

ARTICLE II

FIRE INSURANCE ESCROW

History: Adopted by the Board of Supervisors of Center Township as Ordinance No. 2011-03-01, March 9, 2011.

§6-201. Designated Officers

The Board of Supervisors may designate and hereby appoint as the designated officer(s) (“Designated Municipal Officer”) who is authorized to carry out all responsibilities and duties stated herein.

§6-202. Use of Fire Insurance Proceeds

No insurance company, association or exchange (hereinafter the “Insuring Agent”) doing business in the Commonwealth of Pennsylvania shall pay a claim of a named insured for fire damage to a structure located within Center Township where the amount recoverable for the fire loss to the structure under all policies exceeds Seven Thousand, Five Hundred dollars (\$7,500), unless the Insuring Agent is furnished by the Township with a municipal certificate pursuant to Section 508(B) of Act 98 of 1992 (and unless there is compliance with Section 508(C) and (D) of Act 98 of 1992 and the provisions of this Article).

§6-203. Municipal Claims

- A. Where there are delinquent taxes, assessment, penalties or user charges against the property (“municipal claims”), or there are expenses which the Township has incurred for costs of removal, repair or securing of a building or other structure on the property (collectively “municipal expenses”), the designated municipal officer shall immediately render a bill for such work, if not already done. Upon written request of the named insured specifying the tax description of the property, the name and address of the insurer and the date of receipt by the insurer of a loss report of the claim, the Designated Municipal Officer shall furnish a Certificate within fourteen (14) days after the request of the insured either:
 1. Stating that there are no unpaid municipal claims or municipal expenses against the property; or
 2. Specifying the nature of and amount of such claims or expenses, accompanied by a bill for such amounts.
- B. In accordance with Section 6-203.C.5.b, the insurer shall transfer to the Designated Municipal Officer an amount from the insurance proceeds sufficient to pay municipal claims and municipal expenses prior to making payment to the named insured, subject to the provisions of Section 6-204 hereof.

- C. Where pursuant to Section 508(B)(1)(I) of Act 98 of 1992, the township issues a certificate indicating that there are no delinquent taxes, assessments, penalties or user charges against real property, the Insuring Agent shall pay the claim of the named insured, provided however, that if the loss agreed upon by the named insured and the Insuring Agent equals or exceeds sixty percent (60%) of the aggregate limits of liability on all fire policies covering the building restructure, the following procedures must be followed:
1. The insuring Agent shall transfer from the insurance proceeds to the designated officer of the Municipality in the aggregate of Two Thousand dollars (\$2,000) for each Fifteen Thousand dollars (\$15,000) of a claim and for each fraction of that amount of a claim, this section to be applied such that if the claim is Fifteen Thousand dollars (\$15,000) or less, the amount transferred to the Municipality shall be Two Thousand dollars (\$2,000); or
 2. If at the time of a proof of loss agreed to between the named insured and the Insuring Agent, the named insured has submitted a contractor's signed estimate of the costs of removing, repairing or securing the building or other structure, the Insuring Agent shall transfer to the Municipality from the insurance proceeds the amount specified in the estimate.
 3. The transfer of proceeds shall be on pro rata basis by all companies, associations or exchanges insuring the building or other structure.
 4. After the transfer, the named insured may submit a 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 Municipality in excess of the estimate to the named insured, if the Municipality has not commenced to remove, repair or secure the building or other structure.
 5. Upon receipt of proceeds under this Section, the Municipality shall do the following:
 - a. The designated officer shall place the proceeds in a 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 Municipality. Such costs shall include, without limitation, any engineering, legal or administrative costs incurred by the municipality on connection with such removal,

repair or securing of the building or any proceedings related thereto; and

- b. It is the obligation of the Insuring Agent when transferring the proceeds to provide the Municipality 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 designated officer shall contact the named insured, certify that the proceeds have been received by the Municipality and notify the named insured that the procedures under this subsection shall be followed; and
 - c. When repairs, removal or securing of the building or other structure have been completed in accordance with all applicable regulations and orders of the Municipality and the required proof of such completion received by the designated officer, and if the Municipality has not incurred any costs for repairs, removal or securing, the funds shall be returned to the named insured. If the Municipality has incurred costs for repairs, removal or securing of the building or other structure, the cost shall be paid from the fund and if excess funds remain, the Municipality shall transfer the remaining funds to the name insured; and
 - d. To the extent that interest is earned on proceeds held by the Municipality pursuant to this Section, and not returned to the named insured, such interest shall belong to the Municipality. To the extent that proceeds are returned to the named insured, interest earned on such proceeds shall be distributed to the name insured at the time that the proceeds are returned upon receipt of a Certificate issued by the Designated Municipal Officer that the repair, removal, or securing of the building or other structure has been completed in accordance with all applicable Codes and Regulations of the Township.
6. Nothing in this Section shall be construed to limit the ability of the Municipality to recover any deficiency. Furthermore, nothing in this subsection shall be construed to prohibit the Municipality and the named insured from entering into an agreement that permits the transfer of funds to the name insured of some other reasonable disposition of the damaged property has been negotiated.

§6-204. Insurance Company Rights Reserved

An insurance company, associated or exchange making payment of policy proceeds under this Article for delinquent taxes or structural removal liens or removal expenses

insured by the Township of Center shall have full benefit of such payment including all rights of subrogation and of assignment.

§6-205. Reasonable Municipal Fees

The Board of Supervisors may by resolution adopt procedures and regulations to implement Act 98 of 1992 and this Article and may by resolution fix reasonable fees to be charged for municipal activities or services provided pursuant to Act 98 of 1992 and this Article; including but not limited to issuance of certificates and bills, performance of inspections and opening separate fund accounts.

§6-206. Penalties, Costs, and Attorney Fees

Any owner of property, any named insured of any insuring agent who violates this Article shall be subject to a penalty of up to One Thousand dollars (\$1,000) per violation together with legal costs and reasonable attorneys fees of not less than five percent (5%) of the amount due, as incurred by the Municipality in enforcement of this Article.