

Date March 27, 2023

**COMMUNICATION OF FIRE ESCROW AT 1019 WEST STREET**

Communication from Neighborhood Inspection Division regarding demolition cost reserve escrowed for main structure located at 1019 West 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 January 25, 2023, if owner(s) has not demolished or renovated the structure.

Second by \_\_\_\_\_

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
BOESEN				
GATTO				
SHEUMAKER				
MANDELBAUM				
VOSS				
WESTERGAARD				
TOTAL				
MOTION CARRIED		APPROVED		
_____ Mayor				

**CERTIFICATE**

I, Laura Baumgartner, 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.

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

Financial Institution Services Division  
P.O. Box 297  
Cincinnati, Ohio 45201-297  
877-429-3826



Financial Institution Services

January 25, 2023

City of Des Moines  
Attn: Neighborhood Services Department  
602 Robert D. Ray Drive  
Des Moines, IA 50309

<b>RE:</b>	<b>Claim Number:</b>	836-746141
	<b>Insured:</b>	Rushmore Loan Management Services, LLC
	<b>Policy Number:</b>	E414838
	<b>Insured Location:</b>	1019 West St. Des Moines, IA 50315
	<b>Amount of Insurance:</b>	\$66,424.00
	<b>Deductible:</b>	\$2,500.00
	<b>Damage:</b>	<b>RCV:</b> \$84,160.74
		<b>ACV:</b> \$74,449.26
	<b>Demo Holdback:</b>	\$10,000.00

To Whom It May Concern:

Great American Assurance Company ("Great American") insures Rushmore Loan Management Services, LLC for the above property. A fire occurred at the location on December 17, 2022.

Per our conversation, ORC 515.139 requires that an insurer shall reserve ten thousand dollars or ten percent, whichever amount is greater, of the payment for damage to the property. Therefore, we are holding a reserve of \$10,000.00, pending action by the City of Des Moines.

*Iowa Code § 515.139. Demolition reserve on fire and casualty claims on property sustaining loss states the following:*

- 515.139 DEMOLITION RESERVE ON FIRE AND CASUALTY CLAIMS ON PROPERTY.**
1. An insurer shall reserve ten thousand dollars or ten percent, whichever amount is greater, of the payment for damages to the property excluding personal property on which the insurer has issued a fire and casualty insurance policy as demolition cost reserve if the following are applicable:
    - a. The property is located within the corporate 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.
  2. An insurer which has received a proof of loss in excess of seventy-five percent of the face value of the policy covering a building or other insured structure, shall notify the city council of the city within which the property is located. The notice shall be made by certified mail within five working days after receipt of the proof of loss.

City Des Moines  
836-746141  
January 25, 2023

3. *The city shall release all interest in the demolition cost reserve within one hundred eighty days after receiving notice of the existence of the demolition cost reserve unless the city has instituted legal proceedings for the demolition of the building or other insured structure, and has notified the insurer in writing of the institution of the legal proceedings. Failure of the city to notify the insurer of the legal proceedings terminates the city's claim to any proceeds from the reserve.*

4. *A reserve for demolition costs is no longer required if either of the following is true:*

a. *The insurer has received notice from both 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 statutes and local ordinances.*

b. *The city has failed to notify the insurer as provided under subsection 3.*

5. *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.*

6. *The insurer is not liable for any amount in excess of the limits of liability set out by the policy.*

7. *Insurers complying with this section or attempting in good faith to comply with this section shall be immune from civil and criminal liability.*

Our contact for Rushmore Loan Management Services, LLC is as follows:

Rushmore Loan Management Services LLC  
Attn: Keith Stroud  
P.O. Box 791439  
San Antonio, TX 78279

**\*\*via email only\*\***  
**\*\*kstroud@rushmorelm.com\*\***

Our office is holding a reserve of \$10,000.00, pending action by the City of Des Moines as required by the ORC.

No actions taken by Great American Assurance Company in the investigation of this matter shall be construed as a waiver of any of the rights that may be available to it, including the right to deny or limit coverage. In addition, this letter should in no way be construed as a waiver or estoppel of any coverage position afforded by applicable law or the policy. If you have any information, whether or not requested herein, which may be pertinent to our investigation, we ask that you forward it to us immediately for our review and consideration.

If you have specific questions or concerns regarding this correspondence, please contact me at 513-333-6583 or via e-mail at [dmhughes@gaig.com](mailto:dmhughes@gaig.com).

Sincerely,

*Danielle Hughes*

Danielle Hughes

City Des Moines  
836-746141  
January 25, 2023  
Claim Specialist