

Disaster Tips for NJ Consumers Affected by Sandy

New Jersey always has strong laws in place to protect consumers against unfair and deceptive practices. When a disaster strikes, some additional consumer protections and resources are available – and other protections that always apply deserve attention because so many people will need them. This tip sheet covers several of these areas.

Price Gouging

- Excessive price increases after natural disasters like Sandy (also called price gouging) are prohibited, and violate New Jersey’s Consumer Fraud Act. Price gouging protections became effective when the governor declared a State of Emergency on Saturday, October 27, 2012. The protections will last until 30 days after the State of Emergency is lifted.
- Gas, food, batteries, generators – anything a consumer buys or rents is covered as long as it is “consumed or used as a direct result of an emergency or . . . to preserve, protect, or sustain the life, health, safety or comfort of persons or their property.”
- Generally, prices cannot increase more than 10% above the price just before the State of Emergency we declared – but there are two 10% rules that apply. Here’s how the New Jersey Division of Consumer Affairs describes them:
 - N.J.’s Price Gouging Law [N.J.S.A. 56:8-107, *et seq.*] makes it clear that an “excessive” price increase is any . . . price that is [more than] 10 percent higher than the price charged before the State of Emergency.
 - Prices *may* rise higher if they reflect additional costs to the seller, but that higher price may not [include an increase of more than] 10 percent [in] the markup from cost compared with the price prior to the State of Emergency
- Another way to think of it: if the price seems way too high, it may well be “excessive” under the price gouging law.
- If you think a business is price gouging, get a receipt, and call the Division of Consumer Affairs at 1-800-242-5846.
- Also, consider contacting an attorney with experience in Consumer Fraud Act cases. One resource is the list of New Jersey consumer attorneys at www.naca.net. You may be able to recover treble damages and reasonable attorneys’ fees.

Home Repair Contractors

- Get a detailed written estimate for repair work in writing. If at all possible, get two or three estimates to compare. A written contract is required on all jobs over \$500, and a good idea on smaller jobs, too. Take the time to review it before signing, and be sure the contractor signs before beginning work.
- Make sure that any home repair contractor you are considering has a registration number from the NJ Division of Consumer Affairs – and call the Division to check licensing status and the contractor’s complaint history.
- Tree removers and landscapers are “home improvement contractors” under NJ law, and covered by the same rules as other home repair contractors.
- Avoid contractors who solicit work door-to-door “because we are in the neighborhood.” It’s even fishier if they claim you need repairs that you did not even know about.
- Ask for a copy of the contractor’s general liability insurance policy, and call the insurer to confirm that the coverage is valid and won’t expire before the job is done.
- If you signed a contract with a contractor who first contacted you in person at your home or anywhere else except the contractor’s place of business, you have a three-day right to cancel in writing – and a longer time to cancel if you did not receive proper notice of this right.
- Don’t pay the full amount of any repairs up front. One rule of thumb is to pay one third when work begins, one third when a certain part of the work is done right, and one third after the entire job is finished, all inspections are completed and all required permits have been obtained.
- Take steps to prevent unexpected problems, such as a construction lien, if the contractor fails to pay subcontractors or suppliers. Before making each payment after work begins:
 - Have the contractor obtain a Waiver of Lien from suppliers and subcontractors, covering all the materials used and the work performed on the project. A Waiver of Lien is a signed statement that certifies that the contractor has paid the supplier or subcontractor, and that the person signing the release will not file a lien on the property.
 - For partial payments before the work is completed in full, it may be appropriate to obtain a Partial Waiver of Lien covering all work done and materials used up to that point in time.
 - Before final payment, have the contractor give you a list of all unpaid suppliers and subcontractors. Make sure the contractor obtains final lien waivers from all of these parties before you make the final payment.

- Don't rely on lien waivers provided at the beginning of the project. Construction lien waivers are not effective in New Jersey until payment is actually received.
- Coordinate repairs with your insurance company. Try to ensure that repair costs are fully covered, and within your coverage limits (after any deductible). Get a detailed estimate in writing from the contractor, and send a copy to your insurance company before signing the contract. If the adjuster from your insurance company can't tell you that the full amount is covered (again, after any deductible), get the contractor directly in touch with the adjuster to try to work out any discrepancy. If it turns out that the total amount of coverage you have under your policy just can't cover all repairs, be sure to have a plan to cover any extra amount before work begins.
- Be very careful financing repairs, especially with a mortgage. If you can't afford the payments on a mortgage, don't go this route. Get advice before you sign any mortgage papers, or during the three day cancellation period after you sign. If you have to finance with a mortgage, aim for a fixed rate loan with the lowest interest rate and closing costs you can find.
- Find out about FEMA assistance – call 1-800- 621-FEMA(3362) or 1-800-462-7585 (TTY). FEMA can offer grants and/or low-interest loans to make repairs to homes damaged by Sandy anywhere in New Jersey. There is more information about FEMA assistance below.

Insurance Claims

- Document all damages to your house or apartment by making a list and taking photos or making videotapes of the damage before you undertake repairs.
- Take steps necessary to prevent further damage, and save receipts.
- If you have to relocate, or incur other expenses because of damage to your home, keep those receipts, too.
- Contact your insurance company promptly.
- Review the declarations page of your insurance policy, and check the deductible. If your damages are minor, and the cost of repairs will be less, or not much more, than the deductible, it may be best to hold off on filing a claim, since claims made can increase future premiums. Be sure to make repairs needed to keep you and your house safe, though. You should be able to discuss your options with a representative of your insurance company, without having to file a claim first.

- If your damages are significant, there are additional tips on coordinating repairs with your insurance company in the section on home repair contractors. Consider asking your insurance company for a list of contractors they can recommend in your area.
- If you have a mortgage, insurance checks will likely be made out to both you and your mortgage servicer. Your mortgage servicer will want to be sure that necessary repairs have been made before releasing funds.
- Sandy was officially a “post-tropical storm” and not a “hurricane” by the time it reached New Jersey. This means better coverage under many homeowners policies – in particular, higher deductibles for hurricane damage claims should not apply.
- For information and assistance with insurance claims, you can contact the Ombudsman at the NJ Department of Banking & Insurance:

The Office of the Insurance Ombudsman
 NJ Department of Banking and Insurance
 20 West State Street
 PO Box 472
 Trenton NJ 08625-0472
 1-800-446-7467
 E-mail: ombudsman@dobi.state.nj.us

- Tell “public adjusters” who contact you to take a hike. They are expensive – they will take a percentage of your insurance recovery – and are not usually necessary. Some use high-pressure sales tactics. If you think you might need help with your claim, contact several public adjusters to find out more about their services. Before making a final decision, request and contact several references, and contact your municipality, local Consumer Affairs office, and the NJ Department of Banking & Insurance (which licenses all public adjusters in NJ) to check licensing status and complaint history, and to see if they can provide additional help or advice.
- If you signed a contract with a public adjuster who first contacted you in person at your home or anywhere else except the adjuster’s place of business, you have a three-day right to cancel in writing – and a longer time to cancel if you did not receive proper notice of this right. The contract may also set forth other ways that to cancel, and you can also cancel if the adjuster had any contact with you before 8 a.m. or after 6 p.m. during first the 24 hours after the damage occurred.

Charities

- Be alert for fraudulent requests for donations from fake charities. Also, beware of paid solicitors who will take some or even most of your donation as profit. Ask anyone soliciting a donation if they are volunteering their time (and if not, exactly who employs them), and how much of any donation will actually go to the charity.

- Charities must be registered with the Division of Consumer Affairs, and disclose how much of its donations are used for actual programs, as opposed to fundraising and management costs. Check with the Division at 800-242-5846 – before you make a donation – if you have any questions.
- It's generally best to give to organizations you know and trust.
- Charitable pledges that haven't yet been paid yet can be cancelled if you have concerns.

FEMA Assistance

- Individual assistance is available through the Federal Emergency Management Authority (FEMA) in all 21 New Jersey counties.
- You can contact FEMA at 1-800- 621-FEMA(3362) or 1-800-462-7585 (TTY), or or visiting www.disasterassistance.gov. You can apply for disaster assistance online.
- According to FEMA, assistance can include:
 - Rental payments for temporary housing for those whose homes are unlivable. Initial assistance may be provided for up to three months for homeowners and at least one month for renters. Assistance may be extended if requested after the initial period based on a review of individual applicant requirements. (Source: FEMA funded and administered.)
 - Grants for home repairs and replacement of essential household items not covered by insurance to make damaged dwellings safe, sanitary and functional. (Source: FEMA funded and administered.)
 - Grants to replace personal property and help meet medical, dental, funeral, transportation and other serious disaster-related needs not covered by insurance or other federal, state and charitable aid programs. (Source: FEMA funded at 75 percent of total eligible costs; 25 percent funded by the state.)
 - Unemployment payments up to 26 weeks for workers who temporarily lost jobs because of the disaster and who do not qualify for state benefits, such as self-employed individuals. (Source: FEMA funded; state administered.)
 - Low-interest loans to cover residential losses not fully compensated by insurance. Loans available up to \$200,000 for primary residence; \$40,000 for personal property, including renter losses. Loans available up to \$2 million for business property losses not fully compensated by insurance. (Source: U.S. Small Business Administration.)

- Loans up to \$2 million for small businesses, small agricultural cooperatives and most private, non-profit organizations of all sizes that have suffered disaster-related cash flow problems and need funds for working capital to recover from the disaster's adverse economic impact. This loan in combination with a property loss loan cannot exceed a total of \$2 million. (Source: U.S. Small Business Administration.)
- Loans up to \$500,000 for farmers, ranchers and aquaculture operators to cover production and property losses, excluding primary residence. (Source: Farm Service Agency, U.S. Dept. of Agriculture.)
- Other relief programs: Crisis counseling for those traumatized by the disaster; income tax assistance for filing casualty losses; advisory assistance for legal, veterans benefits and social security matters.

Mortgage Payments

Fannie Mae and Freddie Mac

- If your loan is owned by Fannie Mae – which may be the case even though you make your mortgage payments to another company that acts as the servicer:
 - The servicer may temporarily suspend or reduce mortgage payments for up to 90 days if your income is affected by the disaster under Fannie Mae's Special Relief Measures policy – without having to obtain approval from Fannie Mae.
 - In more severe cases, the servicer may grant relief for a borrower impacted by the disaster while it attempts to establish Quality Right Party Contact (QRPC) and determine an appropriate course of action. Servicers must consult with Fannie Mae before granting disaster-related relief that exceeds 90 days. Generally, after establishing QRPC, forbearance may be granted up to six months from the date of the first reduced or suspended payment. Fannie Mae's written approval is required for longer periods.
- To find out if Fannie Mae owns your loan, go to <https://www.knowyouroptions.com/loanlookup>
- Freddie Mac has announced similar relief for mortgage loans that it owns:

Freddie Mac strongly encourages servicers to help affected borrowers with Freddie Mac-owned loans by:

Suspending foreclosure and eviction proceedings for up to 12 months;
Waiving assessments of penalties or late fees against borrowers with disaster-damaged homes; and

Not reporting forbearance or delinquencies caused by the disaster to the nation's credit bureaus.

For more information on mortgage payment relief, homeowners should contact their mortgage servicer – the company to which they send their monthly mortgage payment – or call Freddie Mac at 800-FREDDIE. Freddie Mac's general disaster relief policies are posted online at <http://www.freddiemac.com/singlefamily/service/disastermgmt.html>.

- To find out if Freddie Mac owns your loan, go to <https://ww3.freddiemac.com/corporate>.

Mortgage Servicers

- Your mortgage servicer is the bank or other company that you make your payments to each month. Whether or not Fannie Mae or Freddie Mac owns your loan, your servicer may offer temporary assistance with payments. Some mortgage servicers have contact numbers for borrowers affected by the storm, including:

Wells Fargo: 800-869-3557, 24 hours a day, seven days a week, or the Disaster Assistance hotline at 888-818-9147 or 515-213-7700.

JPMorgan Chase: 888-356-0023 -- choose option 1 for mortgage

Citigroup: 800-283-7918

Bank of America: Hotline for customers impacted by the storm: 855-729-1764.

PNC Bank: 800-822-5626

Credit Card and Other Bank Fees

- Many banks are waiving and/or refunding certain fees and charges, including late fees, for New Jersey customers. Some, including Citibank and Bank of America, have announced that they are waiving fees for early CD withdrawals for recovery use.
- Several major banks have announced that they are extending these protections through the close of business on November 7, 2012.
- Check your bank's web site for current details and contact information.
- Be careful about overdraft fee waivers. Banks that have announced waivers may decide to impose their high fees for overdrafts that have not been covered by the end of the waiver period.

Resources:

- FEMA Information – <http://www.fema.gov>
- NJ Office of Emergency Management Alerts & Updates -- readynj.posterous.com
- Governor’s Press Release on Price Gouging --
www.nj.gov/oag/newsreleases12/pr20121030a.html
- NJ Division of Consumer Affairs tips for consumers on "How To Avoid Disaster-Related Scams;"
 - English (www.njconsumeraffairs.gov/disaster/floodtipsflyer_1.pdf)
 - Spanish (www.njconsumeraffairs.gov/disaster/floodtipsflyerSP_1.pdf)
- Legal Services of New Jersey Hotline and Intake– 1-888-576-5529 or
<https://www.lsnjlawhotline.org>
- National Association of Consumer Advocates – including list of New Jersey consumer attorneys – www.naca.net