

28A

Date March 21, 2016

COMMUNICATION OF FIRE ESCROW AT 2500 59th Street

Communication from Neighborhood Inspection Division regarding demolition cost reserve escrowed for main structure located at 2500 59th Street, Des Moines, Iowa.

(Communication and documentation attached)

Moved by _____

to receive and file and to direct the City Attorney to bring legal action within one hundred eighty (180) days of certified mail notice dated February 24, 2016, if owner(s) has not demolished or renovated the structure.

| COUNCIL ACTION | YEAS | NAYS | PASS | ABSENT |
|----------------|------|------|------|--------|
| COWNIE | | | | |
| COLEMAN | | | | |
| GATTO | | | | |
| GRAY | | | | |
| HENSLEY | | | | |
| MOORE | | | | |
| WESTERGAARD | | | | |
| TOTAL | | | | |

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

MOTION CARRIED

APPROVED

Mayor

City Clerk

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February 23, 2016

CITY OF DES MOINES
400 ROBERT D RAY DR
DES MOINES IA 50309

State Farm Insurance Companies
Fire Claims
PO Box 106169
Atlanta, GA 30348-6169
Fax 844 236 3646

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

RE: Claim Number: 15-7Z44-246
Insured: Neil and Jill Johnston
Date of Loss: February 9, 2016

Dear City of Des Moines:

The property located at 2500 59th Street, Des Moines, Iowa, sustained fire damage on the above-referenced date of loss. We have received a proof of loss for a sum exceeding 75% of the value of the policy. Iowa law requires fire and casualty companies to hold a demolition cost reserve under such circumstances. In general, insurers must reserve \$10,000.00 or 10% of the payment, whichever is greater, to cover demolition costs under the circumstances if:

- a. The property is located within the corporate city limits of a city.
- b. The damage to the property renders it uninhabitable or unfit for the purpose for which it was intended, without repair.
- c. Proof of loss has been submitted by the policyholder for a sum in excess of seventy-five percent of the face value of the policy covering the building or other insured structure.

Therefore, to be in compliance with Iowa Statute HB-499 Section 515.139, I am notifying you that a reserve for demolition costs has been withheld.

It is my understanding that the City shall release all interest in the demolition cost reserve within 180 days after receiving notice of the existence of the demolition cost reserve unless the City has instituted legal proceedings for the demolition of said building and has notified the insurer in writing of the institution of such legal proceedings. Failure of the City to notify the insurer of such legal proceedings shall terminate the City's claim to any proceeds from the reserve.

A reserve for demolition cost shall no longer be required if:

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- A. The insurer has received notice from the insured and the City Council that the insured has completed repairs to the property or has completed demolition of the property in compliance with all applicable and local ordinances.
- B. The City has failed to notify the insurer as provided under subsection 3 (noted above).

If the city has instituted legal proceedings, undertaken emergency action, or is required to demolish the damaged property at city expense, the city shall present to the insurer costs incurred, since the date of the fire or other occurrence, including but not limited to legal costs, engineering costs, and demolition costs related directly to the enforcement of any local ordinance, and the insurer shall compensate the city for the incurred costs up to the amount in the demolition cost reserve. Any amount left from the demolition cost reserve after the cost of demolition of the property is paid to the city shall be paid to the insured if the insured is entitled to the remaining proceeds under the policy.

The insurer is not liable for any amount in excess of the limits of the liability set out by the policy. Insurers complying with this section or attempting in good faith to comply with this section shall be immune from civil and criminal liability.

This letter is notice of our compliance with Iowa law. Please call if you have any questions.

Sincerely,

Jon Behrens
Claim Specialist
844 458 4300 ext 2534395727
State Farm Fire and Casualty Company

09/819/2298388