GRADING PERMIT SECURITY

A grading permit security is required per Section J103.7 of the 2008 County of Los Angeles Building Code (LACBC) for all grading permits in which the earthwork volume exceeds 1,000 cubic yards, or as deemed necessary by the building official where unusual conditions or special hazards exist.

The grading permit security (bond) amount is based on the number of cubic yards of material being graded in either excavation or fill, which ever is greater, plus the cost of all drainage devices or other protective devices, or work necessary to eliminate geotechnical hazards. The grading volume of material is determined to be the larger of the cut or fill volumes plus any necessary over excavation or removal and recompaction volumes.

AMOUNT OF SECURITY

The portion of the security valuation based on the volume of material in either excavation or fill shall be calculated as 50% of the estimated cost of grading work for the first 100,000 cubic yards plus 25% of the estimated cost of grading work for that portion in excess of 100,000 cubic yards. A valuation of $3.60 per cubic yard shall be used to estimate the cost of grading work. Therefore, the security amount to be collected in accordance with Section J103.7.1 of the 2008 LACBC shall be:

- $1.80/cy .......................... For 100,000 cubic yards of material or less
- $0.90/cy ............................ For material in excess of 100,000 cubic yards

The cost of all drainage devices necessary to eliminate flood hazards per Section 110.1 of the 2008 LACBC and all protective devices or work necessary to eliminate any geotechnical hazards per Section 110.2 of the 2008 LACBC must be included in the security amount. Drainage devices which are covered by a performance bond (improvements required to be completed under the Subdivision Map Act) and area drainage devices solely intended to convey nuisance flows do not need to be included. The cost of the devices or work shall be estimated by the designing Civil Engineer and verified by the Regional Drainage and Grading Engineer (RDGE).

The RDGE is responsible for calculating the total security amount and notifying the applicant during the grading plan review process. The amount of the required security shall be indicated on the grading plan approval sheet.
ACCEPTING SECURITIES

A security can be posted in one of the following forms per Section J103.7 of 2008 LACBC:

1. A bond (BND) furnished by a corporate surety authorized to do business in the State.

2. A cash security (CA), which includes cashier’s checks, certified checks, postal or bank money orders, and actual cash.

3. An instrument of credit from a financial institution, including letters of credit (LC), certificates of deposit (CD), and passbook savings accounts (PB).

**Surety Bonds**

1. The “Grading Permit Security” form shall be used and is acceptable for work located in the unincorporated area or in a contract city. Bonds shall not be accepted unless prepared on this form. A reduced size copy is included in Attachment A; original forms shall be available at each district office and are available on the Department’s website: [http://www.dpw.lacounty.gov](http://www.dpw.lacounty.gov) (Go to Forms, search “grading”).

2. Careful comparison shall be made between the bond and permit application to verify that the legal description and job address (including locality or city if in a contract city) are the same on both documents and that the principal named on the bond is the owner as shown on the application. Bond must be in owner’s name.

3. Both the principal and surety's signatures on the bond must be notarized and must have the acknowledgment slips attached to the bond.

4. The bond amount, number, and name of surety shall be entered in the spaces provided on the permit application. The plan check and permit numbers shall be entered where requested at the bottom of the bond.

5. The bond shall be filed in the grading folder and a copy shall be placed in the job jacket.

6. The permit technician shall enter the bond into DAPTS in the “SECURITY” screen of the permit application. At a minimum: the principal and surety name and address, the bond number and amount, and the filed and received dates shall be entered into DAPTS. (See Attachment G)
**Cash Deposits**

1. The cash deposit shall be taken in as “TRUST DEPOSIT FOR GRADING” in the FEES screen in DAPTS. The fee receipt printed from DAPTS shall be copied and given to the owner. (See Attachment H)

2. A copy of the fee receipt shall be placed in the grading folder, along with a copy of the check or money order (if applicable).

3. A note showing the amount of cash deposit and the owner’s name and address where the deposit is to be returned upon completion of the work shall be placed on the permit application.

4. A copy of the fee receipt shall be forwarded to Fiscal Division along with the daily report. The "cash" is deposited in the normal manner with the daily receipts.

**Instrument of Credit**

1. An instrument of credit from a financial institution in an amount equal to or greater than the grading bond required may be accepted. The District Office Manager or Assistant Office Manager prior to approval must review all instruments of credit.

2. Careful comparison should be made between the instrument of credit and the permit application to verify that the legal description and job address are the same on both documents and that the principal shown on the instrument of credit is the owner as shown on the application. Note that the name of the financial institution and owner shall not be the same.

3. Since grading projects may take several years for completion, a statement limiting the time on the instrument of credit should not be accepted unless accompanied by a further statement that it will be automatically extended if the work is not completed at that time.

4. The name and address of the principal and financial institution, the certificate number and the security amount shall be clearly noted on the permit application and in DAPTS under the TEXT screen.

5. The original instrument of credit shall be forwarded to Fiscal Division with a transmittal memo (see Attachment C). Copies of the instrument of credit are to be filed in the grading folder and job jacket.
6. The grading permit shall not be issued until an approval from Fiscal Division is received. Upon receiving approval, the approval date and Fiscal Division representative shall be noted in DAPTS under the TEXT screen (See Attachment I). Copies of the written approval (if applicable) shall be placed in the grading folder and job jacket.

**RELEASING SECURITIES**

**Surety Bonds**

1. When the work has been satisfactorily completed and the grading permit has been finaled, the “Completion Notice and Bond Release” form shall be completed (see Attachment D). One copy shall be placed in the job jacket; one copy shall be placed in the grading folder, one copy mailed or given to the owner, and the original mailed to the surety company.

2. Enter Bond has been exonerated in DAPTS. Enter amount and date (See Attachment G)

**Cash Deposits**

Release of cash deposits shall be treated as a refund. Therefore, when the work has been satisfactorily completed and the grading permit has been finaled, the attached “Cash Bond Refund” form shall be completed and forwarded to Administrative Services Division (see Attachment E). Administrative Services Division will review the form for completeness and route it to Fiscal Division, Revenue Management Section for refund. Refund should be entered in DAPTS (See Attachment H).

It should be noted that only the Office Managers and other personnel who have authorize
signature forms on file with Fiscal Division can sign this form.

**Instrument of Credit**

When the work has been satisfactorily completed and the grading permit has been finaled, a memo authorizing the release of the instrument of credit shall be forwarded to Fiscal Division (see Attachment I).
REDDUCING SECURITIES

Grading projects in which a security is required may be eligible for a reduction in the security when rough grading has been completed. For all grading projects, completion of rough grade shall include all grading operations, installation of drainage devices, rough grade approval from Geotechnical and Materials Engineering Division (where required), and submittal of “Engineered Grading Consultant Statement” (where required). Once rough grade has been completed, the project is eligible for a one-time, 50% reduction in the security at the discretion of the District Office Manager. The Field Engineer shall submit a reduction request letter to the District Office Manager.

Surety Bonds

The “Partial Completion Notice and Bond Reduction” form shall be completed (see Attachment H). A copy shall be placed in the grading folder, job jacket, and mailed/given to owner. The original shall be mailed to the surety company.

Cash Deposits

This procedure differs only slightly from releasing the deposit. On the “Cash Bond Refund” form (see Attachment D), the refund amount shall be altered to reflect the 50% reduction of the bond. In addition, the “Reason for Refund” shall be altered to read:

“Rough grading has been completed to the satisfaction of the Building and Safety Division. Therefore, this is the release of 50% of the cash deposit per Section J103.7.1 of the Building Code.”

A copy of the reduction letter shall be placed in the grading folder and job jacket.

Instrument of Credit

This procedure is identical to releasing the security, with the exception of the bond amount, which should be altered to reflect the 50% reduction.

RECOMMENDED BY: MITCH MILLER
Senior Civil Engineer

APPROVED BY: RAJESH PATEL
Superintendent of Building

AS:vc P:\bspub\RESEARCH\BCM\s\BCM J103 7 Grading Security.doc

Attach.
Supercedes BCM A3311, 05/26/05, AM 30.16, 05/20/91 and BCM 70.10 08/15/80
## Attachments

<table>
<thead>
<tr>
<th>ITEM</th>
<th>ATTACHMENT</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grading Bond Form</td>
<td>A</td>
<td>A-1</td>
</tr>
<tr>
<td>Request for Acceptance of Letter of Credit, Certificate of Deposit, or Passbook – Transmittal to Fiscal</td>
<td>B</td>
<td>B-1</td>
</tr>
<tr>
<td>Completion Notice &amp; Bond Release</td>
<td>C</td>
<td>C-1</td>
</tr>
<tr>
<td>Cash Bond Refund</td>
<td>D</td>
<td>D-1</td>
</tr>
<tr>
<td>Request to Fiscal for Release of Letter of Credit, Certificate of Deposit or Passbook</td>
<td>E</td>
<td>E-1</td>
</tr>
<tr>
<td>Partial Completion and Bond Reduction Notice</td>
<td>F</td>
<td>F-1</td>
</tr>
<tr>
<td>Entering Grading Bonds Into DAPTS</td>
<td>G</td>
<td>G-1</td>
</tr>
<tr>
<td>Entering Cash Deposits as Grading Security into DAPTS</td>
<td>H</td>
<td>H-1</td>
</tr>
<tr>
<td>Entering Other Financial Securities of Instruments into DAPTS</td>
<td>I</td>
<td>I-1</td>
</tr>
</tbody>
</table>
REDUCED COPY FOR REFERENCE ONLY

LOS ANGELES COUNTY DEPARTMENT OF PUBLIC WORKS
BUILDING AND SAFETY DIVISION
LAND DEVELOPMENT DIVISION
GRADING PERMIT SECURITY

KNOW ALL MEN BY THESE PRESENTS

That we, ____________________________________________

principal, and

a corporation, as surety and held and firmly bound unto the County of LOS ANGELES, a body public and corporate of the State of California, in the sum of $ ____________ Lawful money of the United States, for the payment of which well and truly to be made we hereby bind ourselves, jointly and severally, firmly by these presents.

Signed, sealed and dated this __________ day of __________

WHEREAS, an application by the above-named principal, has been made to the DEPARTMENT OF PUBLIC WORKS, COUNTY OF LOS ANGELES, Division of Building and Safety, Land Development for the issuance of said principal, of a permit to perform excavation or fill work or both within the County of Los Angeles more specifically described in the application for a Grading permit, upon a location owned by

said principal known as lot __________, block __________, tract __________, locality __________ or as street address of __________ in accordance with the provisions of Appendix J of the Los Angeles County Building Code, and

WHEREAS, Los Angeles County Building Code, Appendix J, requires as a condition precedent to the issuance of said permit that the principal shall furnish a security in the sum above named to the County of Los Angeles, conditioned as hereinafter set forth:

NOW, THEREFORE,

(1) If the principal shall well and truly comply with all the applicable requirements of Los Angeles County Building Code, Appendix J, and

(2) If all of the work required to be done complies with all of the terms and conditions of the Permit for excavation or fill or both to the satisfaction of the Building Official, then this obligation shall be void, otherwise it shall remain in full force and effect.

It is understood that the liability of the principal and surety upon this security shall be in effect from the date hereof and remain in effect until the completion of the work in compliance with all terms and conditions of said Grading Permit and until final approval thereof by the Building Official.

It is further understood that the County of Los Angeles, or the surety, or both, or any authorized representative of either, shall have the right to enter the above described property for the purpose of inspecting the work, and should the principal default in the performance of any of the terms and conditions of the Grading Permit, the said County, or surety, or both, or agent of either, shall have the right of access to the property and may complete the work necessary for compliance with requirements of said Building Code, Appendix J.

Where the work requiring this bond is located within an incorporated city and the County of Los Angeles is the enforcement agency, the obligation of this security shall include the incorporated city where the word is to be performed.

In such case the words "Department of Public Works, County of Los Angeles, Land Development Division" and "Building Official" shall mean such Department and Official respectively while acting, respectively, as the appropriate department and official of such city. The words "Los Angeles county Building Code" mean the building code of other ordinance having provisions the same as, or substantiating similar to Appendix J of said Los Angeles County Building Code.

IN WITNESS WHEREOF the principal and surety caused this security to be executed the day and year first above written.

________________________________________
Principle

________________________________________
Surety

(This security must be acknowledged both as to principal and surety before a Notary Public.)

Local Mailing Address of Surety:

FOR DEPARTMENT USE ONLY

<table>
<thead>
<tr>
<th>Plan Check</th>
<th>Permit No.</th>
<th>Date Work Completed</th>
<th>Date Security Released</th>
</tr>
</thead>
</table>

P:\B\Spubs\DRAIN\GRADE\Forms\Grading Permit Security
COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS
BUILDING AND SAFETY DIVISION

REQUEST FOR ACCEPTANCE OF LETTER OF CREDIT,
CERTIFICATE OF DEPOSIT OR PASSBOOK SAVINGS ACCOUNT

To: Fiscal Division
    Revenue Management Section

Date of Request: _____________

Attached is the original copy of the letter of credit, certificate of deposit, or passbook number ____________________ from ______________________________________ for the amount of $_____________________, fulfilling the requirement of Title 26, County of Los Angeles Building Code, Appendix Chapter J, Section J103.7 for grading on property described as ________________________________________________, Permit Number _____________.

Please hold this letter of credit, certificate of deposit, or passbook until the Building and Safety Division notified you that it may be released.

________________________________________
District Office Manager

District Office Stamp
COMPLETION NOTICE AND BOND RELEASE

This is to advise that each and all of the terms and conditions of Permit Number ____________ issued to ________________________________ for grading on property described as ________________________________ has been completed to the satisfaction of the Building and Safety Division in accordance with Title 26, County of Los Angeles Building Code, Appendix Chapter J, Section J103.7.4.

Therefore, the Principal and Surety of the Bond posted in connection with the above permit in the amount of $___________________ are hereby released and the Bond terminated on this date, ____________________.

DEAN D. EFSTATHIOU, Acting Director of Public Works

Bond No. _______________ By ________________________________
District Office Manager
COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS
BUILDING AND SAFETY DIVISION

CASH BOND REFUND

To: Fiscal Division
    Revenue Management Section

DIVISION REQUEST FOR REFUND       Date of Request _____________

Please refund $__________________________

To __________________________________________

Address __________________________________________

Collected For __________________________________________

Date of Receipt ___________________________, Permit Number ____________,
Or Departmental Receipt Number _________________________

Reason for Refund: The work has been completed to the satisfaction of the Building
and Safety Division. Therefore, this is the release of cash deposit per
Title 26, County of Los Angeles Building Code, Appendix Chapter J,
Section J103.7.4.

_________________________  ______________________ _________
Division      District Office Manager

--------------------------------------------------------------------------------------------------------------------
Date Received by Fiscal  Received
Division  _______________________  By______________________________

RE#__________MSW______________

This request form to be used only for receipts not related to specific billable jobs.
REQUEST FOR RELEASE OF LETTER OF CREDIT,
CERTIFICATE OF DEPOSIT OR PASSBOOK

To: Fiscal Division
   Revenue Management Section

Date of Request: ______________

All of the terms and conditions of Permit Number ______________ issued to
__________________________ for the grading on the property described as
___________________________________________________ has been completed
to the satisfaction of the Building and Safety Division in accordance with the requirements
of Title 26, County of Los Angeles Building Code, Appendix Chapter J, Section J103.7.4.
Therefore, the letter of credit, certificate of deposit or passbook number
___________________________ in the amount of $____________________ is
terminated this date and can now be released. Please release this security to:

Depositor _____________________________________
Other _________________________________________
Mailing Address ___________________________________
_________________________________

If you have any questions regarding this request, please contact _____________
at telephone number _____________________.

_________________________________
District Office Manager

District Office Stamp
COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS
BUILDING AND SAFETY DIVISION

PARTIAL COMPLETION NOTICE AND BOND REDUCTION

This is to advise that each and all of the terms and conditions of Permit Number ______________ issued to ____________________________ for the grading on property described as ____________________________ have been partially completed to the satisfaction of the Building and Safety Division in accordance with Title 26, County of Los Angeles Building Code, Appendix Chapter J, Section J103.7.4.

Therefore, the Principal and Surety of the bond posted in connection with the above permit in the amount of $____________ are hereby reduced _____% to $____________ on this date, ______________.

DEAN D. EFSTATHIOU, Acting Director of Public Works

Bond No. ___________ By______________________________
District Office Manager
Entering Grading Bond Information into DAPTS

1. Blank out these field with the delete key

2. Enter Grading permit number here

3. Press the enter or Ctrl key

4. Review the permit that appears to make certain it is the correct one. Enter an “X” in the security field then hit enter.
5. Add the date the bond is received and hit the enter key.

6. Now place an X in the add new security field and hit enter.
8 Enter the type of work being bonded

9 Enter the type of security being used (not cash)

10 Enter the unique number of the security

7 Enter an “A” for add

11 Enter the amount of the bond

12 Enter the date it was received

This screen and the next list the valid work type codes. These are the types of work that can be bonded. We are only interested in Grading for this example, but other types of work can be bonded.
This is a list of the valid participant types. The two we are most interested in are the PR Principal and the SU Surety.
16. The system will attempt to look up the property owner in the "participant" database. If the name exists in the database the system will show a line for a new entry and a line for every entry that matches the lookup. So if the entry were Bill Jones the system will show all the different Bill Jones which could be a large number. Look through the list and make certain that you select the correct entry. If the correct one does not exist select the first line. In this example we will select the 2nd entry. Put an X in the indicated field.
17. By selecting the second entry the system will show us the detail screen for that entry. If this is correct press PF6. If not press PF3 to return to the list. If we selected the first entry this screen will display only the name of the participant. We will need to put a C in the action field and enter the data for that participant.

When complete the PF6 key will confirm and a PF3 key will return you to the bond screen. Note the line at the bottom that tells you that this action will associate the permit with the participant.

18. Now that we are back on the Bond screen lets add the Surety Company to the bond. Again put an X in the add participant field.

19. Now enter SU for Surety in the Type field

20. Then enter the name of the bonding company in the last name field and hit enter.
21 Since this is the first bond posted by Last Chance Bonding there is only one participant to choose from. Select this participant and hit enter.

22 The first time this bonding company is used you will be required to enter its basic information. The information line at the bottom shows that the association will be made when PF6 is pressed.
After adding the bonding companies details and hitting PF6 to save the data and PF3 to return to the previous screen, you can see the association on the bond screen.

This is what the completed bond screen should look like, showing the bond type, number, amount, date received and the two participants.

Additional text can be added by putting an X in the Add'l text field and hitting enter.
To release the Bond, find the permit and put an X in the security field, then hit enter.

Find the Amount Returned field and the Exonerate date.
Enter a “c” in the Action field, the amount of the bond being returned, and the date that amount was returned to the principal.

When you return to the primary bond screen you can see that the bond was returned, the amount and the date.
Entering Cash Deposits as Grading Security

Find the corresponding grading permit

Put an X in the Fees field and hit enter
Put an X in the 2H fee item “Trust Deposit for Grading” and enter the amount of the cash being provided and hit PF6 to confirm.

Put an X in the payment processing field and hit PF6 to confirm.
When you enter the payor’s name and hit enter the system will take you to the participant screen and ask you to pick the payor from the matching entries in the database. If none of the entries are the correct match select the first entry. This will take you to the detail screen where you can enter the details on the payor.

On this screen we see the possible selections. The one we want is the second entry so we have put an X in the SEL field and hit enter.
This brings up the details screen so that we can confirm this to be the correct payor. Since this is the right Malcom Moneybags we will hit PF6 to confirm.

Now enter the payment type of CA for cash a reference number if appropriate (check number) and the amount received. Then enter the org/loc, cash drawer that will receive this payment and if necessary the id of the printer that will print the receipt.

In the red box below you can see the fee and the paid amount.
To refund the cash from trust, go to the fee payment reversal screen and enter the receipt number and hit the enter key.
Other Financial Instruments or Securities

Enter DAPTS and look up the grading permit for which the customer is providing a financial security other than a bond or cash.

Enter an X to begin the application.

We have jumped ahead here to the application header. This screen shows the location and property owners. To add the security put an "X" on the security line.
At this point please note: Do not enter any letter of credit, or passbook or any other financial instrument other than a standard grading bond unless you have FIRST received approval of the instrument from fiscal division.

Enter received date and hit enter.

Put an X in the add new security box and hit enter.
Enter "GR" for the type, and "LC" for letter of credit or "CD" for certificate of deposit, "NB" for negotiable bond or "PB" for pass book. Do not use the "UK" unknown as this was for conversion from the old system. Next enter the serial, or account number of the instrument. Notice the system has entered an "A" in the Action field and a "1" in the NBR field. There can be multiple instruments on a particular permit.

<table>
<thead>
<tr>
<th>Security Type Code Inquiry</th>
<th>11/29/97</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KEY</strong></td>
<td><strong>LONG DESCRIPTION</strong></td>
</tr>
<tr>
<td>BND</td>
<td>BOND</td>
</tr>
<tr>
<td>CDN</td>
<td>CASH</td>
</tr>
<tr>
<td>CD</td>
<td>CERTIFICATE OF DEPOSIT</td>
</tr>
<tr>
<td>LC</td>
<td>LETTER OF CREDIT</td>
</tr>
<tr>
<td>NB</td>
<td>NEGOTIABLE BOND</td>
</tr>
<tr>
<td>PB</td>
<td>PASS BOOK</td>
</tr>
<tr>
<td>UK</td>
<td>UNKNOWN (CONVERTED TO PB)</td>
</tr>
</tbody>
</table>

Do not use the UK type code. That code is reserved for IT conversions from other computer systems where the bond type is not recorded.
Enter the amount of the security and the date the security was received. Hit the enter key to complete the update. Then put an x in the add participant field.

Enter the participant type in this case principal and the last name, first name and middle initial. Hit enter.
If the participant is already in the system, the records for them will appear on this screen. Put an x in the "SEL" field adjacent to the correct selection and hit enter.

This screen will appear allowing you to complete the entry for a new name or to review the current info on the selected entry. Changes and corrections can be made here. Press f6 to confirm and f3 to return to the previous screen.
You can now see the principal has been added to the bond. Put an X in the Add'l Text: field and hit enter.

Enter the date that fiscal division approved the instrument and the name of the person in fiscal that provided the approval.
When you hit the F3 on the last screen and hit the F3 again it brought you to this screen and you can see the bond information at the bottom of the agreements update screen. Hit F3 to back to the application header screen.

In the example below we have added a second participant. The Bank that issued the letter of credit is added using the same steps we used to add the principal. The participant type is FN for financial institution.
When it comes time to release the letter of credit or other instrument enter the amount returned in the “amount returned” field and the date the instrument was returned in the “exonerated date” field. Press enter or ctrl.

Make certain that all Division and Department policies are followed regarding the handling and transmittal of financial instruments. These instruments are to be delivered to Fiscal Division for safe keeping. Make certain that delivery receipts are signed and filed to show a complete and accurate chain-of-custody.