

BILL NO. 32 - 2013  
AN ORDINANCE

AMENDING CHAPTER 1, PART 7 FIRE ESCROW PROCEEDS, OF THE CODIFIED ORDINANCES OF THE CITY OF READING BY ADDING REQUIREMENTS REGARDING THE REHABILITATION OR DEMOLITION OF FIRE DAMAGED PROPERTIES AND RENUMBERING AS REQUIRED.

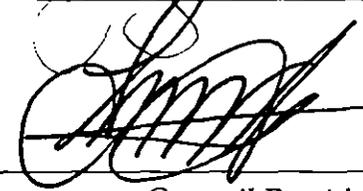
THE COUNCIL OF THE CITY OF READING HEREBY ORDAINS AS FOLLOWS:

**SECTION 1.** Amending Chapter 1, Part 7 Fire Escrow Proceeds, of the Codified Ordinances of the City of Reading by adding requirements regarding the rehabilitation or demolition of fire damaged properties and renumbering as required is hereby amended as attached in Exhibit A.

**SECTION 2:** All relevant ordinances, regulations and policies of the City of Reading, Pennsylvania not amended per the attached shall remain in full force and effect.

**SECTION 3:** If any section, subsection, sentence or clause of this ordinance is held for any reason to be invalid such decision shall not affect the validity of the remaining portions of the Ordinance.

**SECTION 4:** This Ordinance shall become effective in ten (10) days after passage.

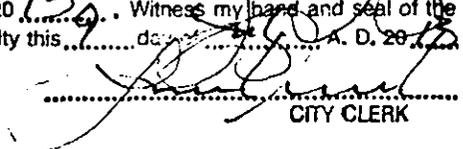
Enacted July 8, 2013  
  
\_\_\_\_\_  
Council President

Attest:

  
\_\_\_\_\_  
City Clerk

(Council Staff & Fire Escrow Work Group)

Submitted to Mayor:   
Date: 7/9/13

I, LINDA A. KELLEHER, City Clerk of the City of Reading, Pa., do hereby certify, that the foregoing is a true and correct copy of the original Ordinance passed by the Council of the City of Reading, on the 8 day of July, A. D. 20 13. Witness my hand and seal of the said City this 9 day of July, A. D. 20 13.  
  
\_\_\_\_\_  
CITY CLERK

Received by the Mayor's Office: \_\_\_\_\_

Date: 7/9/13

Approved by Mayor: \_\_\_\_\_

Date: 7/9/13

Vetoed by Mayor: \_\_\_\_\_

Date: \_\_\_\_\_

## EXHIBIT A

### CHAPTER 1 - Administration

#### PART 7 FIRE INSURANCE PROCEEDS

##### A. Fire Insurance Proceeds Escrow Procedures.

##### §1-701. Municipal Officer; Definitions.

1. The Director of the Department of Finance *Administration* or his designee (hereafter, the "Municipal Officer") is hereby appointed as the designated officer who is authorized to carry out all responsibilities and duties of the City stated herein. [Ord. 8-1996]

2. A fire loss or claim for fire damage is defined as any loss occurring after the effective date of this Part and covered under a policy of fire insurance, including any endorsements or riders to the policy.

3. The Fire Insurance Escrow Act (herein "the Act") refers to the Insurance Company Law of 1921 as amended by Act 98 of 1992 and Act 93 of 1994<sup>83</sup>, and adopted by the City of Reading Pursuant to Ord. 7-1995.

(Ord. 6-1995, 2/1/1995, Art. 1; as amended by Ord. 8-1996, 2/26/1996, §2)

##### §1-702. Payment of Claims.

1. No insurance company, association or exchange (hereinafter the "insurer") doing business in the Commonwealth of Pennsylvania shall pay a claim of a named insured for fire damage to a structure located within the City of Reading (hereinafter the "Municipality") where the amount recoverable for the fire loss to the structure under all policies exceeds \$7,500, unless the insurer is furnished by the Municipal Officer with a municipal certificate pursuant to §508(b) of the Act and unless there is compliance with §§508(c) and (d) and the provisions of Ord. 7-1995 [Part 7B], ~~enacted contemporaneously herewith~~ dealing with payment of delinquent taxes.

<sup>83</sup> 40 P.S. § 638.

2. After full compliance with the requirements of §508(b)(1)(I) of the Act and Ord. 7-1995 [Part 7B], the insurer shall pay the claim of the named insured, provided however, that if the loss is agreed upon by the named insured and the insurer equals or exceeds 60% of the aggregate limits of liability on all fire policies covering the building structure, the following procedures shall be followed:

A. The insurer shall transfer from the insurance proceeds to the Municipal Officer the aggregate of \$2,000 for each \$15,000 of a claim and for each fraction of that amount of a claim, provided subsection (1) that this Section is to be applied such that if the claim is \$15,000 or less, the amount transferred to the City shall be \$2,000; and (2) that, if at the time of a loss report the named insured has submitted a contractor's signed estimate of the costs of removing, repairing or securing the building or other structure in an amount less than the amount calculated under the foregoing transfer formula, the insurer shall transfer to the City from the insurance proceeds the amount based upon the estimate.

B. The transfer of proceeds shall be on *pro rata* basis by all companies, associations or exchanges insuring the building or other structure. Policy proceeds remaining after the transfer to the City shall be disbursed in accordance with the policy terms.

3. After the transfer, the named insured may submit a *licensed* contractor's signed estimate of the costs of removing, repairing or securing the building or other structure, and the designated officer shall return the amount of the funds transferred to the City in excess of the estimate to the named insured, if the City has not commenced to remove, repair or secure the building or other structure.

4. Upon receipt of proceeds under this Section, the City shall do the following:

A. The Municipal Officer shall place the proceeds in the separate fund to be used solely as security against the total costs of removing, repairing, or securing the building or structure which are incurred by the City, ~~Such costs shall include, without limitation~~ including, but not limited to, any engineering, legal or administrative costs incurred by the City in connection with such removal, repair or securing of the building or any inspections or proceedings related thereto.

B. It is the obligation of the insurer when transferring the proceeds to provide the City with the name and address of the named insured. Upon receipt of the transferred funds and the name and address of the named insured, the Municipal Officer shall contact the named insured, certify that the proceeds have been received by the City and notify the named insured that the procedures under this subsection shall be followed. *If the insured transfers title to the property or assigns the escrow to a new*

*owner, the original insured shall notify the City about the title transfer or assignment within 30 days of the transfer or assignment.*

*C. The named insured shall have two (2) years from the date the City provides the notice required under Section 4(B) to complete the rehabilitation of the property, with a one (1) year extension available after receiving written approval from the City's Fire Marshal and Chief Building Inspector. If the insured chooses demolition rather than rehabilitation, he shall have six (6) months to complete the demolition, which includes clearing all debris.*

**€ D.** When repairs, removal or securing of the building or other structure have been completed in accordance with all applicable regulations and orders of the City and the required proof of such completion received by the Municipal Officer, and if the City has not incurred any costs for repairs, removal or securing, the fund shall be returned to the named insured. If the City has incurred costs for repairs, removal or securing of the building or other structure, the costs shall be paid from the fund and, if excess funds remain, the City shall transfer the remaining funds to the named insured.

E. To the extent that interest is earned on proceeds held by the City pursuant to this Section, and retained by it, such interest shall belong to the City. To the extent that proceeds are returned to the named insured, interest earned on such proceeds shall be distributed to the named insured at the time that the proceeds are returned.

*F. Prior to the release of any funds under Section D, the property must be inspected by a City of Reading Building Code inspector and an inspector from the Office of the Fire Marshal who shall certify that all the required work has been done to repair, remove and/or secure the property. No property shall be considered repaired, removed or secured unless both the exterior and interior of the property meet the minimum standards for safety under and all City, State and Federal laws and regulations, including but not limited to, the Pennsylvania Uniform Construction Code as adopted and amended by the City of Reading, the City of Reading Property Maintenance Code, and the Fire Prevention Code of the City of Reading.*

5. Nothing in this Section shall be construed to limit the ability of the City to recover any deficiency. Furthermore, nothing in this Part shall be construed to prohibit the City and the named insured from entering into an agreement that permits the transfer of funds to the named insured if some other reasonable disposition of the damaged property has been negotiated.

6. ~~Shall provide~~ The City of Reading may adopt procedures and regulations to implement the provisions of this Part and may by ordinance fix reasonable fees to be charged for municipal

activities and services provided pursuant to this Part; including but not limited to, issuance of certificates and bills, performance of inspections and opening separate fund accounts.  
(*Ord. 6-1995, 2/1/1995, Art. 2; as amended by Ord. 14-2001, 5/29/2001*)

**§1-703. Adoption of Procedures and Regulations.**

The City of Reading may by ordinance adopt procedures and regulations to implement §508 and this Part and may by resolution fix reasonable fees to be charged for municipal activities or services provided pursuant to §508 and this Part; including but not limited to issuance of certificates and bills, performance of inspections and opening separate fund accounts.  
(*Ord. 6-1995, 2/1/1995, Art. 3; as amended by Ord. 14-2001, 5/29/2001*)

**§1-704. Penalties.**

Any owner of property, any named insured or any insurer who violates this Part shall be, upon conviction thereof, sentenced to pay a fine of not more than \$1,000 plus costs and, in default of payment of said fine and costs, to a term of imprisonment not to exceed 30 days.  
(*Ord. 6-1995, 2/1/1995, Art. 4; as amended by Ord. 14-2001, 5/29/2001*)



# CITY OF READING, PENNSYLVANIA

CITY COUNCIL  
ROOM 2-24  
815 WASHINGTON STREET  
READING, PA 19601-3690  
(610) 655-6204

LINDA A. KELLEHER CMC  
CITY CLERK

**DATE:** June 25, 2013  
**FROM:** Linda A. Kelleher, City Clerk

**Please place the following ad in the Reading Eagle Times in the Public Notice Section on Monday, July 1, 2013**

**City of Reading  
Ordinance Introduction  
Fire Escrow**

The City of Reading City Council introduced the following ordinances at their regular business meeting on Monday, June 24, 2013:

**Ordinance** – amending Chapter 1, Part 7 Fire Escrow Proceeds, of the Codified Ordinances by adding requirements regarding the rehabilitation or demolition of fire damaged properties and renumbering as required.

This ordinance is eligible for enactment at Council's July 8, 2013 regular business meeting. For more information or for a copy of the complete ordinance please contact the City Clerk's Office, City Hall, 815 Washington St, Rdg, PA during regular business hours or by E Mail at [Council@readingpa.org](mailto:Council@readingpa.org). A copy of the ordinance is also available on the City's website on the Regular Meeting agenda for June 24<sup>th</sup> or July 8<sup>th</sup>.

Linda A. Kelleher CMC  
City Clerk

