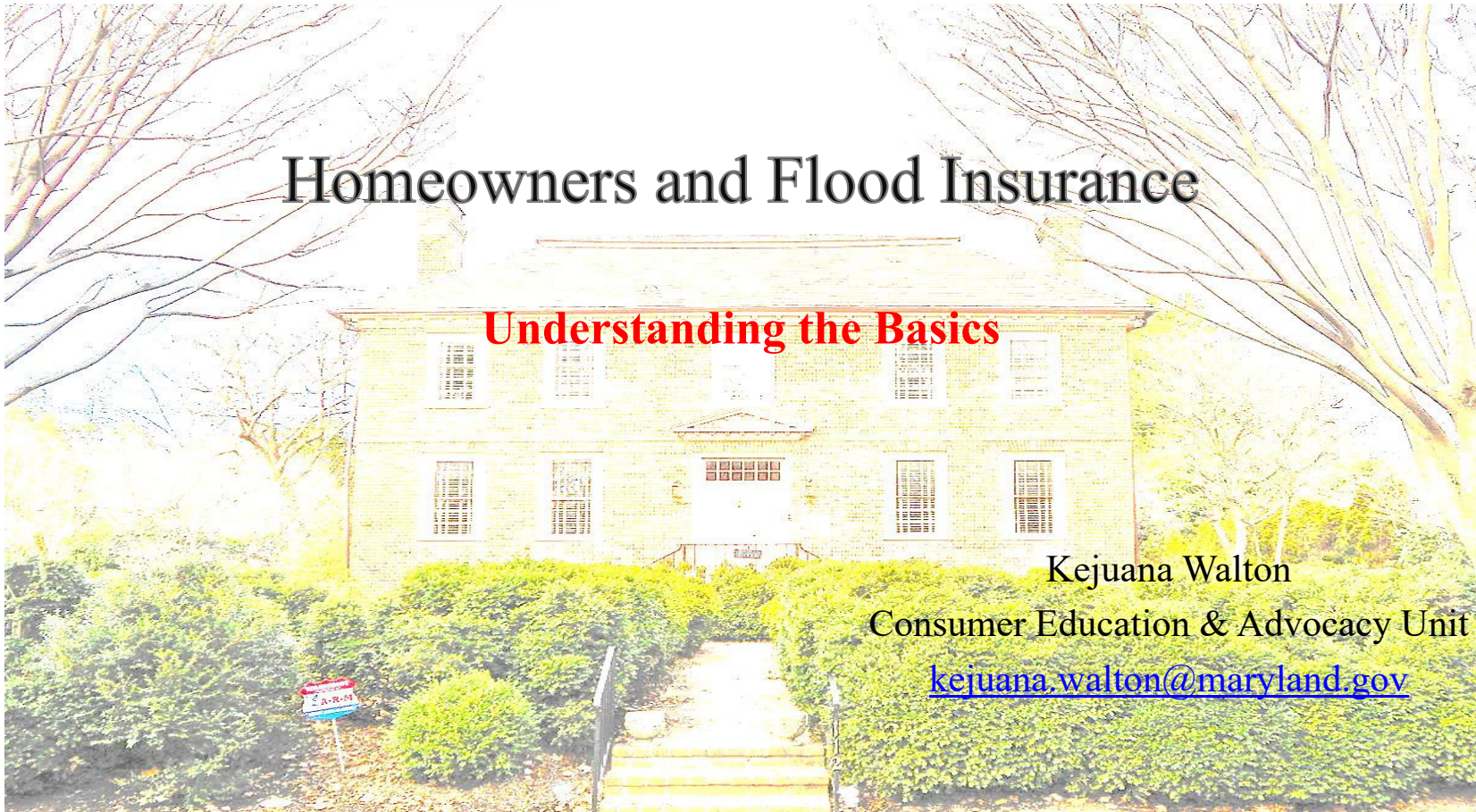
# Homeowners and Flood Insurance

## Understanding the Basics

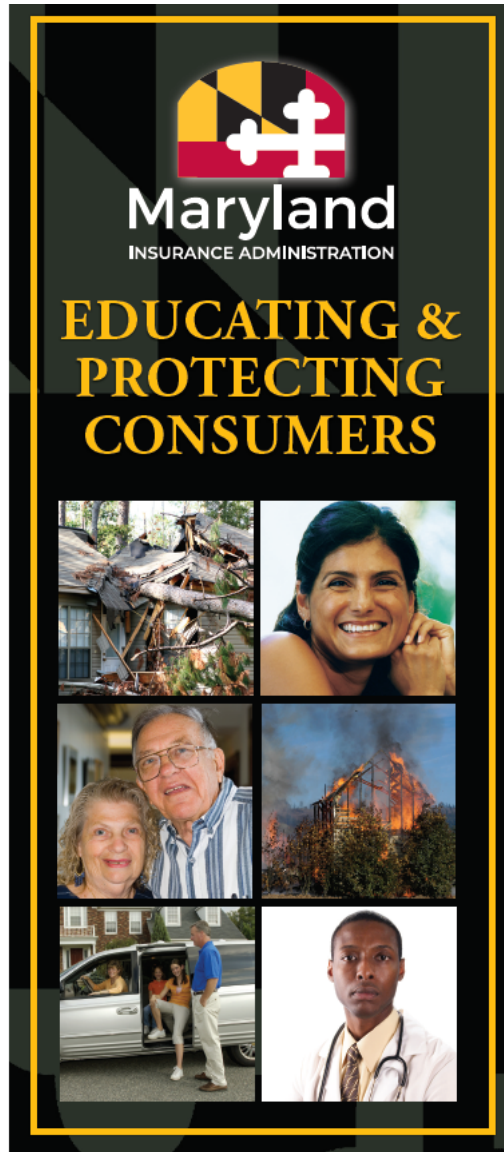
Kejuana Walton

Consumer Education & Advocacy Unit

[kejuana.walton@maryland.gov](mailto:kejuana.walton@maryland.gov)



# What is the Maryland Insurance Administration?



The Maryland Insurance Administration (MIA) is the state agency that regulates insurance in Maryland. The MIA:

- Licenses insurers and insurance producers (agents or brokers).
- Examines the business practices of licensees to ensure compliance.
- Monitors solvency of insurers.
- Reviews/approves insurance policy forms. Reviews insurance rates to ensure rates are not inadequate, excessive or unfairly discriminatory.
- Investigates consumer and provider complaints and allegations of fraud.



# What is the Maryland Insurance Administration?

If you feel that your insurer or insurance producer acted improperly, you have the right to file a complaint. Examples of improper actions include:

- Improperly denying or delaying payment of all or portions of a claim;
- Improperly terminating your insurance policy;
- Raising your insurance premiums without proper notice;
- Making false statements to you in connection with the sale of insurance or processing of insurance claims; and,
- Overcharging you for services, including premium finance charges.

# What is homeowners insurance?

Homeowners insurance can help you manage the financial risks of homeownership. Homeowners insurance may:

- Help you recover financially following a covered loss to your :
  - a. Dwelling
  - b. Personal Property (contents)
  - c. Other Structures
- May protect you financially if someone is hurt or their property is damaged because of something you did or something that happens on your property by providing liability coverage and/or paying for medical payments.





# What is homeowners insurance?

## Perils

Homeowners insurance policies protect you from loss, damage, or injury due to covered perils (causes of loss). Your policy may cover named perils only (such as fire, windstorm, hail, vandalism or theft); or, it may be an “open peril” policy (sometimes called an “all risks policy”) – meaning it covers all causes of loss unless the cause of loss is specifically excluded. A policy may also be a combination of both.



# What are the basic parts of a homeowners insurance policy?

The terms and amount of coverage for a particular loss will depend upon the terms of your policy. Generally, homeowners policies include the following parts:

- **Dwelling Coverage** –provides protection if a covered peril damages or destroys your home.
- **Other Structures** – provides protection if a covered peril damages or destroys detached outbuildings and structures, like fences, that are not part of your dwelling.
- **Personal Property (contents)** –provides protection if your personal property is lost, damaged or destroyed by a covered peril.
- **Additional Living Expenses (ALE)** – may pay for additional expenses you incur when you cannot live in your home because of damage or loss that is covered by your policy. Generally, coverage will only pay for living expenses that are not “normal and customary”.
- **Liability Coverage** – may provide protection if you or a member of your family are legally responsible for an injury to another person or cause damage to another person’s property.
- **Medical Payments** – provides payment up to a specified amount for reasonable and necessary medical expenses incurred by people injured in an accident in your home regardless of fault (**does not apply to you or member of your household**). This provision will pay covered medical expenses for a minimum of up to three years from the date of injury or accident.

# What are the basic parts of a homeowners insurance policy?



- **Trees, Shrubs, and Plants** — This part of your policy provides limited protection against damage to greenery on your property. The coverage on trees, shrubs, and plants is provided only against certain perils and may have a dollar limit as well. For example, damage to greenery caused by windstorm or ice is not usually covered, even if you buy an open peril policy.

# What are the basic parts of a homeowners insurance policy?

- **Debris Removal** — This part of your policy generally pays to remove debris of damaged property following a covered loss. Your policy may also pay to remove fallen trees that cause damage to your covered property.

**It is important to remember that even if the loss, damage or injury is covered by your policy, your policy will only pay up to the policy limits you purchased.**



# What coverage options do I need?

- Do you want replacement cost value or actual cash value for your belongings?
- Do you need additional coverage for valuable belongings?
- What deductible should I choose?
- How much liability coverage do I need?
- What about water/sewer back up and building ordinance coverage?



# What coverage options do I need?

## **Know the difference between ACV and RCV**

Actual Cash Value (ACV) is the cost to replace the damaged property with “like kind or quality” minus depreciation for age and use.

Replacement Cost Value (RCV) is the cost to replace the damaged property with “like kind or quality,” at full cost without depreciation, less the amount of your deductible.

- ❖ **It’s important to remember you may not receive the full replacement cost until you actually repair or replace the damaged property.**

# What coverage options do I need?

- Coverage for certain types of personal property may be capped at lower limits. If you keep things that are particularly susceptible to loss like cash, securities, jewelry, furs, manuscripts, and stamp or coin collections, to name a few, in your home, you may need to increase the included limits at additional cost.
- Additional amounts of insurance can be purchased separately. Ask your insurer or insurance producer for information about scheduling valuable items separately and the cost of the additional coverage.



# What coverage options do I need?

## **Additional Coverages – Water/Sewer Backup Coverage**

- Water that backs up through sewers or drains when this backup is not due to the negligence of the insured is typically not covered under a standard homeowners policy, but you can purchase water/sewer backup coverage. **This coverage protects your home when water overflows a sump pump or sewage enters your home through pipes designed to carry it away.** Most insurers offer several different coverage limit options.



# What coverage options do I need?

## **Additional Coverages – Ordinance or Law Coverage**

- Be familiar with your local building codes.
- If your home is damaged during a disaster, you may be required to perform expensive upgrades to your property to comply with your county's current building codes.
- Ask your insurance producer if the insurer offers building ordinance or law coverage.

# What factors affect the cost of my homeowners insurance policy?

**Prior Claims** – Some insurers may review not only your loss history, but the loss history of the property when making a decision on whether to insure you.

Some factors they may use to quote premiums using prior claims are:

- **Date(s) of prior claims**
- **Nature of Claim**
- **Amount paid by insurer for claim(s)**



PHOTO: JUSTIN SULLIVAN/GETTY IMAGES

# What factors affect the cost of my homeowners insurance policy?

Some factors that may affect your premium include:

- ✓ Construction type of home (frame, brick, modular, etc.)
- ✓ Age of home and home's systems (electrical, plumbing, HVAC, roof, etc.)
- ✓ Access to & quality of local fire protection
- ✓ Discounts (ex., installing deadbolt locks or alarm, and having multiple policies)

# What factors affect the cost of my homeowners insurance policy?

## Deductibles

- You may have many options when choosing a deductible. If you choose a policy with a \$500 deductible – there must be \$500 of covered damage to your home or personal property for each claim before you are entitled to collect any money from your insurer. Your insurer will deduct \$500 from the total amount of covered damage.
- Higher deductibles reduce your premium. Choose a deductible that you will be able to afford to pay out of pocket if you have a claim.
- You can ask your insurer or insurance producer how much your premium will be reduced by increasing the amount of your deductible.

# What factors affect the cost of my homeowners insurance policy?

## Deductibles (continued)

- Some homeowners policies contain special percentage deductibles for losses caused by specific perils such as wind, hurricanes or other storms. The insurer may automatically include these deductibles or make these deductibles available at the option of the policyholder. Always ask your insurer or insurance producer if your policy has a flat deductible or a percentage deductible. Percentage deductibles are based on your dwelling coverage limit, not the amount of your loss.

**Example:** If your dwelling is insured for \$100,000, and your policy has a 2% deductible for certain perils, your deductible would be \$2,000.



# Policy Limits

## Do you have enough insurance coverage?

- Most insurers require that your dwelling coverage limit is equal to at least a certain percentage of the value of the replacement cost of your home (typically 80%, with the exception of the Modified Named Perils (HO-8) form.
- Additional information regarding insuring your home to value, as well as links to dwelling replacement cost estimators can be found on the MIA's website at:  
<https://insurance.maryland.gov/Consumer/Pages/HomeownerReconstructionCostEstimators.aspx>.

# **Homeowners Policies do not Cover all Types of Water Damage**

While the terms of your homeowners policy will determine what types of water damage are covered and the amount of coverage available, generally homeowners policies do not cover flooding.

## What water damage claims might be covered by your homeowners policy?

- If you have purchased a water/sewer back-up endorsement, it will pay for the damage done by the water or sewage that backs up into your home (subject to terms, conditions and limits). Many policies **WILL NOT** cover the cost to repair or replace the pipe or drain.
- The scope and amount of the water/sewer coverage will be determined by your homeowners policy.
- Maryland law requires that your insurance company offer you this type of coverage with the same limits as you have for dwelling coverage and most companies offer several additional coverage limit options.





# What water damage claims might be covered by your homeowners policy?



- If a pipe in your home suddenly bursts and water flows all over the floors, generally a homeowners policy will cover the damage caused by the water.
- Generally, the repair or replacement of the pipe itself is not covered.
- If you have a **slow** leak, regardless of when you discover it, most homeowners policies will not cover the damage that results from that leak.
- Also, it is important that during the winter, you maintain appropriate heat in your home, especially if you are planning on being away from your home. If a pipe bursts due to your failure to maintain appropriate heat, the loss may not be covered by your insurance policy.
- You should check the terms of your policy to learn more about the scope and amount of coverage that your specific policy provides.

## **What water damage claims might be covered by your homeowners policy?**

- If rain enters your home through your roof that has been properly installed and maintained, your homeowners policy will typically cover the damage.
- If rain enters your doors or windows, this may or may not be covered depending on whether it is surface water and it enters from ground level.



# What types of losses are NOT covered?

**Most homeowners insurance policies exclude the following types of losses:**

- ✓ Mudslide
- ✓ Earth Movement
- ✓ Groundwater or seepage
- ✓ Flood



**Flood insurance may be available as an endorsement to your homeowners, renters, or condominium insurance policy, or as a separate policy. While some insurers offer flood policies, flood insurance can also be purchased from the National Flood Insurance Program (NFIP). For more information, contact your insurer, insurance producer, or go to the NFIP's website, [www.floodsmart.gov](http://www.floodsmart.gov).**

# Flood Insurance

The Standard Flood Insurance Policy defines “flood” as:

A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area, or of two or more properties (at least 1 of which is the policyholder's property) from:

- Overflow of inland or tidal waters; or
- Unusual and rapid accumulation or runoff of surface waters from any source; or
- Mudflow; or
- Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined above.



# Flood Insurance

- ✓ Even if your home is not in a flood zone, you may still be at risk for flooding. Most claims under federal flood insurance policies involve homes that are not located in a high risk flood zone.
- ✓ Flooding can be caused by heavy rain, which has occurred recently in Baltimore City as well as in Baltimore, Frederick, and Howard Counties.
- ✓ Flood insurance is offered through the federal government's National Flood Insurance Program. Some insurers also offer flood insurance.
- ✓ **The NFIP program includes a 30 day waiting period for new or modified flood policies.**
- ✓ Standard flood policies from the NFIP cover direct losses caused by flood subject to policy terms and conditions.
- ✓ Two types of coverage are available under the NFIP standard flood policy – structural and contents.





## Flood Insurance

**Structural Coverage** – Covers damage to walls, floors, insulation, furnace and items permanently attached to the insured structure.

- Coverage is up to \$250,000 for residential buildings



**Contents Coverage** – Coverage for your personal property.

- Coverage on all residential personal property is up to \$100,000





# Flood Insurance

**Basements are any area of a building with a floor that is below ground level on all sides.**

## Basement items COVERED by flood insurance

- Unimproved structural parts (drywall, foundation and utility connections)
- Essential equipment (sump pumps, water tanks, furnaces and air conditioners)
- Clean-up

## Basement items NOT COVERED by flood insurance

- Basement improvements (finished walls, floors or ceilings)
- Personal belongings kept in a basement generally are not covered



# What is Not Covered

## **Additional Living Expenses:**

Flood Insurance does not provide for additional living expenses. Most homeowners policies have some additional living expense provisions, but that coverage is only available if the home is not livable as a result of a covered cause of loss under the homeowners policy.



# Reduce Your Risk

**Decide how to prepare and protect your home from flooding based on your home's flood risk and create a plan to mitigate the risk to your property: [www.ready.gov/make-a-plan](http://www.ready.gov/make-a-plan)**

## **Outside the Home:**

- ✓ Maintain proper water runoff and drainage
- ✓ Improve lot grading
- ✓ Reduce Impervious surfaces around your home
- ✓ Install a rain barrel
- ✓ Elevate utilities and service equipment
- ✓ Anchor outdoor fuel tanks



# Reduce Your Risk

## Inside the Home:

- ✓ Protect your valuable possessions
- ✓ Seal your foundation and basement walls
- ✓ Install flood vents
- ✓ Install a sump pump
- ✓ Prevent sewer backups
- ✓ Use flood-resistant building materials
- ✓ Raise electrical system components
- ✓ Protect utilities and service equipment
- ✓ Install a flood alert system





## After a Loss

- ✓ Contact your insurance company promptly after sustaining a loss.



- ✓ Take photographs and/or video of the damaged areas.
- ✓ Make only those repairs necessary to prevent any further damage. Do not make permanent repairs before talking to your insurance company.
- ✓ Before you remove any damaged property from the premises, be sure an insurance adjuster or your agent has seen the damage.



## After a Loss

- ✓ Keep all receipts for emergency repairs.
- ✓ As soon as possible, prepare a detailed inventory of all damaged or destroyed property. Give a copy to the insurance adjuster and keep a copy for yourself. It should include:
  - Description and quantity of items.
  - Date of purchase or approximate age.
  - Cost - time of purchase and estimate to replace.

# After a Loss

- Be present when your insurance adjuster inspects your property.



- Do not accept an inadequate settlement offer. Cashing a check may bar you from seeking additional compensation. Confirm in writing that it will not.

# Summary: Tips



- Make sure your dwelling policy limits are at least 80% of the replacement cost of your home or more if required by your insurance policy.
- Know the difference between ACV and RCV.
- Ask if you should list and separately insure valuable items of personal property on a personal property schedule.

# Summary: Tips



- Ask about additional coverages like water/sewer backup and ordinance or law coverage.
- Choose the best deductible for you and understand the difference between flat and percentage deductibles.
- Look for language in your policy about vacant or unoccupied property. Some policies have language that may prevent receiving payment for a claim if the property is left vacant or unoccupied.
- Read your policy for clauses such as an “anti-concurrent causation” clause. Damages incurred by a combination of covered and non-covered perils are typically not covered.

# Be Prepared

- Create an inventory of all your possessions and keep it updated. The NAIC's checklist is available at:  
[https://www.naic.org/documents/index\\_disaster\\_section\\_inventory\\_checklist.pdf](https://www.naic.org/documents/index_disaster_section_inventory_checklist.pdf).
- Photograph and/or video each room and the exterior of your home.
- Safeguard your records – insurance policies, inventory list.
- Keep handy your insurance producer's name, telephone number, and your policy number(s).
- Know how to shut off the gas, electricity and water. Be prepared to board up vulnerable places around the house.





# Publications Available on MIA's Website

Check out the following publications for more information



- **Consumer Guide to Homeowners Insurance**  
[www.insurance.maryland.gov/Consumer/Documents/publications/homeownersinsguide.pdf](http://www.insurance.maryland.gov/Consumer/Documents/publications/homeownersinsguide.pdf)
- **Tips on Shopping for Homeowners Insurance**  
[www.insurance.maryland.gov/Consumer/Documents/publications/homeownersshoppingtips.pdf](http://www.insurance.maryland.gov/Consumer/Documents/publications/homeownersshoppingtips.pdf)
- **Shopping for Homeowners Insurance Company/Policy Comparison Worksheet**  
[www.insurance.maryland.gov/Consumer/Documents/publications/hoshoppingworksheet.pdf](http://www.insurance.maryland.gov/Consumer/Documents/publications/hoshoppingworksheet.pdf)
- **Understanding your Homeowners Declarations Page**  
[www.insurance.maryland.gov/Consumer/Documents/publications/understandinghodeclarationspage.pdf](http://www.insurance.maryland.gov/Consumer/Documents/publications/understandinghodeclarationspage.pdf)
- **Homeowners & Renters Insurance a Comparison Guide to Rates**  
[www.insurance.maryland.gov/Consumer/Documents/publications/HORateGuide2020.pdf](http://www.insurance.maryland.gov/Consumer/Documents/publications/HORateGuide2020.pdf)
- **Insurance Preparedness for Natural Disasters Page**  
[www.insurance.maryland.gov/Consumer/Pages/InsurancePreparednessNaturalDisasters.aspx](http://www.insurance.maryland.gov/Consumer/Pages/InsurancePreparednessNaturalDisasters.aspx)

# Contact Information

Maryland Insurance Administration

1-800-492-6116 or 410-468-2000

[www.insurance.maryland.gov](http://www.insurance.maryland.gov)

National Flood Insurance Program

877-336-2627

[www.floodsmart.gov](http://www.floodsmart.gov)

Maryland Home Improvement Commission

1-888-218-5925 or 410-230-6169

[www.dllr.state.md.us/license/mhic/](http://www.dllr.state.md.us/license/mhic/)



# Contact Information

Maryland Emergency Management Agency

1-877-636-2872

[www.mema.maryland.gov](http://www.mema.maryland.gov)

Federal Emergency Management Agency

1-202-646-2500

[www.fema.gov](http://www.fema.gov)



# Questions?

[kejuana.walton@maryland.gov](mailto:kejuana.walton@maryland.gov)

