

AUTHORIZATION AND DIRECTION TO ENDORSE INSURANCE PROCEEDS

Complete Guide with Power of Attorney Considerations

CRITICAL TIMING NOTICE

TIME-SENSITIVE DOCUMENT

- Insurance checks typically expire in 90-180 days
 - Mortgage companies may have 30-day processing windows
 - Contractors often require deposits within 7-14 days of contract signing
 - Submit this authorization BEFORE checks are issued when possible
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DOCUMENT HEADER SECTION

Date: [Current Date]

Document ID: [Create unique reference number]

Priority: ☐ URGENT - Check in hand ☐ EXPEDITED - Check pending ☐ STANDARD

PRIMARY RECIPIENTS

TO: INSURANCE COMPANY

Company Name: [Full Legal Name]

Claims Department/Payment Division

Attn: [Specific adjuster or payment department]

Address: [Complete mailing address]

Phone: [Direct line]

Fax: [Number]

Email: [Claims email]

RE: Claim # [Number] / **Policy #** [Number]

AND TO: MORTGAGE COMPANY/LIENHOLDER

Company Name: [Full Legal Name]

Loss Draft Department

Attn: [Specific department or person]

Address: [Complete address]

Phone: [Loss draft direct line]

Fax: [Number]

Email: [Loss draft email]

RE: Loan # [Number]

AND TO: CONTRACTOR (if applicable)

Company Name: [Business name]

License #: [State license number]

Attn: [Project manager or owner]

Address: [Business address]

Phone: [Direct line]

Email: [Project email]

IDENTIFICATION OF AUTHORIZING PARTY

Primary Policyholder

- **Full Legal Name:** [As shown on policy]
- **Date of Birth:** [DOB]
- **Social Security Number:** [Last 4 digits: XXXX]
- **Driver's License #:** [Number and State]
- **Policy Role:** ☐ Named Insured ☐ Additional Insured ☐ Loss Payee

Additional Policyholder(s)

- **Full Legal Name:** [As shown on policy]
- **Relationship to Primary:** [Spouse/Co-owner/Partner]
- **Agreement:** ☐ Agrees to all terms ☐ Separate authorization attached

Property/Loss Information

- **Loss Address:** [Complete address of damaged property]
 - **Date of Loss:** [Exact date]
 - **Type of Loss:** [Peril causing damage]
 - **Claim Status:** ☐ Settled ☐ Pending ☐ Supplemental
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SECTION 1: PAYMENT AUTHORIZATION MATRIX

Check Issuance Instructions

A. SINGLE PAYEE AUTHORIZATION ☐ Issue all proceeds to single payee:

- **Payee Name:** [Exact name for check]
- **Tax ID/SSN:** [Number]
- **Address for Mailing:** [Complete address]
- **Special Handling:** ☐ Certified mail ☐ Overnight ☐ Electronic transfer

B. JOINT PAYEE AUTHORIZATION ☐ Issue as joint payees (all parties must endorse):

- **Payee 1:** [Policyholder Name] - PRIMARY
- **AND**
- **Payee 2:** [Mortgage Company Name] - MORTGAGEE
- **AND**
- **Payee 3:** [Contractor Name] - REPAIRS (if applicable)

C. MULTIPLE CHECK DISTRIBUTION ☐ Split payment across multiple checks as follows:

Check #	Amount/Percentage	Payee(s)	Purpose	Timing
1	[\$Amount] or [%]	[Name(s)]	Emergency repairs	Immediate
2	[\$Amount] or [%]	[Name(s)]	ACV payment	Upon approval
3	[\$Amount] or [%]	[Name(s)]	Depreciation	Upon completion
4	[\$Amount] or [%]	[Name(s)]	Contents	Direct to insured
5	[\$Amount] or [%]	[Name(s)]	ALE/Loss of use	Monthly/Direct

SECTION 2: DETAILED PAYMENT ALLOCATION

Structural Repairs Allocation

Payment Phase	Amount	Timing	Payee Configuration	Conditions
Initial/ACV	[\$Amount]	Upon settlement	Joint: Insured & Mortgage	Adjuster approval
Supplement 1	[\$Amount]	After demo	Joint: All three parties	Inspection passed
Supplement 2	[\$Amount]	After rough-in	Joint: All three parties	Permits signed
Depreciation	[\$Amount]	At completion	Joint: Insured & Mortgage	Final inspection

Payment Phase	Amount	Timing	Payee Configuration	Conditions
Code upgrades	#[Amount]	As incurred	Contractor direct	Documentation

Personal Property/Contents


Category	Amount	Payee	Special Instructions
Furniture	#[Amount]	Insured only	Replacement receipts required
Electronics	#[Amount]	Insured only	Proof of purchase
Clothing	#[Amount]	Insured only	Inventory list
Specialty items	#[Amount]	Insured only	Appraisal may be required

Additional Living Expenses (ALE)

Expense Type	Amount/Month	Duration	Payment Method	Payee
Rent	#[Amount]	[Months]	Monthly direct	Landlord or Insured
Utilities	#[Amount]	[Months]	Reimbursement	Insured
Storage	#[Amount]	[Months]	Direct pay	Storage facility
Other	#[Amount]	[Months]	As incurred	Various

SECTION 3: ENDORSEMENT AUTHORITY

Power of Attorney Authorization

 **LEGAL NOTICE:** Granting POA for check endorsement has significant legal implications

☐ **LIMITED POWER OF ATTORNEY GRANTED**

Attorney-in-Fact Designation:

- **Name:** [Full legal name]
- **Company:** [If applicable]
- **Relationship:** ☐ Public Adjuster ☐ Attorney ☐ Contractor ☐ Family ☐ Other: [Specify]
- **License #:** [Professional license if applicable]
- **Address:** [Complete address]
- **Phone:** [Number]
- **Email:** [Email address]

Scope of Authority - LIMITED TO:

- ☐ Endorse insurance checks for this claim only
- ☐ Deposit checks into specified escrow account
- ☐ Negotiate supplemental payments
- ☐ Sign direction to pay forms
- ☐ Communicate with insurance company
- ☐ Access claim information

Explicitly EXCLUDED from Authority:

- ☐ Settle claims for less than documented amount
- ☐ Sign releases or waivers
- ☐ Modify policy coverage
- ☐ Withdraw funds without documentation
- ☐ Assign benefits to third parties
- ☐ Acts beyond this specific claim

Effective Period:

- **Start Date:** [Date or "Upon execution"]
- **End Date:** [Date or "Upon claim closure" or "Upon written revocation"]

Required Documentation:

- ☐ Separate POA document attached
- ☐ State-specific POA form completed
- ☐ Notarization completed
- ☐ Copy of attorney-in-fact's ID attached

Direct Contractor Endorsement

☐ **CONTRACTOR ENDORSEMENT AUTHORIZED**

Conditions for Contractor Endorsement:

1. Contractor may endorse jointly issued checks ONLY for deposit into:
 - **Account Name:** [Project escrow account name]
 - **Bank:** [Bank name]

- **Account #:** [Last 4 digits]
- **Account Type:** ☐ Escrow ☐ Trust ☐ Controlled disbursement

2. Required Safeguards:

- ☐ Joint control agreement in place
- ☐ Mortgage company approval obtained
- ☐ Lien waivers provided with each draw
- ☐ Inspection required before disbursement

Electronic Endorsement

☐ ELECTRONIC ENDORSEMENT AUTHORIZED

Electronic Processing System:

- ☐ Mortgage company portal: [System name]
- ☐ Insurance company system: [System name]
- ☐ Third-party escrow: [Company name]

Security Requirements:

- User ID: [Identifier]
 - Authentication method: ☐ Password ☐ Two-factor ☐ Biometric
 - IP restrictions: ☐ Yes ☐ No
 - Audit trail maintained: ☐ Required
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SECTION 4: MORTGAGE COMPANY SPECIFIC INSTRUCTIONS

Disbursement Control Options

☐ OPTION A: DIRECT ENDORSEMENT

- Mortgage company endorses and forwards checks to policyholder
- No inspection requirements
- No fee charged
- Suitable for: Losses under \$[Amount]

☐ OPTION B: CONTROLLED DISBURSEMENT

- Mortgage company establishes monitored repair escrow

- Inspection at [25%/50%/75%/100%] completion
- Fees: \$[Amount] per inspection
- Draw schedule attached

☐ **OPTION C: JOINT CONTROL**

- Three-party agreement (Insured/Mortgagee/Contractor)
- Title company or attorney manages funds
- Disbursement per construction schedule
- All parties must approve releases

☐ **OPTION D: DIRECT CONTRACTOR PAYMENT**

- Mortgage company pays contractor directly
- Requires: W-9, license, insurance, contract
- Lien waivers required
- Protects against mechanics liens

Required Documentation from Mortgage Company

Please provide within [5] business days:

- ☐ Loss draft requirements package
- ☐ Disbursement agreement
- ☐ Fee schedule
- ☐ Inspection requirements
- ☐ Direct contact information
- ☐ Processing timeline

SECTION 5: SPECIAL CIRCUMSTANCES

Emergency Repairs

Immediate Release Required for:

- Water mitigation: \$[Amount] - Required within 48 hours
- Temporary repairs: \$[Amount] - Prevent further damage
- Security measures: \$[Amount] - Protect property

- Debris removal: \$[Amount] - Safety hazard

Fast-Track Authorization: "Mortgage company authorized to immediately release up to \$[Amount] for emergency repairs without inspection upon receipt of photos and invoices."

Total Loss Situations

☐ **Applicable - Property is total loss**

Settlement Instructions:

1. Apply insurance proceeds to loan balance
2. Calculate surplus or deficiency
3. Release surplus to borrower within [10] days
4. Provide detailed payoff statement
5. Cancel insurance escrow
6. Release lien upon satisfaction

Business Losses

☐ **Business interruption proceeds included**

Allocation:

- Lost income: Paid directly to business/owner
- Continuing expenses: Per documentation
- Extra expenses: As incurred
- Not subject to mortgage company control

Multiple Insurance Policies

☐ **Multiple policies involved**

Insurance Company	Policy #	Coverage Type	Amount	Coordination
[Company 1]	[Number]	Dwelling	\$[Amount]	Primary
[Company 2]	[Number]	Flood	\$[Amount]	Coordinate
[Company 3]	[Number]	Contents	\$[Amount]	Separate

SECTION 6: FRAUD PREVENTION

Identity Verification

All parties must provide:

- ☐ Government-issued photo ID
- ☐ Proof of property ownership
- ☐ Insurance policy documentation
- ☐ Mortgage account verification

Red Flag Alerts

Do not process if:

- ☐ Payee name doesn't match policy
- ☐ Contractor not licensed/insured
- ☐ Account information suspicious
- ☐ Documentation appears altered
- ☐ Pressure for immediate action without documentation

Verification Contacts

Confirm authorization with:

1. Insurance adjuster: [Name] at [Phone]
 2. Mortgage representative: [Name] at [Phone]
 3. Attorney (if applicable): [Name] at [Phone]
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SECTION 7: INDEMNIFICATION AND HOLD HARMLESS

Comprehensive Indemnification

The undersigned jointly and severally agree to indemnify, defend, and hold harmless:

- [Insurance Company Name]
- [Mortgage Company Name]
- [Contractor Name] (if applicable)
- Their respective officers, directors, employees, agents, and representatives

From and against:

- All claims arising from payment authorization
- Losses due to fraud or misrepresentation
- Disputes between payees
- Improper use of funds
- Mechanics liens or other claims
- Attorney fees and costs

Specific Protections

This indemnification specifically includes:

- Claims by contractors or subcontractors
 - Disputes over payment allocation
 - Tax implications of payments
 - Claims by additional insureds
 - Warranty or workmanship issues
-

SECTION 8: FRAUD WARNINGS BY STATE**Federal Warning**

Any person who knowingly presents false information in an insurance claim may be guilty of a crime and subject to fines and confinement in prison.

State-Specific Warnings**[Select applicable state]**

California: Any person who knowingly presents false or fraudulent claim for payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

Florida: Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or application containing false, incomplete, or misleading information is guilty of a felony of the third degree.

New York: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a

fraudulent insurance act, which is a crime, and shall also be subject to civil penalty not to exceed \$5,000 and the stated value of the claim for each such violation.

Texas: Any person who knowingly presents a false or fraudulent claim for payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

[Include your state's specific warning]

SECTION 9: REVOCATION PROCEDURES

Right to Revoke

This authorization may be revoked by:

- ☐ Written notice to all parties
- ☐ Email with confirmation receipt
- ☐ Certified mail with return receipt

Revocation Effectiveness

- Effective upon receipt by all parties
- Does not affect completed transactions
- New authorization required for future payments

Notice of Revocation Template

"Effective [Date], I hereby revoke the Authorization and Direction to Endorse Insurance Proceeds dated [Original date] for claim #[Number]. All future payments should be processed according to new instructions to follow."

SECTION 10: CONFIRMATION AND TRACKING

Requested Confirmations

Please confirm within [48] hours:

- ☐ Receipt of this authorization
- ☐ Acceptance of terms
- ☐ Processing timeline
- ☐ Any additional requirements

Confirmation Method

- Email to: [Your email]
- Phone: [Your phone]
- Text: [Mobile number]
- Portal update: [Account number]

Tracking Information

For your records:

- Authorization sent: [Date]
 - Method: [Email/Mail/Fax/Portal]
 - Confirmation received: [Date]
 - Processed: [Date]
 - Check issued: [Date]
 - Check number: [Number]
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SIGNATURES SECTION

Primary Policyholder

POLICYHOLDER #1: Signature: _____ Print Name: [Full legal name] Date: [Date] Time: [Time - important for same-day multiple authorizations]

State of: [State] **County of:** [County] Personally appeared before me: [Name] Identification presented: [Type and number]

Additional Policyholder

POLICYHOLDER #2: (if applicable) Signature: _____ Print Name: [Full legal name] Date: [Date] Time: [Time]

Witness

WITNESS: (recommended for POA) Signature: _____ Print Name: [Full name] Address: [Complete address] Phone: [Number] Date: [Date]

NOTARIZATION

Required for Power of Attorney / May be required by mortgage company

STATE OF [State]

COUNTY OF [County]

On this [Day] day of [Month], [Year], before me, the undersigned Notary Public, personally appeared [Name(s)], known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal:

Notary Public

My Commission Expires: [Date]

Commission #: [Number]

[Notary Seal]

ACCEPTANCE BY RECEIVING PARTIES

Contractor Acceptance

CONTRACTOR: (if applicable) By: _____ Name: [Print name] Title: [Title] Company: [Company name] Date: [Date]

"Contractor acknowledges and accepts the terms of this authorization and agrees to the specified conditions for endorsement and disbursement."

Mortgage Company Acceptance

MORTGAGE COMPANY: By: _____ Name: [Print name] Title: [Title] Department: Loss Draft Department Date: [Date]

"Mortgage company acknowledges receipt and will process according to internal procedures and applicable requirements."

Insurance Company Acceptance

INSURANCE COMPANY: By: _____ Name: [Print name] Title: [Title] Claim #: [Number] Date: [Date]

"Insurance company acknowledges authorization and will issue payment(s) accordingly."

ATTACHMENTS CHECKLIST

Required Documents

- ☐ Copy of insurance claim settlement
- ☐ Repair contract (if contractor involved)
- ☐ Power of Attorney document (if applicable)
- ☐ Photo ID of all parties
- ☐ W-9 for contractor (if applicable)
- ☐ Mortgage account verification
- ☐ Property ownership proof

Supporting Documents




- ☐ Contractor's license and insurance
 - ☐ Detailed scope of work
 - ☐ Draw schedule
 - ☐ Lien waiver forms
 - ☐ Escrow account agreement
 - ☐ Joint control agreement (if applicable)
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IMPORTANT NOTICES AND TIPS

Best Practices

1. **Timing:** Submit BEFORE checks are issued when possible
2. **Copies:** Keep copies of all documents and correspondence
3. **Communication:** Confirm receipt with all parties
4. **Updates:** Notify all parties of any changes immediately
5. **Documentation:** Document all verbal authorizations in writing

Common Pitfalls to Avoid

-  Don't endorse checks without mortgage company approval
-  Don't grant unlimited power of attorney
-  Don't authorize payments to unlicensed contractors

- ✖ Don't forget to revoke expired authorizations
- ✖ Don't sign blank endorsements

When to Seek Legal Help

- Complex multiple-party situations
- Disputes over payment allocation
- Power of attorney concerns
- Large loss settlements (over \$100,000)
- Mortgage company refusing to cooperate

State Resources

- Insurance Department: [Your state's contact]
 - Attorney General Consumer Protection: [Contact]
 - Banking Regulator: [Contact for mortgage issues]
 - Contractor Licensing Board: [Contact]
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FOLLOW-UP ACTIONS

Immediate Steps

1. Send this authorization to all parties
2. Confirm receipt within 48 hours
3. Calendar follow-up for 5 business days
4. Document confirmation receipts

Ongoing Management

- Track payment status weekly
- Update authorization as needed
- Maintain communication log
- File all correspondence
- Monitor expiration dates

Completion Steps

- Confirm all payments received

- Revoke authorization when complete
 - Obtain final lien waivers
 - Close out escrow accounts
 - File final documentation
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NOTES SECTION

[Space for additional notes, special circumstances, or clarifications]

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This document is provided as a comprehensive template. Consult with an attorney for specific legal advice related to your situation. Insurance and mortgage requirements vary by state and company.