

ORDINANCE NO. 2025-03

**AN ORDINANCE CONCERNING FIRE INSURANCE PROCEEDS FOR PROPERTIES
IN VIOLATION OF THE CITY'S HEALTH AND SAFETY STANDARDS**

WHEREAS, the Illinois Municipal Code, 65 ILCS 5/1-2-1, provides that the corporate authorities of each municipality may pass all ordinances and make all rules and regulations proper or necessary, to carry into effect the powers granted to municipalities, with such fines or penalties as may be deemed proper; and

WHEREAS, the City of Virden ("the City") has the authority to adopt ordinances and to promulgate rules and regulations that protect the public health, safety and welfare of its citizens; and

NOW, THEREFORE, be it ordained, by the Mayor and City Council of the City of Virden as follows:

Section 1. The foregoing recitals shall be and are hereby incorporated as findings of fact as if said recitals were fully set forth herein.

Section 2. Adoption of Fee. Title 4 of the Municipal Code of the City of Virden shall be supplemented with the addition of Chapter 4 which will read as follows:

CHAPTER 4: FIRE INSURANCE PROCEEDS

4-4-1: DEFINITIONS:

For the purposes of this chapter, the following words and phrases shall have the meanings respectively ascribed to them by this section:

FINAL SETTLEMENT: A determination of the amount due and owing to the insured for a loss to insured real property under the Illinois standard policy by any of the following means:

- A. Acceptance of a proof of loss by the insurer;
- B. Execution of a release by the insured;
- C. Acceptance of an arbitration award by both the insured and the insurer;
- D. Judgment of a court of competent jurisdiction.

The term "final settlement" shall not include the payment of policy proceeds for personal property or contents damage.

REASONABLE PROOF: Any of the following:

- A. Originals or copies of pertinent contracts, invoices, receipts and other similar papers evidencing both the work performed or to be performed and the materials used or to be used by all contractors performing repair, replacement or removal services with respect to the property, other than a contractor who is subject to the following subsection of this definition;
- B. An affidavit executed by the contractor which performed the greatest amount of repair or replacement work on the structure, or which has done most of the clearing and removal work if repair or replacement is not performed. The contractor shall attach to the affidavit all pertinent contracts, invoices and receipts and shall swear that the attached papers correctly indicate the nature and extent of the work performed by the contractor and the materials used;
- C. An inspection of the insured real property to verify that the repair, replacement or clearing has been completed in accordance with this chapter.

4-4-2: INSURER TO WITHHOLD PERCENTAGE OF SETTLEMENT PROCEEDS; NOTICE:

- A. When a claim is filed for a loss to insured real property located within the City of Virden due to fire, explosion, or natural disaster and a final settlement is reached on the loss to the property, an insurer shall withhold from payment ten percent (10%) of the actual cash value of the insured real property at the time of loss or ten percent (10%) of the final settlement, whichever is less. The insurer shall immediately give notice of the withholding to the City Treasurer, the insured and any mortgagee having an existing lien against the insured property, if the mortgagee is named on the policy. In the case of a judgment, notice shall also be provided to the court in which judgment was entered. The notice shall include all of the following:
 - 1. The identity and address of the insurer,
 - 2. The name and address of each policy holder, including any mortgagee.
 - 3. Location of the insured property.
 - 4. The date of loss, policy number and claim number.
 - 5. The amount of money withheld.
 - 6. A statement that the City may have the withheld amount paid into a trust or escrow account established for the purposes set forth in this chapter, if it shows cause within fifteen (15) days that the money should be withheld to protect the public health and safety. Otherwise, the amount withheld shall be paid to the insured at the expiration of fifteen (15) days.

4-4-3: ESCROW ACCOUNT PROCEDURE:

The amount withheld by the insurer shall be placed in the City's escrow account and retained in accordance with the following procedure:

- A. An affidavit prepared by Mayor or his designee, stating that the damaged, insured structure violates existing named health and safety standards requiring the escrow of the amount withheld as surety for the repair, replacement or removal of the damaged structure, shall constitute cause for escrowing the amount withheld.
- B. In the case of a settlement, the affidavit shall be sent to the insurer, the insured and any mortgagees. Upon receipt, the insurer shall forward the amount withheld to the finance office of the City and shall provide notice of the forwarding to the insured and any mortgagees named in the policy.
- C. In the case of a judgment, the affidavit shall be sent to the insurer, the insured, any mortgagees named in the policy and the court in which judgment was entered. Upon motion of the City, the court shall order the withheld amount to be transmitted to the finance office of the City.

4-4-4: RECEIPT OF AMOUNT WITHHELD; INTEREST; COMMINGLING OF FUNDS; RELEASE OF FUNDS TO SATISFY MORTGAGES:

Upon receipt of the amount withheld and information from an insurer, the City Treasurer shall record the information and the date of receipt and shall immediately deposit the money into a trust or escrow account established for the purposes of this chapter. The account may be interest bearing, and in such event, any interest earned on the amount placed in escrow or trust shall be retained by the City to defray expenses incurred under this chapter. The funds shall not be commingled with City funds. If a mortgage on the insured property is in default, the finance report shall release such portions of the amount placed in escrow necessary to satisfy any outstanding lien of the mortgagee within ten (10) days after receipt of a written request from the first mortgagee if the funds are not held by the City as costs of demolition to the property.

4-4-5: RELEASE OF FUNDS TO INSURED:

- A. The amount held in escrow shall be immediately forwarded to the insured when the Mayor or his duly authorized agent or another authorized representative receives or is shown reasonable proof of either of the following:
 - 1. That the damaged or destroyed portions of the structure have been repaired or replaced, except to the extent that the amount withheld is needed to complete repair or replacement.
 - 2. That the damaged or destroyed structure and all remnants of the structure have been removed from the land on which the structure or the remnants of the structure were situated in compliance with this chapter and other city ordinances;
 - 3. If the insured enters into a contract to perform the repair, replacement, or removal of the structure and consents in writing to the City's payment of funds held in escrow directly to the contractor performing such services, the funds shall be released only to such contractor.

4-4-6: USE OF RETAINED PROCEEDS UPON FAILURE TO SHOW REASONABLE PROOF:

If, with respect to a loss, reasonable proof is not received or shown to the Mayor or his duly authorized agent or another authorized representative of the City within one hundred twenty (120) days after the policy proceeds were received by the finance office, the City shall use the retained proceeds to secure repair or demolish the damaged or destroyed structure and clear the property in question, so that the structure and property are in compliance with code requirements and applicable ordinances of the city. Prior to the City of Virden using any funds under this section, the City of Virden shall institute demolition proceedings in a court of competent jurisdiction. If the City does not initiate demolition proceedings within one hundred eighty (180) days after the policy proceeds were received by the finance office, the funds shall be returned to the insured and mortgagees named in the policy.

4-4-7: APPLICABILITY:

The provisions of this chapter shall apply to final settlements which exceed fifty thousand dollars (\$50,000.00)

4-4-8: SEVERABILITY; SAVING CLAUSE; VIOLATION:

- A. If any section, subsection, paragraph, sentence, clause or phrase of this chapter shall be declared invalid for any reason whatsoever, such decision shall not affect the remaining portions of this chapter, which shall continue in full force and effect, and to this end, the provisions of this chapter are hereby declared severable.
- B. This chapter shall not affect violations of any other ordinance, code or regulation of the city and any such violation shall be governed and shall continue to be punishable to the full extent of the law under the provisions of those ordinances, codes or regulations in effect at the time the violation was committed.
- C. A violation of this chapter shall incur a fine of not more than seven hundred fifty dollars (\$750.00) plus attorney fees incurred in any action under this chapter. (Ord. 3360, 11-28-2016)

Section 3. The clerk is directed by the corporate authorities to publish this Ordinance in pamphlet form. This Ordinance shall be in full force and effect after its passage and publication in accordance with 65 ILCS 5/1-2-4.

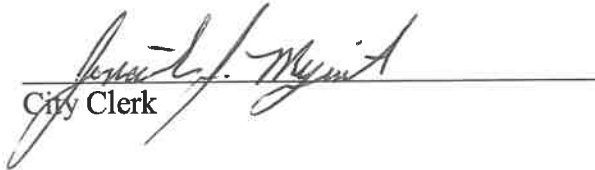
PASSED THIS 5TH day of MAY, 2025.
AYES: 4
NAYS: 0

ABSTENTIONS: 0
ABSENT: 1

APPROVED THIS 5TH day of MAY, 2025.


MAYOR

ATTEST:


City Clerk

ORDINANCE CERTIFICATE

STATE OF ILLINOIS)
) SS.
COUNTY OF MACOUPIN)

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Virden, Macoupin County, Illinois.

I do further certify that the ordinance attached hereto is a full, true, and exact copy of Ordinance No. 25-03, adopted by the Mayor and City Council of said City on the 5TH day of MAY, 2025, said Ordinance being entitled:

AN ORDINANCE CONCERNING FIRE INSURANCE PROCEEDS FOR PROPERTIES IN VIOLATION OF THE CITY'S HEALTH AND SAFETY STANDARDS

I do further certify that prior to the making of this certificate, the said Ordinance was spread at length upon the permanent records of said City, where it now appears and remains.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said City this 6TH day of MAY, 2025.



City Clerk