

DEPT. OF HOUSING AND COMMUNITY DEVELOPMENT (HCD)
FACTORY-BUILT HOUSING REGULATIONS EXCERPTS
SECOND FOCUS GROUP MEETING
May 4, 2016

Due to time constraints and the large size of our rulemaking package, HCD would like to focus on excerpts from the Express Terms document. We will discuss only non-editorial changes, rationale for changes (**shown in red**) and background, and welcome stakeholder comments. Sections that have been renumbered will be discussed in the order of their new numbers. Changes to regulatory "Notes" including HCD's statutory authority and references will not be discussed.

Express Terms (existing text with proposed changes) indicates changes in ~~strikeout~~ (deleted text) and underscore (added text). A short rationale for changes is provided. Changes in section references, due to renumbering, are not discussed.

This is an excerpt of the full draft Express Terms and has been reformatted for easy reference. The full draft of Express Terms, including all proposed changes, is available at:
<http://www.hcd.ca.gov/codes/factory-built-housing/mtgs/>

Item 2

2. Continue adoption of Section 3010 with amendments as shown.

Section 3010 Definitions

- (a) "Agency, Design Approval"** means, in addition to the definition contained in Section 19969.3, Health and Safety Code, a private entity which, as determined pursuant to Sections ~~3022.1 and 3022.2~~ 3064 and 3070 of this subchapter is all of the following:
- (1) Independent and free from conflict of interest, and has the ability to enforce, and shall enforce, the provisions of this subchapter without an actual or any appearance of a conflict of interest.
 - (2) Staffed with qualified personnel who can and shall implement all provisions of this subchapter relating to the evaluation of factory-built housing plans and specifications as demonstrated by compliance with Sections ~~3022.1(a)(3)~~ 3064 and 3070(b)(1)(3) of this subchapter.
 - (3) Has the authority and the ability to obtain corrections of the detected or reported defects.
 - (4) Makes available specific information as required by the department.
 - (5) Is approved by the department.

Rationale for Change:

Amend "3022.1 and 3022.2" to read "3064 and 3070 of this subchapter" to provide proper reference due to changes resulting from this rulemaking. Add the phrase "all of the following:" to clarify that all of the conditions that follow apply. There is no change in regulatory effect.

Subsection (a)(4): Provides consistency and familiarity for all entities involved.

Subsection (a)(5): Clarifies design approval agencies must be approved by the department to provide services on the state's behalf. Requirement is also part of the manufactured housing (MH) program. Having similar requirements for both the MH and FBH agencies, who are often the same, provides consistency and a familiarity for all entities involved.

(e) “Assembly” means the construction of factory-built housing at the building site in accordance with the approved plans and installation instructions.

Rationale for Change: Clarifies to users what defines and constitutes an “assembly” when the term is used in this subchapter and to differentiate the term from in-factory construction or assembly.

(f) “Certification label” means a label applied to a factory-built dwelling certifying in part, but not limited to:

(1) It is not a manufactured home or mobilehome as defined in Health and Safety Code Sections 18007 and 18008, respectively.

(2) It does not comply with the National Manufactured Housing Construction and Safety Standards Act of 1974, 42U.S.C. 5401 et seq.

(3) It is intended to only be installed on a permanent foundation.

(4) It is constructed in accordance with the California Building Standards Code.

Rationale for Change: Added to clarify criteria considered when a certification label differentiates factory-built housing from manufactured housing. The federal Manufactured Home Procedural and Enforcement Regulations, Title 24, Part 3282, Section 3282.12 requires this label on factory-built housing that does not comply with the National Manufactured Housing Construction and Safety Standards, Title 24, Part 3280. The term “manufacturer certification label” is introduced in proposed Section 3043.

(g) “Digital” or “digital format” means electronic format and file size as specified by the department.

Rationale for Change: Clarifies what “digital” or digital format” refers to as used throughout this Subchapter. With the advancement and availability of digital submitting capabilities the department, with industries input, has given the relevant parties the ability to submit document in digital format as specified throughout this Subchapter.

(h) “Factory-built unit” or “unit” means a residential building, building component, dwelling, dwelling unit, individual dwelling room or combination of rooms thereof, constructed in the factory as closed construction, preventing a complete inspection at the building site without disassembly.

Rationale for Change: Clarifies to users exactly what constitutes “factory-built unit” or “unit” when used in throughout these regulations.

(j) “In Substantial Part Manufactured” as related to the definition of “Factory-Built Housing” in Health and Safety Code Section 19971 means a ~~module or major portion or portions of a~~ factory-built housing unit, assembled at an offsite location, in such a manner that all portions of that factory-built unit may not be inspected at the installation site without disassembly or destruction of the part.

“In Substantial Part Manufactured” means:

- (1) Fifty (50) percent or more of the square footage of the structure is assembled at an offsite location.
- (2) Building components manufactured at an offsite location and identified in accordance with Section 3030(b) consist of more than fifty (50) percent of the structure.
- (3) The structure consists of a factory-built system or systems, as defined in Section 3010(t), which comprise portions of a “ Dwelling Unit” as defined in the California Health and Safety Code Section 19970. These systems may be included in or are part of kitchens, bathrooms, laundry areas, and other building spaces manufactured at an offsite location. Structures including these types of factory-built systems and spaces are deemed to be, in substantial part, manufactured at an offsite location and meet the definition of “Factory-Built Housing.”

Rationale for Change: Refers to “factory-built housing” as referenced in statute, adds quantitative conditions clarifying the phrase “in substantial part.” These changes accommodate emerging technological changes in factory-built housing; provide clarity; and maintain consistent terminology throughout this subchapter.

(l) “Inspection Agency” for the purpose of this subchapter means the department, or either a local inspection agency or quality assurance agency authorized by the department to inspect the construction of factory-built unit within a manufacturing facility.

Rationale for Change: Clarifies what defines and constitutes an “inspection agency” when used in this subchapter. Clarifies the inspecting agency may be the Department, a local entity, or a third-party inspection agency.

(q) “Model” means a specific design of factory-built housing, as designated by the manufacturer, ~~identifiable as such for purposes of plan checking, quality control, quality assurance, in-plant and on-site inspection as a specific type of building component,~~ dwelling, dwelling unit, individual dwelling unit or combination thereof based on design, size, type of construction, or room configuration.

Rationale for Change: The regulations require a plan approval for each model and the original language was unclear and referred more to the inspection and third party agency procedures than the actual model. Clarifies what “model” refers to in this subchapter.

(t) “Section” means a portion of a factory-built housing dwelling designed and constructed to be transported separately pursuant to these regulations. Section is not a definition that applies to building components.

Rationale for Change: “Section” as used in this subchapter and portions (sections) of an FBH unit are each required to bear insignia. A dwelling may consist of one or more sections. The definition clarifies to the affected industry that each transportable section of a dwelling or unit is required to bear insignia prior to leaving the manufacturing facility. Each section is required to bear insignia to attest to the fact that each section has been inspected and complies with state laws and regulations. This definition eliminates any confusion on the difference between a “section” of the regulations and a factory-built “section”.

(v) “Third-party entity” or “third-party” means an entity approved or certified by the department to act as a design approval agency, quality assurance agency, or local inspection agency.

Rationale for Change: Needed to be defined to clarify the meaning as used within this subchapter and eliminate confusion.

Item 4

4. Adopt new Section 3018 as shown. (Changed relocated contents from Section 3020.)

§ ~~3020~~-3018. Manufacturing Requirements.

- (a) Every manufacturer of factory-built housing subject to the requirements of this subchapter shall obtain plan approval for each model, and shall obtain insignia for each unit manufactured. The manufacturer shall maintain a quality control program, and the units shall be manufactured in accordance with the approved plans and shall be inspected as required by this subchapter. No factory-built housing unit bearing a department insignia of approval shall be in any way modified prior to installation unless approval is first obtained from the department or design approval agency.
- (b) Factory-built units shall comply with the requirements of this subsection and approved plans prior to bearing department insignia of approval and release from the manufacturing facility. Units manufactured or constructed without material, equipment or components necessary to comply with all aspects of construction required by approved plans shall not be released from the facility until either the unit is constructed in accordance with approved plans or installation instructions are revised and approved by the design approval agency or department identifying the work to be completed on-site.
- (c) The manufacturer shall be responsible for all necessary corrective action required by the department or third-party entity and shall cooperate by providing the department or third-party entity with all necessary reports, information and documents as required to assure compliance.
- (d) When the department or a third-party entity has determined a manufacturer can no longer assure or maintain compliance with the requirements of this subchapter for factory-built housing produced for sale in California, the department may:

- (1) Rescind a manufacturer's approved quality assurance manual(s) and plans.
- (2) Confiscate department insignia of approval stored at the manufacturing facility.
- (3) Void or remove insignia applied to finished product.
- (4) Take other administrative action as described in Article 6.
- (e) When a manufacturer discontinues production of an approved product, the manufacturer shall immediately notify the third-party entity or department and shall return all insignia allocated for such product.
- (f) Each manufacturer shall allow the department or third-party entity to inspect its manufacturing facility to verify compliance with the provisions of this subchapter and quality control manual. Inspections may include, but are not limited to; the factory-built housing product, any materials used for construction, methods of storage, the entire manufacturing process, approved plans, manuals, reports, and books and records related to manufacturing factory-built housing and the inspection of factory-built housing.

Rationale for Change:

Subsection (b): Clarifies the manufacturer's requirements and responsibilities related to approved plans and installation instructions -- FBH units do not have to be complete prior to shipment from the factory in order to allow some degree of site construction as controlled by the approved designs. The procedures for applying an insignia on an incomplete unit is necessary because a factory-built unit is only "in substantial part" constructed by the manufacturer. It may be released only if the unit meets the approved plans or the plans are re-approved by the design approval agency or the department.

Subsection (c): Clarifies the manufacturer's responsibility for corrective action and the requirement to provide reports, information and documents, as necessary, for the department or third-party entity to assure compliance. This is necessary because current California warranty laws do not hold FBH manufacturers responsible for the correction of construction defects caused by the manufacturer.

Subsections (d)(1) through (d)(4):: Clarifies the administrative action HCD may take against a manufacturer if the department or third-party entity, whether the design approval agency, quality assurance agency, or local authority, determines a manufacturer produces units that do not comply with California laws and implementing regulations. The current regulations do not provide any administrative action against a manufacturer. This is necessary to ensure compliance with the laws and implementing regulations and the quality of the unit manufactured.

Subsection (e): Needed since insignia are pre-assigned to manufacturers for a specific product and to maintain insignia control. Insignia are not permitted to be placed on a different model of a product or placed on any product that is not yet approved. This maintains security of unused insignia.

Subsection (f): Notifies manufacturers, constructing FBH units for sale in California, of the procedures, e.g., inspections of manufacturing facilities, that HCD may conduct in order to

assure manufacturing compliance with California laws and regulations. In the previous regulation, the procedures are not described and are needed to clarify HSC Section 19991.

Item 5

5. Adopt new Section 3019 as shown.

§ 3019. General Operating Procedures and Requirements.

- (a) Each third-party entity shall maintain a current copy of the California laws and regulations, including any documents incorporated by reference, which are applicable to the manufacture of factory-built housing units.
- (b) Each inspecting agency inspector shall have all applicable California laws, regulations and documents incorporated by reference; and, approved plans and manuals readily available on the premises while conducting inspections or monitoring quality control programs.
- (c) Each third-party entity shall prepare a written report of any unresolved dispute between a manufacturer and the third-party entity when it relates to the requirements of the Factory-Built Housing Law or this subchapter. The report shall be transmitted to the department no later than the tenth (10th) day after the unresolved dispute occurred.
- (d) The date of transmittal of reports, applications and notices will be the postmarked date issued by the U.S. Postal Service; the date received by private delivery services; or, the date when hand-delivered to the department by the third-party entity.
- (e) All reports and notices shall be signed by a representative of the third-party entity who certifies under penalty of perjury to the accuracy of the information provided.

Rationale for Change: General operating procedures and requirements of the FBH program third-party agencies are the same as the Manufactured Housing Program's "General Operating Procedures and Requirements" for third-party agencies as described in Title 25, CCR Section 4870. Proposed Section 3019 clarifies current HSC Section 19961 as amended for the FBH program. The only amendments are to the references of the third-party entities and inspecting agencies because HSC Section 19991.1 allows a city or county to assume in-plant inspections.

Subsection (a): Duplicate of the reporting requirements for MH in 4870(a). Ensures a third-party agency maintains current copies of the laws, regulations, and adopted references that govern FBH. This is necessary in order to know and apply the correct methods, processes and requirements as a third-party agency. Having the correct information readily available will ensure consistent application and enforcement of the applicable laws and regulations. A similar requirement exists for building officials and availability of building standards codes.

Subsection (b): Duplicate of the reporting requirements for MH contained in 4870(b). Ensures inspecting agency inspectors maintain current copies of the laws, regulations, and adopted references that govern FBH. This is necessary in order to know and apply the correct methods, processes and requirements as a third-party agency. Having the applicable information readily available will ensure consistent application and enforcement of the applicable laws and regulations.

Subsection (c): Duplicate of the reporting requirements for MH contained in 4870(c). It is necessary for the department to be aware of unresolved disputes of the application and enforcement between the manufacturer and the third-party entity who is acting on behalf of the department. This is necessary to ensure quality and a consistent application of the applicable laws and regulations.

Subsection (d): Duplicate of the reporting requirements for MH contained in 4870(d). Because of the necessity for reporting noted in subsection (c) and the specified timelines, it is necessary to also specify the method for verifying submittal dates for those reports.

Subsection (e): Duplicate of the reporting requirements for MH contained in 4870(e). This subsection is added to ensure the information is provided is accurate and to institute the penalty of perjury for false information.

Item 6

6. Adopt new Section 3020 as shown.

§ 3020. Conflict of Interest, Collusion and Fraud.

- (a) A third-party entity shall be deemed free of any conflicts of interest, affiliation, influence, and control when all of the following conditions are met.
- (1) It has no ownership or managerial affiliation with any supplier or manufacturer of factory-built units and does not engage in the sale or promotion of any such unit.
 - (2) The results of its work do not accrue financial benefits to the organization via stock ownership in any supplier or manufacturer of factory-built units.
 - (3) Its owners, directors, management personnel, engineers, architects or inspectors hold no ownership or stock in and receive no stock option from any supplier or manufacturer of factory-built units.
 - (4) The employment status of its personnel is free of influence or control by any supplier or manufacturer of factory-built units.
 - (5) It does not perform as a design approval agency for any factory-built unit manufacturer whose plans, designs or manual have been created or prepared in whole or in part by a member of the agency's staff or by a member of the staff of any affiliated organization.
- (b) No member of a third-party entity shall take part in any act of collusion or other fraudulent practice with a supplier or manufacturer of factory-built units.
- (c) Each third-party entity and quality assurance inspector shall provide the department with a written report of any contract or agreement, written or oral, with any manufacturer who is subject to this subchapter, for any service, which is in addition to services provided by contract under this article. Such reports shall be transmitted to the department no later than ten (10) days after the effective date of the contract or agreement.

Rationale for Change: The conflict of interest, collusion and fraud requirements of the FBH program third-party agencies are the same as the Manufactured Housing Program's "Conflict of Interest, Collusion and Fraud" requirements for third-party agencies as described in Title 25, CCR Section 4872. Section 3020 clarifies HSC Section 19991.3 and 19991.4 related to

conflicts of interest for design approval agencies and quality assurance agencies, respectively, and is only amended to reflect the reference to the FBH program.

This section establishes that a third-party entity shall be free of actual or potential conflict of interest, and shall not be affiliated with, influenced by or controlled by any manufacturer of FBH or supplier as a condition of approval. It is necessary to prohibit conflicts of interest and retain freedom from control or influence of any supplier or manufacturer for the affected industry as a condition of approval. This is necessary to ensure that the services provided by the third-party entity on behalf of the department are not tainted or compromised to the detriment of the quality of the product manufactured and the health and safety of the public. This requirement will be the basis of any motions to cancel HCD's approval of any third-party entity or its participating employees who fail to maintain objective services due to conflicts of interest, affiliation with, influence by, or control by a manufacturer or supplier. Additionally, this limits conflicts of interest to any third-party agency that provides both design and design approval for an FBH manufacturer, as opposed to providing such activity for any manufacturer, further clarifying the intent of this subsection.

Item 14

14. Continue adoption of Section 3023 with amendments as shown.

§ 3023. Plan Approval.

- (a) A plan approval shall be obtained from the department or a design approval agency for each model of factory-built housing which is subject to this subchapter.
- (b) After obtaining a plan approval, the manufacturer shall notify the department and the inspection agency in writing when he it will commence manufacturing the first units of each approved model.
- (c) Separate models shall be provided for each type of construction and shall be shown on a separate set of plans.
- (d) Each model shall be uniquely designated.
- (e) Upon approval of a plan or quality control manual, the design approval agency shall issue a unique plan approval number for each plan or manual. The plan approval number shall be prefaced by the alphabetic identifier provided by the department following the agency approval in accordance with Section 3061 of this subchapter.
- (f) Each page of an approved plan, each page of an amendment, and each manual cover sheet shall be marked or stamped with the word "Approved", along with the name of the design approval agency, the date of approval, the date of expiration and the plan approval number.
- (g) The design approval agency shall require an approved plan or manual to be amended in such manner that all superseded information is removed from the plan or manual that bears the agency's mark of approval.
- (h) The design approval agency shall maintain copies of all approvals for a period of three (3) years beyond its expiration.
- (i) The manufacturer shall maintain copies of all approvals for a period of seven (7) years beyond its expiration.

Rationale for Change:

Subsection (a): Delete “of factory-built housing which is” to clarify provisions also apply to building components and units.

Subsection (b): Grammatically corrected. “Department and the” is deleted to clarify the manufacturer does not have to notify the department, but shall notify the inspection agency prior to commencing manufacturing. This is necessary in order for the inspecting agency to be present in order to inspect the actual units being manufactured.

Subsection (c): Clarifies that separate plans are required for each model. This is necessary to maintain design, quality and inspection control.

Subsection (d): Similar to the previous subsection’s requirement for individual plans for each model in that each model must also be separately identified. This is necessary to maintain design, quality and inspection control.

Subsection (e): Similar to the existing manufactured housing regulations in 4876. It is necessary to add a requirement for unique alphabetic identifiers on plans in order to maintain records and the ability to trace the plan back to the exact third-party agency that approved it. This section has been modified in response to stakeholder comment.

Subsection (f): Similar to the existing manufactured housing regulations in 4876. It is necessary to add a requirement that each approved page of a plan amendment and cover sheet be marked to indicate approval. This allows the monitoring agency to distinguish approved pages from possible amended or altered pages of a plan or manual.

Subsection (g): Similar to the existing manufactured housing regulations in 4876. It is necessary to clarify that approved plans or amended manuals must not contain superseded or unapproved pages to eliminate possible confusion of the inspector or monitoring agency when reviewing plans or manuals.

Subsection (h): Similar to the existing manufactured housing regulations in 4876. It is necessary to clarify the previously adopted standard time period of three (3) years for manufactured homes mandated for plans to remain at a third-party agency should questions arise during construction, monitoring, or future complaint handling.

Subsection (i): Industry standard similar to Quality Control manuals within this subchapter.

Item 15

15. Continue adoption of Section 3024 with amendments as shown.

§ 3024. Application for Plan Approval.

Application by a manufacturer to the department or design approval agency for plan approval of a model shall include all of the following:

(a) ~~Completed~~ A complete plan approval request application ~~in duplicate~~ on forms prescribed

by the department or by the design approval agency, as required. Plan approval request applications may be submitted in digital format.

- (b) Two (2) copies of a complete sets of plans, calculations, and test data when required and specifications, all substantiating calculations or test data results. Plans shall be of sufficient clarity to indicate the location, nature, and extent of the work proposed and demonstrate, in detail, that it will conform to the provisions of Section 3050 of this subchapter.
- (c) ~~Three~~ Two (2) sets of quality control manuals or reference to applicable manuals, which have previously been submitted and approved for prior models.
- (d) When either plans or quality control manuals are submitted to the department, the fees shall be as specified in ~~Section 3060~~ Section 3100 of this subchapter.
- (e) If the applicant's manufacturing ~~plan~~ plant is out-of-state, the application shall include a statement signed by the applicant ~~that he~~ who agrees to in-plant inspections and ~~that he~~ who will apply for insignia for his factory-built housing pursuant to ~~Section 3054~~ Section 3042 of this subchapter.

Rationale for Change:

Introductory Sentence. Adds “by a manufacturer” to clarify the entity that is obtaining the approval and that the model is the object of the approval. Adds “all of” to clarify that the application needs to include all specified items. This is necessary to clarify who and what is needed for a complete application.

Subsection (a): Clarifies that the application may be on forms provided by the Department or by the design approval agency, as required. This is necessary because design approval agencies are not required to use department forms and often have their own plan approval forms. Clarifies that plan approval requests may also be submitted digitally. This section has been modified in response to stakeholder comment.

Subsection (b): Requires two copies of plans, specifications and all substantiating calculations or test data results so the approval entity has all the available information on which to base an application approval. Clarifies that plans have specified clarity for location, nature and extent of work to be done pursuant to requirements for design and fabrication. Having all the information will speed the approval process.

Subsection (c): Reduces required sets of manuals from three to two. Two sets of manuals are sufficient for the approval process. A comma is added [,] after the word “manuals” as a grammatical change.

Subsection (d): Adds “either” and the phrase “or quality control manuals” to clarify the location in the regulations for the fees when either plans or quality control manuals are submitted to the department.

Subsection (e): Editorial corrections only.

Item 18

18. Amend and relocate Section 3028 to Section 3027 with amendments as shown. § 3028 3027. Plan and Plan Amendment Requirements.

- (a) Plans submitted to the department or design approval agency shall indicate every pertinent item necessary for design, manufacture, assembly and installation. The plans shall include, when applicable, dimensions, framing plans, cross sections, details of connections, material specifications, floor plans, designed room use, exterior wall elevations, general notes, methods of installation, and line diagrams, materials and details of electrical, mechanical and plumbing systems. Design calculations shall be submitted separately from the plan sheets.
- (b) Plans shall list all applicable design criteria and reference the applicable building standards codes.
- (c) Plan sheets shall not be less than 11" x 17" nor more than 30" x 42". The first (1st) sheet shall contain the address of the manufacturer and ~~his~~ its manufacturing plant(s). Each sheet shall be numbered and contain the name of the manufacturer, model designation and a blank space in the lower right hand corner for the stamp of approval. The blank space shall not be less than 3 1/2" wide by 5 1/2" high, except it may be a minimum of 3" x 3" for building component and building system plans.
- (d) Except for schematic drawings, plans shall be drawn to a scale of not less than 1/8 inch per foot.
- (e) When floor plans are applicable, the manufacturer shall identify separate floor plans based on a specific size, room arrangement, method of construction, location or arrangement or size of plumbing, electrical or mechanical equipment. Any variations, including design loadings shall be shown and properly identified on separate plan sheets.
- (f) ~~Plans shall indicate the location on the unit where the department insignia of approval is to be applied.~~ Plans shall identify portions of the project which are not under HCD jurisdiction.
- (g) ~~Plans shall include a resume of what installation work is to be done on-site.~~ The approved plans shall include drawings, notes and details describing the installation work, materials and procedures required to be completed on-site, including all of the following:
 - (1) Location on the unit where the department insignia is located.
 - (2) Connection details for the units to the foundation.
 - (3) Structural connections between the units.
 - (4) All connections and materials required to complete the mechanical and/or utility systems on-site.
 - (5) Any special conditions affecting other structural elements.
 - (6) Any connection details and structural connections to existing or site-built structures or dwellings.
 - (7) A separate plan view drawing depicting the location and type of all vertical and lateral load paths, concentrated loads, required uplift connections and shear transfer details. Details shall be provided in section view to clearly show such load paths from the point of origin to the resisting element of the foundation.
 - (8) Basic foundation requirements and restrictions, and a methodology for determining vertical and lateral design loads.
 - (9) All required non-structural connections between sections including weather-resistant materials or components.

(10) The installation plans shall be specific to each model or unit approved, and identified as such.

(h) The installation portion of the approved plans shall be provided to the local building official for use during inspection of the factory-built housing units on-site.

Rationale for Change:

Section title: Amended to reflect provisions required for both plans and plan amendments.

Subsection (a): Adds “manufacture” because the supplied information is not used just for design, assembly and installation, but also the manufacturing of the unit.

Subsection (b): Requires plans to reference to the applicable building standards utilized as a basis for design; also provides the reviewing agency and inspector with the version of building codes that were utilized by the design engineer.

Subsection (f): Deletes requirement to show location on HCD insignia on plans since it is duplicated in proposed Subsection G(1). Adds a requirement for plans to identify which portions on the project are not under HCD jurisdiction. This is important to delineate specific responsibilities for various parties involved in the permitting, inspection and approval processes.

Subsection (g): Amended to clarify items, or materials and methods required to complete the unit on-site, to be included in plans submitted for review by enforcement agencies. This subsection also includes a specific list of items to be included.

Subsection (g)(1): Location of the insignia can be identified by the enforcing agencies when reviewing plans or verifying compliance.

Subsection (g)(2): Clarifies plan requirements to both the Design Approval Agency and enforcement agency. The engineer that designs the foundation plans does not always provide plans to the engineer that plans the construction of a unit. Foundation and the attachment to that foundation are integral to the structural design of the unit and this section requires design engineers to have information on the specific structural requirements. Also, enforcement agency at the site must have details of all connections of a unit(s) to the foundation.

Subsection (g)(3): Clarifies plan requirements to both the Design Approval Agency and enforcement agency. The connection of multiple sections are integral to the structural design of the entire unit and this section requires design engineers to have information on the specific structural requirements. Also, the enforcement agency at the site must have details of all structural connections for the inspection and assembly of units and the connection types and points between units.

Subsection (g)(4): Clarifies plan requirements to both the Design Approval Agency and enforcement agency. The installer and agency inspecting the on-site construction must know

the specific details of the utility and mechanical systems in order to complete and approve the installation.

Subsection (g)(5): Clarifies plan requirements to both the Design Approval Agency and enforcement agency. The installer and agency inspecting the on-site construction must know special conditions that may affect the structural elements of the unit in order to complete and approval the installation.

Subsection (g)(6): Clarifies plan requirements to both the Design Approval Agency and enforcement agency. The installer and agency inspecting the on-site construction must know special conditions that may rely on existing or site-built structures not included in the design review. This is vital in order to complete and approval the installation.

Subsection (g)(7): Clarifies plan requirements to both the Design Approval Agency and enforcement agency. The live, dead, sheer and lateral loads as well as the paths of those loads to the ground are essential to the design of the structure and its supporting foundation. This information is also vital to complete and approval the installation.

Subsection (g)(8): Per Subsection (g)(7), the foundation is critical to the proper installation of the unit. This section is necessary to obtain the not only the basic foundation requirements, but any restrictions on those requirements as well as the method for determining that information. This is necessary so the approving agency is able to verify the requirements and restrictions.

Subsection (g)(9): Clarifies plan requirements to both the Design Approval Agency and enforcement agency. Non-structural connections are important to the safety and longevity of the unit. Information is also vital to complete and approval the installation.

Subsection (g)(10): Clarifies plan requirements to both the Design Approval Agency and enforcement agency. The enforcement agency responsible for inspecting the assembly on-site or reviewing the plans that the installation plans are specific to the particular unit being installed. Additionally it is necessary that the installation plans be clearly identified as being applicable to that unit.

Subsection (h): Clarifies plan requirements to both the Design Approval Agency and enforcement agency. The agency inspecting the on-site construction must know the specific assembly and installation details contained in the plans in order to complete and approval the installation.

Item 22

22. Amend and relocate Section 3033 to Section 3029 with amendments as shown. § 3033 3029. Quality Control Manual Requirements.

(a) The quality control manual shall ~~conform to~~ include all of the following:

- (1) Pages of the manual shall be 8 1/2 " x 11 " in size, consecutively numbered and replaceable.
- (2) ~~The manual shall contain an index~~ A table of contents with the design approval agency's stamp of approval on the cover sheet and any revised pages.
- (3) ~~The manual shall identify~~ Identify in an organizational chart, the company or corporate officer to be responsible for the personnel responsible for implementing and maintaining the quality control program. The chart shall indicate the functional relationship to other elements of the manufacturer's organizational structure.
- (4) ~~The manual shall set forth in detail~~ Details how the manufacturer will maintain his quality control to meet the standards set forth in this subchapter.
- (5) ~~The manual shall specify how the units are identified during production for the purposes of inspection relative to the approved plans. The model, floor plan and design loading, as applicable, shall be indicated~~ A drawing or schematic of the manufacturing facility. The drawing or schematic shall depict the station-by-station description of the sequence, manufacture, and assembly of units.
- (6) ~~The manual shall specify the procedure for maintaining a record system indicating the type and date of inspections performed on each unit. Copies of the forms to be used shall be included~~ A list of the types of quality control inspections required at each station within the manufacturing facility, including the title of each person responsible for that inspection.
- (7) ~~The manual shall provide a general outline and/or schematic indicating the sequence of the manufacturing and assembly processes. It shall also indicate the sequence, type, and frequency of the quality control procedures to be instituted~~ A sample of an inspection control card used to document the inspections for each phase of construction on each unit manufactured. The card shall include a complete record of model name, serial numbers, inspection types, inspector's title, date inspection approved, violations, corrective actions and reinspections.
- (8) ~~The manual shall specify the place and method of storage of materials and components, and shall indicate the degree of protection from the weather and the capacity to control such factors as temperature and humidity where required to prevent deterioration of materials~~ The procedures for the use of an inspection control card for each section constructed. Those procedures shall include:
 - (A) The location on the unit where the card will be placed during manufacturing.
 - (B) The information, documentation and signatures required to be entered on the card at each phase of construction, and
 - (C) Storage and retention of completed cards.
- (9) ~~The manual shall specify the method of storage and support of the completed units at the manufacturing plant and any other location including the site prior to installation~~ The types of system testing and inspection performed and the frequency and location of such testing within the manufacturing facility.
- (10) ~~The manual shall specify the inspection agency performing the in-plant inspections~~ A description of the system test procedures.
- (11) ~~If applicable, the manual shall contain either a copy of the contract between the manufacturer and the quality assurance agency, or a signed statement by a responsible officer of the manufacturing company that such an agreement is in force~~

~~and effect prior to granting of plan approval by the department or design approval agency~~ A complete description of the test equipment to be used, including the calibration and maintenance of such equipment. Documentation should be retained for a minimum period of three (3) years.

- (12) How the units are identified during production for the purposes of inspection relative to the approved plans. The model, floor plan and design loading, as applicable, shall also be indicated.
 - (13) The place and method of storage of materials and components, to include the degree of protection from the weather and, the capacity to control temperature and humidity as necessary to prevent deterioration of materials.
 - (14) The method of storage, protection and support of the completed sections and units at the manufacturing plant and any other location prior to installation to prevent damage or deterioration of the stored units.
 - (15) The procedures for possession, storage, attachment, security and control of the department insignia of approval, including procedures to assure insignia are attached only to factory-built housing units manufactured and inspected pursuant to an approved quality assurance system.
 - (16) The procedures for developing a chronological record of complaints received, complaint resolution, and related notes; and retention for a minimum of 7 (seven) years.
- (b) If the in-plant inspections are to be performed by an approved quality assurance inspection agency, the quality control manual shall contain a separate section outlining the quality assurance program to be utilized by the quality assurance inspection agency in carrying out its responsibilities. This section of the manual shall contain at least the following:
- (1) A detailed description of how the quality assurance inspection agency will perform the in-plant inspections, including the frequency of the inspections required.
 - (2) An explanation of how discrepancies noted will be recorded, marked, and how corrections will be obtained by the manufacturer.
 - (3) Details of how inspection reports ~~are to be made~~ will be submitted to the department, together with samples of ~~forms~~ reports to be used. All inspection reports shall be submitted to the department ~~at least~~ monthly.
 - (4) An explanation of how certification of the factory-built housing is to be made, including a sample of the certification document or a facsimile thereof.
 - (5) ~~Specific designation of the approved quality assurance inspector(s) who is to perform the in-plant inspections. If for any reason a designated quality assurance inspector specified in the quality control manual will no longer be assigned, the department shall be notified within 48 hours of such termination, and a replacement shall be designated.~~

Rationale for Change:

Subsection (a): The words "include all of" are added to clarify the Quality Control Manual must contain at least the information contained in this section.

Subsection (a)(2): Change "an index" to read "a table of contents with the design approval agency's stamp of approval on the cover sheet and any revised pages." This change is necessary to provide clarity and a quick reference for users. Additionally, users of the quality

control manual will be able to ascertain what pages are or are not approved due to the stamp of approval, or lack thereof.

Subsection (a)(3): Add the phrase “in an organizational chart.” Replace the phrase, “company or corporate officer to be responsible for the” with “personnel responsibility for implementing and maintaining the.” Also add the phrase “The chart shall indicate the functional relationship to other elements of the manufacturer’s organizational structure.” These amendments are necessary to clarify the personnel responsible for the enforcement of manufacturing systems of control in a manufacturing facility. Additionally, changes to key personnel may require the monitoring agency to increase or monitor more closely.

Subsection (a)(4): This section is amended grammatically and referencing “Details” as part of items for inclusion in the manual and by replacing “his” with “its” to maintain gender neutrality. There is no change in regulatory effect.

Subsection (a)(5): Text relocated from existing (a)(7) subsection that is relocated to maintain the sequence and flow of the quality control process in the manual. Specifies type of detail necessary to monitor accurately the manufacturing facility. Any changes in design or layout of an approved manufacturing facility may also affect documented quality control procedures and the quality of the units produced. Original subsection language regarding identification of units revised and moved to Subsection (a)(12) of this section to match the sequential order of the quality control manual.

Subsection (a)(6): Provides the monitoring agency with additional information during plant inspections to increase the quality of the inspection and provide the name of the responsible person at each construction stage. Original subsection language regarding record systems is revised and moved to Subsection (a)(7) of this section to match the sequential order of the quality control manual.

Subsection (a)(7): Provides specific information required to ensure quality control within a manufacturing facility through the use of an inspection control (sign-off) card. Inspection control cards are used both for on-site construction and within a factory and are the key control document displaying evidence of inspection approval at each critical construction stage. Original subsection language regarding a schematic of the manufacturing facility is revised and moved to Subsection (a)(5) of this section to match the sequential order of the quality control manual. This section has also been modified in response to stakeholder comment.

Subsections (a)(8)(A) – (C): Clarifies procedures for a quality control inspection card as a key quality control document. Use of inspection control cards are vital to maintaining quality control during the construction process. These amendments define the requirements for quality control cards in the quality control manual. The placement, location, the information applicable to each section and each inspection phase and the storage of completed cards are necessary to ensure quality and to provide a means of follow-up once the unit is completed. This section has also been modified in response to stakeholder comment. Original subsection language regarding storage and protection of materials is revised and moved to

Subsection (a)(13) of this subsection to match the sequential order of the quality control manual.

Subsection (a)(9): Requires the quality control manual to include procedures for the testing of systems, which include electrical, mechanical and plumbing systems as well as how often and where those tests are performed. Ensures a unit's systems are regularly tested to maintain the quality of the unit. Original subsection language regarding storage and support of completed units is revised and moved to Subsection (a)(14) of this section to match the sequential order of the quality control manual.

Subsection (a)(10): There is no reason for the manual to list the name of the quality assurance agency (QAA). HCD has determined that the requirement to provide the name of the QAA within the quality control manual is unnecessary and places an additional burden on manufacturers. Manufacturers are allowed to change QAAs for financial, geographical or other reasons, and such a requirement would make manufacturers amend their manuals at every change, and submit copies of every revised manual to the design approval agency and HCD resulting in unnecessary work and expense. Another amendment provides consistent testing procedures on every unit. It is necessary to define the procedures for consistency to ensure a quality product free from defects is produced.

Subsection (a)(11): Deletes requirement for a copy of the contract with the QAA to be included in the quality control manual. HCD has determined that the original requirement to provide a copy of the contract within the quality control manual document is unnecessary and places an additional burden on manufacturers. Manufacturers are allowed to change QAAs for financial, geographical or other valid reasons, and such a requirement would make manufacturers amend their manuals at every change, and submit copies of every revised manual to the DAA and HCD resulting in unnecessary work and expense. Another amendment provides consistent testing procedures on every unit. It is necessary to identify the equipment and the calibration and maintenance of that equipment to ensure accuracy of the tested results. System testing often requires the use of sensitive equipment and gauges that may be subject to mistreatment at the manufacturing facility and require recalibration. The last requirement is that the records related to testing, calibration and maintenance be retained for at least three years for purposes of auditing.

Subsection (a)(12): Relocates the text from previous Subsection (a)(5).

Subsection (a)(13): Relocates the text from previous Subsection (a)(8).

Subsection (a)(14): Relocates the text from previous Subsection (a)(9) with amendments. Most factory-built units are multi sectional. Unless protected these sections are open to the elements with the potential of severe damage. Also, completed units are often delivered onsite and not immediately assembled. It is necessary to describe in the quality control manual the methods of storage and protection of the completed units.

Subsection (a)(15): Identifies the importance of establishing specific methods of insignia handling, storage and control. Such controls are important to prevent loss, damage and misappropriation of insignia and potential mislabeling of incomplete or defective units.

Subsection (a)(16): Requires information on complaints received, resolution and maintenance of records for seven years. This ensures availability of information on complaints received and efforts of resolving the complaints and availability of those records.

Subsections (b) and (b)(1): Replaces “quality assurance” with “inspection” because an inspection agency within a manufacturing plant may be HCD, a local building department or a third-party agency (QAA). Previous language made it appear that only a quality assurance agency performed inspections within a plant.

Subsection (b)(2): Identifies in the quality control manual that the manufacturer is responsible to document and make corrective changes.

Subsection (b)(3): Deletes “at least” because reports are only required to be submitted to the department monthly. Makes other nonsubstantive corrections.

Subsection (b)(5): Deletes section because it is too restrictive and an unnecessary burden for the manufacturer. The original language would require the quality control manual to be amended upon change of inspector, which could potentially change each monitoring inspection.

Item 29

29. Amend and relocate Section 3038 to Section 3030 with amendments as shown. § 3038 3030. Identification.

- (a) Each factory-built dwelling, dwelling unit, individual dwelling room or combination thereof shall have attached thereto a ~~permanent~~ unit serial number. The ~~unit~~ serial number shall be visible throughout all phases of construction, including installation at the site. ~~Unit~~ serial numbers shall consist of at least the following:
- (1) ~~Unit~~ serial numbers for factory-built housing consisting of a single ~~unit~~ section shall be a single serial number, i.e. 1000.
 - (2) ~~Unit~~ serial numbers for factory-built housing consisting of two or more ~~units~~ sections shall, for the purpose of identifying each ~~unit~~ section as part of a specific group, conform to the format of:
x-y (z)
where:
x is a serial number common to each ~~unit~~ section in the group,
y is a number or letter identifying a specific ~~unit~~ section within the group, i.e., 1, 2, 3, or A, B, C, etc.,
z is an optional number denoting the total number of ~~units~~ sections in the group.

An example of ~~unit~~-serial numbers for factory-built housing consisting of two ~~units~~ sections would be 1000-1(2) and 1000-2(2).

- (b) Building components shall be identified in the factory for the purpose of in-plant and on-site inspection by marking each component with the project, job or plan approval number to assure the insignia is attached to the proper component. Building components are not required to bear serial numbers.
- (c) ~~Units produced within California which are to be sold or offered for sale outside of California shall be identified~~ Each factory-built housing section shall be identified or marked in the factory by project number or job number to assure the insignia is attached to the proper section.
- (d) ~~Units produced outside of California, which are to be sold or offered for sale in California by a manufacturer having plan approval issued by the department, shall be specifically identified~~ Each factory-built unit on a production line shall be identified or marked in the factory by project or job number to assure the insignia is attached to the proper unit.
- (e) All electrical connections between sections shall be clearly identified in the factory by distinctive markings or labels at their terminations. The labels or markings shall be permanent and shall clearly indicate each electrical circuit's panel of origin and corresponding circuit number.

Rationale for Change:

Subsection (a): Deletes word "permanent" to correct a misconception because serial numbers for completed units are only for in-plant tracking and record keeping. They are not required to be permanent and are often covered during assembly.

Subsection (a)(1) and (2): Replaces "unit" with "section" because only completed "sections" are required to have a serial number.

Subsection (b): Clarifies the identification and labeling requirements for different types of FBH products and that they are to be marked in the factory. Building components are not required to bear serial numbers and there must be a means of identifying each component for tracking and quality control.

Subsection (c): Allows the manufacturer flexibility in properly identifying their products. The original subsection language is repealed, because HCD does not have jurisdiction over units sold outside of California.

Subsection (d): Deletes existing text because this entire chapter applies to all factory built units to be sold in California. It is unnecessary and redundant to state it in this subsection. The added language provides clarity and identification for FBH building components, which do not bear serial numbers and is necessary so the manufacturer's monitoring agency knows which panels are approved by the quality assurance agency.

Subsection (e): Provides a standardized procedure for the proper identification of electrical circuits between transportable sections, for correct assembly at the building site.

Item 31

31. Amend and relocate Section 3040 to Section 3032 with amendments as shown. § 3040 3032. Application for Insignia Application, Issuance and Administration.

- (a) Following receipt of plan approval, the manufacturer shall make application to the department or department-approved inspection agency for insignia for all factory-built housing units manufactured pursuant to this subchapter.
- (b) Application for insignia from an inspection agency to the department shall be made on the most current forms HCD-MH 440, Request for Insignia by Quality Assurance Agency provided by the department and shall be submitted in triplicate to the Sacramento Administrative Office accompanied by with the fees as specified in Section 3060 3100. The application shall contain the following information:
- (1) The quality assurance agency name, agency identification number, address and telephone number.
 - (2) Identification of whether the type of insignia ordered is either a building component or factory-built dwelling unit.
 - (3) Number of insignia requested along with the insignia fees described in Section 3100 of this chapter.
 - (4) Signature of the quality assurance agency's designated insignia administrator.
 - (5) Upon completion the inspection agency shall mail the form to the department along with the total insignia fees calculated on the form.
- (c) After processing, the department shall return a copy of the form to the quality assurance agency with the insignia requested.
- (d) Upon receipt of insignia from the department, the inspection agency shall provide the following information on the form:
- (1) The date the insignia shipment was received.
 - (2) The quantity of insignia received.
 - (3) The numerical sequence of insignia issued beginning with the first insignia control number and including the last insignia control number.
 - (4) The signature and printed name of the Insignia Administrator, certifying that the insignia received is in satisfactory condition and correct according to type of insignia requested, quantity ordered and numerical sequence. The Insignia Administrator shall also certify to the unsatisfactory condition of insignia received by identifying insignia that is damaged, misprinted, missing, duplicated or possessing other unsatisfactory characteristics and identify the insignia number(s) affected.
 - (5) Upon completion of Section 3 of the form, the inspection agency shall return the form to the department by the fifteenth (15th) day of the month along with any insignia identified as damaged, misprinted, duplicated or possessing other unsatisfactory characteristics.
- (e) The quality assurance agency is responsible for accounting for each insignia received from the department from the time of receipt until issued to a manufacturer. Insignia security procedures shall be established and an Insignia Administrator shall be designated to maintain insignia administration and security.
- (f) The quality assurance agency shall require each manufacturer to establish and maintain an insignia security procedure. The quality assurance agency shall refuse to issue insignia to a manufacturer unless the manufacturer establishes and maintains adequate insignia security procedures. If a manufacturer does not establish and maintain adequate insignia

security, the quality assurance agency shall affix the insignia to finished and complying units at the time of inspection.

- (g) The insignia security procedures established by the quality assurance agency and each manufacturer shall minimize the potential for insignia loss, damage, theft and misappropriation. The procedures shall provide for storage of insignia in a lockable device when the insignia are left unattended. The device shall be of a type which cannot be opened except by a key or combination and except by the Insignia Administrator and shall be of such size or attachment to a floor or wall that it cannot be easily removed from the room where it is kept. The room where insignia are kept shall be locked when unattended. In the case of the manufacturer, the procedure for issuance of insignia shall be restricted to only personnel trained in insignia security procedures.
- (h) The quality assurance agency shall not permit a manufacturer to accumulate more than a thirty (30)-day supply of insignia.
- (i) The quality assurance agency shall investigate the loss, destruction or misappropriation of insignia, including insignia issued to a client manufacturer. As an attachment to the report required by Section 3072(b), the quality assurance agency shall submit a written investigative report to the department which identifies any insignia lost, stolen, damaged or misappropriated during the reporting month, and which describes the investigation, the circumstances which led to the occurrence, and the measures taken in order to eliminate a recurrence.

Rationale for Change:

Subsection (a): Clarifies that the manufacturer may apply to either this department or an approved third-party inspection agency for the FBH insignia.

Subsection (b): Identifies that the inspection agency must apply to the department for the insignia. Adds a reference to the most current version of the form "HCD-MH 440, Request for Insignia by Quality Assurance Agency" to maintain control of the insignia. Deletes the requirement for submittal in triplicate because the specific form noted above makes this requirement unnecessary. Clarifies requirements for specified information to be included in the application for an insignia order through HCD.

Subsection (b)(1): Clarifies that quality assurance agency identification and address information is required for processing and shipping insignia orders. The Department needs to identify the quality assurance agency and track the insignia.

Subsection (b)(2): Distinguishes the type of insignia and clarifies for the quality assurance agency and HCD, the type of insignia that is being ordered and is used to ensure correct fees are submitted based upon type of insignia ordered.

Subsection (b)(3): Added to determine the number of insignia requested and to verify the correct payment of fees. References section containing the fees for insignia.

Subsection (b)(4): Clarifies that the quality assurance agency insignia administrator's name and signature are required for accountability purposes and for HCD follow-up if necessary.

Quality assurance agencies are required, when certified to perform as a quality assurance agency, to provide HCD with the name of the person designated as the insignia administrator. This is necessary in order to be able to contact the person actually performing the inspections.

Subsection (b)(5): Added to clarify the sequence of procedures and ensure a timely process for the issuance of insignia.

Subsection (c): Clarifies HCD's procedure for returning the form to the quality assurance agency in order to complete the processing of the insignia issuance.

Subsection (d): Provides an introduction to the information needed on the form.

Subsection (d)(1): Maintains timely issuance and return of the form to ensure the manufacturer receives adequate insignia in order to maintain shipments of factory-built units.

Subsection (d)(2): Ensures the number of insignia requested matches the actual number of insignia issued.

Subsection (d)(3): Maintains control of the insignia received and cross-reference the numbered insignia with the actual issued insignia.

Subsection (d)(4): Necessary to obtain the signature of the person responsible certifying receipt of insignia as well as noting any discrepancies or damaged insignia.

Subsection (d)(5): Necessary so the final completed form is returned within a designated time period to the department as well as any spoiled or extra insignia to complete the insignia issuance process, provide an accurate audit trail, and ensure the proper control of insignia.

Subsections (e) through (i)

Five subsections are added related to security, safeguarding and reporting for disposition of HCD-issued insignia, **which are accountable items**. This identical requirement is applied within the manufactured housing (MH) program (Title 25, Section 4882). Having similar requirements for both the MH and FBH third-party agencies, who are often the same, provides consistency and a familiarity for all entities involved.

Item 41

41. Amend and relocate Section 3045 to Section 3034 with amendments as shown. § 3045 3034. Lost or Damaged Insignia.

- (a) When an insignia becomes lost, or damaged or misappropriated, the inspection agency shall notify the department shall be notified in writing by the manufacturer. The notification manufacturer shall include also provide the unit's serial number and when possible the insignia number. All damaged insignia shall be promptly returned to the department. Damaged The department shall replace damaged and lost insignia shall be replaced by the

department with a replacement insignia on payment of the replacement insignia fees as specified in Section ~~3060~~ 3100 of this subchapter.

- (b) Insignia on which incorrect information has been ~~incorrectly~~ imprinted may not be returned for replacement, ~~subject to the replacement insignia fees as specified in Section 3060~~

Rationale for Change:

Subsection (a): Adds “misappropriated” to reflect the text in Section 3032 and adds “manufacturer or inspection agency shall notify the.” Clarifies that the manufacturer as well as the inspection agency have the responsibility to notify the department in writing when insignia are lost or damaged.

Subsection (b): Adds “not” and deletes “subject to the replacement insignia fees as specified in Section 3060” because the cost of manufacturing, cataloging, and mailing the insignia has already been incurred by the department. The return of insignia for refund when the insignia is damaged or rendered unusable due to an error by the manufacturer or third-party agency in imprinting does not warrant a refund of monies.

Item 43

43. Amend and relocate Section 3047 to Section 3036 with amendments as shown. § ~~3047~~ 3036. Changes to Approved Plans or Quality Control Manual.

(a) ~~When~~ If the manufacturer proposes to change the approved plans or quality control manual, two sets of the revised plans or quality control manual shall be submitted to the department or design approval agency for approval. At the sole discretion of the department or design approval agency, the manufacturer may submit changes to the approved plans or quality control manual in digital format.

(b) The submission shall be accompanied by an application made in duplicate on forms prescribed by the department. Where the department is the enforcement agency fees shall be as specified in Section ~~3060~~ 3100 of this subchapter. The application shall contain a narrative description of the proposed change.

Rationale for Change:

Subsection (a): Replaces “When” is replaced with “If” because not all manufacturers present changes to their Quality Control Manuals. Provides for manufacturers to submit digital copies of changes to approved plans or quality control manuals when allowed by the department or design approval agency.

Subsection (b): Replaces “3060” with the phrase “3100 of this subchapter”. Properly identifies the referenced section that is being renumbered in this rulemaking. There is no change in regulatory effect.

Item 44

44. Amend and relocate Section 3048 to Section 3037 with amendments as shown. § 3048 3037. Plan Approval Expiration and Renewal.

- (a) Plan approvals shall expire a maximum of 36 months from the date of approval by the department or design approval agency. The maximum 36-month expiration date applies to plans approved by the department or design approval agency based on a specific triennial code, e.g., 2013, which have local approvals for assembly during the effective period of that triennial code or the subsequent triennial code, e.g., 2016.
- (b) Plans approved by the department or design approval agency based on a specific triennial code, e.g., 2013, which do not have local approvals for assembly prior to the effective date of the subsequent triennial code must be amended for compliance with the subsequent code.
- (c) Where the department is the enforcement agency Application for plan approval renewal shall be made in duplicate on forms prescribed by the department together and submitted with two sets of plans, calculations, quality control manuals, and test data when required. Where the department is the enforcement agency Fees shall be as set forth in Section 3060 3100 of this subchapter.

Rationale for Change:

Subsection (a): Adds additional information related to plan expiration and building standards code adoptions which are typically on a three-year basis, although there may be intervening and emergency code adoption cycle.

Subsection(b): Adds additional information related to plans that are based on specific editions of the building standards code, but lack local approvals. This amendment provides clarity on which code would apply for these plans.

Subsection (c): Deletes "in duplicate" is deleted because there is no need for multiple copies of the application form. However, plans, calculations, control manuals, and test data is often reviewed by multiple people and the need for two copies are necessary.

Item 45

45. Amend and relocate Section 3049 to Section 3038 with amendments as shown. § 3049 3038. Existing Plan Approvals and Quality Control Manuals.

- (a) When amendments to the Factory-Built Housing Law, this subchapter or changes to the applicable parts of the California Building Standards Code, require changes to an approved plan or quality control manual, the department or design approval agency shall notify the manufacturer of these amendments and shall allow the manufacturer 60 180 days from the date of such notification, or such additional time as the department or design approval agency deems reasonable, in which to submit revised plans or quality control manuals and obtain approval from the department or design approval agency.
- (b) Submissions made pursuant to this section shall be processed as changes to approved plans or quality control manual in accordance with Section 3036 of this subchapter.

- (c) Submissions made after the time period provided by the department shall be processed as a new plan approval in accordance with Sections 3023 and 3024 of this subchapter.
- (d) When the adopted building standards change after a factory-built housing project application is initially approved by a local agency, the factory-built housing unit or units for that project are only required to comply with the standards in effect at the time of that application submittal.

Rationale for Change:

Subsection (a): Adds “the Factory-Built Housing Law,” and “or changes to the applicable parts of the California Building Standards Code,” because a change in any of these laws or codes may require a change in the approved plan or quality control manual. Keeps the plans and manuals up-to-date and in-line with current construction requirements and procedures.

Replaces “60” with “180” to lengthen the time in which manufacturers have to submit revised plans or quality control manuals. HCD has determined that 60 days is an insufficient period in which to revise a multitude of plans and quality control manuals and is an unreasonable expectation. 180-days is the common time period granted by most state and local governments for amending plans pursuant to code changes. This is repeated in the Mobilehome regulations contained in Title 25, Chapter 2, Section 1020.9 as well as the implementation timeline of 180 days for building standards adoption contained in Section 18938 of the Health and Safety Code.

Deletes “or design approval agency” as related to granting of additional time to revise plans or quality control manuals. HCD is the determining entity for the proper period allowed, the removal of the design approval agency as an additional determining entity is necessary.

Subsection (b): Directs the user to the section that governs expirations and renewals of existing plans and quality control manuals.

Subsection (c): Clarifies that it is the department that has set the timeline for submission of changes to plans and manuals. Deletes “plan” because both plans and manuals are approved. Directs the user to the relevant sections for new plan and manual submissions.

Subsection (d): Clarifies that FBH units where an application for permits to construct have already been submitted, are not be required to comply to new building standards that may have subsequently been adopted after the date the application for permit was submitted. HCD has determined, and it is standard practice by states and local governments, that once an application for permit to construct has been submitted, it is unreasonable to mandate a manufacturer resubmit, redesign, or change the construction of a unit due to the adoption of newer building standards.

Item 47

**47. Amend and relocate Section 3051 to Section 3040 with amendments as shown .
§ ~~3051~~ 3040. Manufacturer Change of Ownership, Name or Address.**

- (a) ~~When there is Upon~~ a change of ownership, name or address of a ~~manufacturing business~~ manufacturer having department or design approval agency plan approval, the manufacturer shall notify the department and design approval agency shall be notified in writing of such a change within ten (10) days. New contracts or contract amendments, as required in Section 3069, should be executed reflecting the change.
- (b) Where the department is the enforcement agency the notification shall be accompanied by fees as specified in Section ~~3060~~ 3100 of this subchapter.
- (c) Previously approved plans and quality control manuals containing the correct name and address of the manufacturer and ~~his~~ its plant locations shall be submitted to the department or design approval agency if applicable.
- (d) In the event of a change of ownership, application for changes to the approved plans or quality control manual shall not be required if the new owner submits a certification written notification to the department that he it will continue to manufacture in accordance with previously the approved plans and quality control manual, and if applicable, the contract with the existing quality assurance agency will be continued.
- (e) In any event other than a change in the ownership, name, or address, an application for changes to the approved plans or quality control manual is required.

Rationale for Change:

Renumber Section "3051" to "3040" to maintain numerical sequence and allow room for future section numbers.

Add the word "Manufacturer" to the Section heading. This is necessary because this section refers to the procedures for a change of ownership, name, or address of the manufacturer.

Subsection (a): Clarifies that it is the manufacturer that must notify the Department and design approval agency of changes to the ownership, name, or address. Clarifies that a new contract or contract amendment must also be executed showing the ownership changes.

Subsection (b): Adopt second paragraph as Subsection "(b)" to separate the section, allow easy reference to the subsection, and maintain consistency throughout this chapter and the Title 25, CCR. Replace the referenced section number "3060" with the phrase "3100 of this subchapter". This amendment is necessary to direct the user to the proper section for fees, which has been renumbered in this rulemaking. Proposed changes provide ease of reference to the subsection and properly identify the referenced section.

Subsection(c): Adopt third paragraph as Subsection "(c)" to separate the section, allow easy reference to the subsection, and maintain consistency throughout this chapter and the Title 25, CCR. Replace the word "his" with "its". This is necessary to remove gender-specific language. There is no change in regulatory effect.

Subsection (d): Replaces “certification” with “written notification to the department” because there is no “certificate” for this process and a simple written notification is sufficient.

Subsection “(e)”: Notifies users that any event beyond a manufacturer change of ownership, name or address requires changes to approved plans and/or quality control manuals.

Item 50

50. Amend and relocate Section 3054 to Section 3042 with amendments as shown. § ~~3054~~ 3042. Reciprocity.

- (a) Except as otherwise specified in this section, the provisions contained in this subchapter shall apply to the manufacturing of factory-built housing units designed, constructed, and intended to be shipped or transported to or from another state which has ~~entered into a reciprocal agreement for in-plant inspections~~ with the State of California, Department of Housing and Community Development.
- (b) Any manufacturer ~~who wishes that intends~~ to manufacture and ship factory-built housing units in accordance with the provisions set forth in the reciprocal agreements between any state and the State of California must meet the qualifications established by statute or regulation in such states. Prior to approval to manufacture under reciprocal agreement, the manufacturer shall submit documented evidence that ~~he, it in fact, does meet such~~ meets those qualifications.
- (c) Plan approval shall be obtained from the department or design approval agency for each model of factory-built housing units ~~that which is~~ are to be manufactured under a reciprocal agreement with another state. Where the department is the plan approval agency, fees shall be as specified in Section ~~3060~~ 3100 of this subchapter.
- (d) Factory-built housing units manufactured in California under a reciprocal agreement shall be inspected during construction solely by the department. Inspection fees shall be as specified in Section ~~3060~~ 3100 of this subchapter.
- (e) Insignia shall be purchased by the manufacturer from each state and shall be affixed to each approved ~~unit~~ section of factory-built housing units. Application for California insignia shall be made on forms ~~obtainable~~ obtained from the department. Fees for reciprocity insignia shall be as specified in Section ~~3060~~ 3100 of this subchapter.
- (f) Every manufacturer who ~~wishes~~ intends to ship factory-built units in reciprocity shall first agree in writing, on a form acceptable to each state, to correct any work not done in accordance with approved plans. ~~He and~~ shall assure completion of ~~complete~~ all corrections within a ~~stipulated~~ specified time period. A copy of the agreement shall be forwarded by the department to the reciprocating state.
~~Every manufacturer when operating under this agreement shall post a bond of sufficient amount to fully cover all work necessary to bring the unit into conformance with the approved plans. The bonding company shall be operating under the laws of both states. The bonding company shall submit a copy of the bond to each state. The bond shall cover any costs incurred by each enforcing state. This shall include attorney's fees, court costs, and other costs necessary to secure the results intended.~~
- (g) Approval to build prototypes for shipment under reciprocal agreement shall not be granted.

- (h) Upon written notice, ~~this state~~ California or any state having a reciprocal agreement with ~~this State~~ California may terminate the agreement. Such termination shall not occur less than ninety (90) days from the date of written notification nor more than six (6) months following such notification. The exact date of termination is subject to negotiation between such states.

Rationale for Change:

Renumber Section “3054” to “3042” to maintain numerical sequence and allow room for future section numbers.

Throughout this section, the term “factory-built housing” is changed to “factory-built units.” This is necessary because the word “housing” is limited to dwellings. The purpose of the legislation and reason for this chapter is to regulate other types of units that require inspection to ensure the adopted standards are met. Additionally, these amendments maintain consistency with the definition for “factory-built units” added with this rulemaking.

Subsection (a): Clarifies that the type of service agreed to between states under a reciprocity agreement is for “in-plant inspections”.

Subsection (f): Removes the requirement of a large bond to cover ‘any costs’. This has had the effect of restricting reciprocity between states. The provisions contained in Section 3081 and 3082 of this subchapter are deemed adequate to address the correction of failures to conform that may be introduced during manufacturing.

Item 54

54. Adopt new Section 3043 as shown.

§3043. Manufacturer Certification Label.

- (a) One (1) certification label is required for each factory-built dwelling, dwelling unit or individual dwelling room.
- (b) The certification label shall be permanently displayed inside the unit near the electrical panel, on the inside of a kitchen cabinet door, or any other area readily accessible, visible location. The certification label shall not be placed on an easily removable feature or location.
- (c) The manufacturer shall ensure that a certification label is applied to each completed dwelling, dwelling room, individual dwelling room or combination thereof prior to release from the factory.
- (d) The following information and statements shall be provided; printed or typewritten on a smudge-resistant certification label in minimum eleven (11) point font:
- (1) Manufacturer name and address.
 - (2) Model or unit plan approval number.
 - (3) “This unit is designed only to be installed on a permanent foundation and is not designed to be moved once installed.”
 - (4) That the unit is constructed to the California Building Standards Code and edition year.
 - (5) Design loads of roof, floor, wind, seismic zone.

(6) Date of manufacture.

(7) Department issued insignia number(s).

(8) The statement, "This Factory-built housing unit [serial number] is not a manufactured home subject to the National Manufactured Housing Construction and Safety Standards Act."

(e) The manufacturer shall forward a hardcopy or digital copy of each certification label to the department and the inspection agency performing inspections within the factory as appropriate. The inspection agency shall retain the copies for a minimum of ten (10) years from the date of manufacture.

***Rationale for Change:** The Department of Housing and Urban Development's Code of Federal Regulations, Title 24, Subtitle B, Chapter XX, Part 3282, the Manufactured Home Procedural and Enforcement Regulations, requires this certification to distinguish factory-built housing from manufactured homes. This is necessary because manufactured homes are constructed to federal standards under the National Manufactured Housing Construction and Safety Standards and its regulations and factory-built housing is constructed to the California Building Standards contained in the California Code of Regulations, Title 24, Parts 2, 2.5, 3, 4, 5, 6, and 11. The relevant section of 24CFR, 3282.312 is reprinted below.*

In order to provide HCD, California consumers, and local enforcement agencies with vital information pertinent to a particular unit, it is necessary for a label to identify the manufacturer's name, address, design criteria, and other important information. This information is necessary should HCD, a California consumer, or local enforcement agency need to follow-up, file a complaint or seek redress with a manufacturer. A certification label is necessary as similar information contained on the insignia of approval applied to a unit is removed or covered during the on-site assembly.

24CFR 3282.12

(c) When a manufacturer makes a certification provided for under paragraph (b) of this section, the certification shall state as follows:

The manufacturer of this structure, Name ; Address (location where structure was manufactured).

Certifies that this structure (Ser. No.) is not a manufactured home subject to the provisions of the National

Manufactured Housing Construction and Safety Standards Act and is —

- (1) designed only for erection or installation on a site-built permanent foundation,*
- (2) not designed to be moved once so erected or installed,*
- (3) designed and manufactured to comply with (Here state which code included in paragraph (b)(3) of this section has been followed), and*
- (4) to the manufacturer's knowledge is not intended to be used other than on a site-built permanent foundation.*

(d) This certification shall be affixed in a permanent manner near the electrical panel, on the inside of a kitchen cabinet door, or in any other readily accessible and visible location.

Subsection (a): Clarifies that a certification label is required in each dwelling, dwelling unit, individual dwelling room as opposed to each section of a dwelling unit or on a building component. This is because this information is only necessary for the unit itself and not the separate components of that unit.

Subsection (b): This adopted language is required by 24CFR 3282.12(d) [reprinted below].

(d) This certification shall be affixed in a permanent manner near the electrical panel, on the inside of a kitchen cabinet door, or in any other readily accessible and visible location.

Reprinted in this section for the ease of use by the user and is a necessary addition because it is a federal requirement, it is important to be able to easily locate this information, and this is also the same location for manufactured home data plates, which provides a common familiarity between manufactured and factory-built housing. Additionally it is necessary to restrict the locations to permanent locations where the label cannot easily be removed to provide for its longevity.

Subsection (c): Clarifies that it is the responsibility of the manufacturer to fill out and install the certification label prior to release from the manufacturing facility. This language also specifies that the label is only for dwellings and dwelling rooms. This is necessary to clarify that the labels are not required to be installed on building components.

Subsections (d)(1)-(8): Clarifies information to be contained on the certification label and the format to be used.

These subsections reiterate the requirements contained in 24CFR 3282.12(c) [reprinted below] for the certification labels required by the federal regulations. Additionally, the model number of the unit and Department-issued insignia number have been added and reference to construction in accordance with the California Building Standards Code has also been added. This is necessary because it is a federal requirement and it is necessary to adapt the language for use in California.

24CFR 3282.12:

(c) When a manufacturer makes a certification provided for under paragraph (b) of this section, the certification shall state as follows:

The manufacturer of this structure, Name; Address (location where structure was manufactured). Certifies that this structure (Ser. No.) is not a manufactured home subject to the provisions of the National Manufactured Housing Construction and Safety Standards Act and is —

- (1) *designed only for erection or installation on a site-built permanent foundation,*
- (2) *not designed to be moved once so erected or installed,*
- (3) *designed and manufactured to comply with (Here state which code included in paragraph (b)(3) of this section has been followed), and*
- (4) *to the manufacturer's knowledge is not intended to be used other than on a site-built permanent foundation.*

Subsection (e): Clarifies that the manufacturer forward a copy of the label (hardcopy or digital) to the inspection agency to provide the agency as well as the consumer the necessary information to locate the manufacturer and unit information in the event the certification label is missing, illegible or damaged. This also provides a means of tracking for future reference. Because factory-built housing equates to conventional housing, the requirement for inspection agencies to maintain copies of the certification label is based on and comparable to the requirement for conventionally constructed housing. The California Civil Code, Division 1, Part 2, Title 7, Requirements for Actions for Construction Defects, commencing with Section 895, provides for up to 10 years to take action on construction defects. Subdivision 941(a) of that code states the following:

(a) Except as specifically set forth in this title, no action may be brought to recover under this title more than 10 years after substantial completion of the improvement but not later than the date of recordation of a valid notice of completion.

Because the situation may arise of defects requiring correction long after the unit is constructed, and that factory-built housing is built to the same standards as conventional housing, it is necessary and appropriate to require the maintenance of the construction information for at least 10 years.

Item 57

57. Amend and relocate Section 3071 to Section 3051 with amendments as shown. § 3071 3051. New Concepts, Alternates and Equivalents.

- (a) The provisions of this subchapter are not intended to prevent the use of any alternate new concept, material, appliance, system installation, device, arrangement, or method of construction not specifically prescribed by the California Building Standards Code or this subchapter, provided any such that the alternate or equivalent has been approved by the department or design approval agency.
- (b) The department or design approval agency shall approve any such new concept, an alternate or equivalent if it finds that the proposed design is satisfactory and that the concept, material, appliance, installation, device, arrangement, or method, system of if it finds that the proposed design is satisfactory and that each such concept, material, appliance, installation, device, arrangement, or method, work offered complies with the intent of is, for the purpose intended, at least the equivalent of that prescribed in the California Building Standards Code or this subchapter.

- (c) ~~Whenever there is definite~~ The department or design approval agency shall require evidence that any concept, material, appliance, installation, device, arrangement, system or method of construction ~~does not conform to subdivision (b)~~, or the proposed alternate is at least equivalent to that prescribed in the California Building Standards Code or this subchapter
- (d) ~~In order to substantiate claims for proposed alternates new concepts, alternates, or equivalents, the department or design approval agency may require tests or proof of compliance to be made at the expense of the manufacturer owner or his the owner's agent by an approved testing agency selected by the owner or the owner's agent. Such action and requirements shall be subject to appeal an informal administrative appeal before the director or his or her designee pursuant to Section 3056.~~

Rationale for Change:

*(a) **Revises** section to more closely adhere to the requirements already established in the Health and Safety Code, State Housing Law (SHL), Section 17923, for alternates. Because factory-built housing is essentially a conventional dwelling constructed in a factory, it becomes subject to the provisions of the SHL commencing with Section 17910. Section 17923 as noted below allows alternate materials, methods, installations and construction provided they meet the equivalency of the regulation.*

17923. (a) The provisions of Section 17922 are not intended to prevent the use of any material, appliance, installation, device, arrangement, or method of construction not specifically prescribed by this part, the building standards published in the State Building Standards Code relating thereto, and the other rules and regulations promulgated pursuant thereto, providing such alternate has been approved. The department may approve any such alternate if it finds that the proposed design is satisfactory and that the material, appliance, installation, device, arrangement, method, or work offered is, for the purpose intended, at least the equivalent of that prescribed in this part, the building standards published in the State Building Standards Code relating thereto, and the other rules and regulations promulgated pursuant thereto in performance, safety, and for the protection of life and health.

(b) Clarifies that the department shall review request for alternative concept, material, appliance, installation, device, arrangement, or method to verify that each proposal is not less than equivalent to the State Building Standards Code or this subchapter.

(c-d) Clarifies that the Department may require evidence that any material, appliance, installation, device, arrangement, or method of construction which does not conform to the requirements of this part, the building standards published in the State Building Standards Code relating thereto, and the other rules and regulations promulgated pursuant thereto, or in order to substantiate claims for alternates, the department may require tests as proof of compliance to be made at the expense of the owner or his agent.

Items 60 – 85 Third Party Approval and Enforcement Sections 3060 – 3085

General Rationale for Change: Manufactured Housing (MH) is referenced because many provisions for third-party approval, inspection, and enforcement are identical of the proposed FBH regulations. The MH program's third-party approval and enforcement requirements are replicated and amended throughout these proposed regulations because the two programs have similar third-party regulatory requirements. These requirements have worked well for manufactured housing. The third-party design and enforcement agencies are often the same for both manufactured housing and factory-built housing. It is beneficial to have similar requirements to maintain consistency within the two programs. This consistency not only benefits third party agencies by making requirements and processes similar, but the general public with a higher quality end product.

Item 60

60. Adopt Article 5.

Article 5. THIRD-PARTY APPROVAL AND ENFORCEMENT

Rationale for Change: Provides additional provisions for the approval of third-party entities working on behalf of HCD. HCD determined that the current regulatory provisions are incomplete and do not truly reflect processes and procedures currently being applied in the FBH program.

The MH program's third-party approval and enforcement requirements are replicated and amended throughout these proposed regulations because the two programs have similar third-party regulatory requirements. These requirements have worked well for manufactured housing. The third-party design and enforcement agencies are often the same for both manufactured housing and factory-built housing. It is beneficial to have similar requirements to maintain consistency within the two programs. This consistency not only benefits third party agencies by making requirements and processes similar, but the general public with a higher quality end product.

Third-party entities obtain HCD approval for both the FBH and MH programs, and it is necessary to keep administrative rules, procedures for application approval, conflict of interest, insignia handling, and so forth, as similar as possible to avoid confusion by the private sector and the code user.

Item 61

61. Continue adoption of Section 3060 (section number only) with new content.
§ 3060. Application and Scope.

The provisions of this article shall apply to third-party agencies, inspectors employed by third-party agencies, and manufacturers of factory-built units.

Rationale for Change: Clarifies the application and scope of proposed Article 5 and defines the parties affected by this article.

Item 62

62. Continue adoption of Section 3061 (section number only) with new content.
§ 3061. Conditions of Approval for a Design Approval Agency.

(a) In order to be approved by the department as a design approval agency, that agency shall satisfy all of the following criteria.

(1) A design approval agency shall only employ staff qualified to perform the activities of inspecting and approving plans and quality control manuals deemed suitable by the department.

(2) For the inspection of plans for factory-built units, a design approval agency shall employ professional engineer(s) or architect(s) licensed by the State of California. Individuals who are not licensed California architects or engineers may review and approve plans under the direct supervision of a licensed architect or engineer provided the individual is certified by a nationally recognized certification agency to review and approve plans.

(3) A design approval agency shall have the capability to enforce the provisions of California laws and regulations governing the manufacture of factory-built units.

(4) A design approval agency shall have the capability to prepare and submit reports complying with Section 3070 of this subchapter.

(5) A design approval agency shall maintain plans and quality control manuals as well as their amendments. This includes, but is not limited to; record keeping, storage, retrieval of approved plans or manuals and their maintenance along with the ability to distinguish currently approved plans or manuals from those that have been superseded or cancelled.

(6) A design approval agency shall not have any actual or potential conflict of interest as defined in Section 3020 of this subchapter.

(b) An individual applicant applying for approval as a design approval agency shall be qualified to receive public benefits pursuant to Chapter 5.5 of this division, commencing with Section 5802.

Rationale for Change: In part, mirrors the requirements contained in 25CCR Section 4852 (please see the "Background" tab within this rulemaking file). It implements the provisions of HSC Section 19983, 19991.3 and 19991.4 for HCD approval of third-party entities and is amended to meet the specific requirements of the FBH program.

Subsection (a): Specifies requirements that must be met for a Design Approval Agency (DAA) to become a DAA approved by the Department

Subsection (a)(1): Clarifies that in order for an agency to approve plans for FBH, it must employ staff who possesses suitable qualifications.

Subsection (a)(2): Specifies that an agency reviewing plans for factory-built units must employ an engineer(s) or architect(s) licensed in California for such review. This is necessary to maintain consistency with all other California dwelling designers and provide recourse through the California Architects Board or California Board for Professional Engineers, Land Surveyors, and Geologists if necessary. Provides for the use of unlicensed individuals certified by nationally recognized certification agencies to review plans under the supervision of licensed engineers or architects. This section has also been modified in response to stakeholder comment.

Subsection (a)(3): Establishes as a condition of approval, that a DAA must have the ability to enforce the provisions of California laws and regulations governing the manufacture of FBH units. This is necessary because it is the basis of any future action to cancel HCD's approval pursuant to HSC Section 19991.3 when a DAA fails to properly enforce California laws and regulations or satisfy the requirements of this subchapter.

Subsection (a)(4): Establishes the requirement that a DAA must have the ability to submit reports in compliance with regulatory requirements specified in Section 3070.2 of this subchapter. It is necessary to submit periodic written reports containing information HCD will need to determine compliance of the third-party entity within the conditions of their approval.

Subsection (a)(5): Establishes that a DAA must submit and maintain plans, quality control manuals, and any amendments. They must also be able to distinguish current plans and manuals from those that are superseded or cancelled in order to assure that manufacturers are using the most current approvals. This is necessary to maintain the integrity of the original design. This is necessary to prevent inaccuracies in plans used by the manufacturer for construction.

Subsection (a)(6): Establishes that as a condition of approval a DAA shall be free of actual or potential conflict of interest, and shall not be affiliated with, influenced by, or controlled by any manufacturer FBH, or supplier pursuant to HSC Section 19991.3 and 19991.4. HSC Sections 19991.3 and 19991.4 require adoption of regulations for approval of third-party entities including freedom from conflict of interest and involvement in collusive or fraudulent actions related to the performance of activities. Conflict of interest and collusion may become evident when the California licensed engineer inspecting plans for a DAA also fulfills a roll in the management or staff of a consulting firm that designs the plans for the manufacturer.

Subsection (b): Establishes that a DAA must comply with the Federal Personal Responsibility and Work Opportunity Act of 1996, which requires verification of citizenship of any individual receiving public benefits.

Item 63

63. Adopt new Section 3062 as shown.

§ 3062. Conditions of Approval for a Quality Assurance Agency.

- (a) In addition to meeting the definition of a quality assurance agency provided in Health and Safety Code Section 19976.05, a quality assurance agency shall satisfy all of the following criteria as a condition of approval.
- (1) A quality assurance agency shall only employ inspectors certified by the department to perform inspections and monitoring activities.
 - (2) A quality assurance agency shall have the ability to inspect factory-built units, monitor quality control programs for compliance with California laws and regulations, and approve plans and quality control manuals.
 - (3) A quality assurance agency shall have the ability to submit reports complying with Sections 3072, 3072.1 and 3073 of this subchapter.
 - (4) A quality assurance agency shall be free of actual or potential conflict of interest as defined in Section 3020 of this subchapter.
- (b) An individual applicant for quality assurance agency approval shall be qualified to receive public benefits pursuant to Chapter 5.5 of this division, commencing with Section 5802.
- (c) The quality assurance agency shall submit, at the request of the Department, any information necessary to verify continued qualification of the quality assurance agency during the quality assurance agencies approval period.” compliance with their conditions of approval.

Rationale for Change: In part, mirrors the MH, Title 25, CCR Section 4854 requirements and is amended to meet the specific requirements of the FBH program.

Subsection (a): Clarifies that all the conditions that follow in this section must be met to obtain approval to perform as a QAA pursuant to this subchapter and HSC Section 19991.4. HSC Section 19991.4 requires HCD to adopt regulations that establish the criteria for obtaining HCD's approval as a third-party entity so that the applicant can obtain approval with the least amount of confusion and delay. The criterion to be a QAA ensures a safe, quality product that conforms to the building standards.

Subsection (a)(1): Establishes the requirement that a QAA may only use staff approved by HCD as quality assurance inspectors to perform inspections and monitoring activities. HSC Section 19991.4 provides for the approval and disapproval by HCD of the QAA personnel for third-party entities. This is necessary to ensure the QAA inspector has the knowledge and experience to properly inspect and monitor factory-built units. This subsection mirrors the existing Title 25, CCR subsection 4854(b) requirements for manufactured homes and is amended to meet the specific requirements of the FBH program. The MH program's third-party approval and enforcement requirements are replicated and amended because the two programs have similar third-party regulatory requirements.

Subsection (a)(2): Conditions the approval of a QAA that they must have the ability to inspect FBH units for compliance with California laws and regulations and approve plans and quality control manuals. Ensures the QAA has the knowledge, experience, and ability to properly

inspect, monitor and approve manuals of factory-built units and components. The adoption of this subsection is necessary because these requirements are essential to performing the role of a QAA. Additionally, this subsection mirrors the existing Title 25, CCR subsection 4854(c) requirements for manufactured homes and is amended to meet the specific requirements of the FBH program. The MH program's third-party approval and enforcement requirements are replicated and amended because the two programs have similar third-party regulatory requirements.

Subsection (a)(3): Establishes as a condition of approval that a QAA must have the ability to comply with the reporting requirements of HSC Sections 19991.3, 19991.4 and Sections 3072, 3072.1 and 3073 of this subchapter. The ability of the QAA to comply with the reporting requirements is necessary for HCD to carry out its third-party performance monitoring duties and to maintain a database of all units approved for sale in California to facilitate the monitoring and quality.

Subsection (a)(4): Establishes that as a condition of approval a QAA must be free of actual or potential conflict of interest, and shall not be affiliated with, influenced by, or controlled by any FBH manufacturer, or supplier. HSC Sections 19991.3 requires, and 19991.4 allows the department to adopt regulations for the approval of third-party entities. These regulations include the conflict of interest and involvement in collusive or fraudulent actions related to the performance of activities. A conflict of interest and collusion may become evident when the California licensed engineer inspects units as a QAI and also fulfills a roll in the management or staff of a consulting firm that prepares or designs the plans for the manufacturer.

Subsection (b): Needed to comply with the federal Personal Responsibility and Work Opportunity Act of 1996, which requires verification of citizenship of any individual receiving public benefits. Being approved by the department is a state benefit.

Subsection (c): Requires the quality assurance agency to submit information necessary to verify the continued qualification to HCD upon request. Ensures that quality assurance agencies maintain their qualifications during the approval period.

Item 64

64. Adopt new Section 3063 as shown.

§ 3063. Conditions of Approval for a Quality Assurance Inspector.

- (a) The approval of a quality assurance inspector shall expire on the last day of the thirty-sixth (36) month following the month of issuance.
- (b) A quality assurance inspector shall meet the following criteria as a conditions of approval:
- (1) A quality assurance inspector shall possess at least three (3) years of experience in the construction inspection field inspecting residential dwellings and possess a valid residential building inspector certification from a nationally recognized building code organization, or;
 - (2) Inspection personnel designated to perform in-plant inspections may be certified by an examination conducted by the department. Payment of one (1) examination fee shall

- allow the applicant two attempts to successfully complete the examination. If the applicant is unsuccessful in their initial attempt, the applicant may reschedule the second examination no sooner than two (2) calendar weeks or and no later than twelve (12) calendar months from the initial examination date. The examination shall consist of:
- (A) A written examination based upon the Factory-Built Housing Law, the Factory-Built Housing Regulations related thereto, and the building systems employed in the construction of factory-built housing. A minimum rating of 70 percent shall be attained, and
 - (B) A practical knowledge exam to demonstrate the capability to note construction violations during actual in-plant inspections.
- (3) A quality assurance inspector shall have the ability, experience and training to inspect and monitor quality control programs for compliance with approved plans, quality control manuals and California laws and regulations regarding factory-built housing units.
 - (4) A quality assurance inspector shall be responsible for assuring the manufacturing facility is capable of producing factory-built units that comply with its approved quality control program, approved plans, and the applicable California laws and regulations.
 - (5) A quality assurance inspector, upon discovering any factory-built unit is constructed in violation of approved plans, or California laws or regulations shall ensure that other units built in the same facility are not manufactured with the same deficiencies, and if necessary, ensure compliance with the approved plans.
 - (6) A quality assurance inspector shall have the ability to prepare clear and legible inspection reports that describe all observed violations, list any corrective action the manufacturer is responsible for ensuing and make all references to the design approval agency- approved plans, quality control manuals, California laws or regulations, and incorporated documents.
 - (7) A quality assurance inspector shall be free of actual or potential conflicts of interest and shall not be affiliated with, influenced by or controlled by any manufacturer of building components, dwellings, dwelling unit or individual dwelling room.
- (c) An individual applicant for approval as a quality assurance inspector shall be qualified to receive public benefits pursuant to Chapter 5.5 of this division, commencing with Section 5802.

General Rationale for Change: This is relocated, renumbered, and amended “Section 3035 (a)(2-4) and (c)” with an amended heading. In part, mirrors the MH, Title 25, CCR Section 4856 requirements and is amended to meet the requirements of the FBH program.

Subsection (a): Provides an expiration that is consistent throughout other subsections within this subchapter and MH, Title 25, CCR Section 4868. A 36-month time limit on the DAA and/or QAA approval is necessary because changes in the building standards occur in a triennial cycle. HCD has determined a 36-month limit is appropriate to maintain consistency with the building standards. Additionally, this time limit allows a positive method to update changes in personnel, corporation data, addresses, and the general organization of the DAA and/or QAA that might otherwise have been missed.

Subsections (b): Replicated from Section 3035 of these regulations and Section 4856 of the manufactured housing regulations. As noted above, these programs have near identical QAI requirements. It is necessary to add this section to establish the requirements necessary to assure the quality of the QAI. The requirements for approval establish the standards to ensure the QAI has the ability to properly perform inspections and enforce the requirements for Factory-built units.

Subsection (b)(1)and (2)

These subsections are adopted to establish the condition of approval for a QAI. That person must have the knowledge, background, ability, and experience to inspect FBH units for compliance. This is necessary because the QAI is the final inspecting entity able ensure compliance with California laws and regulations, approved plans and quality control manuals. This is necessary to maintain the quality of the finished product and protect the health and safety of the occupants and public. These requirements are necessary to ensure the applicant can demonstrate competence. This is determined by either possessing job experience as a building code-enforcement officer or inspector, or by satisfactorily completing an examination given by a national or internationally recognized code-making organization. Acceptable examinations would be from organizations such as the International Code Council (ICC), publisher of the International Building Code and International Residential Code, the model codes for the California Building Code and California Residential code. These are universally recognized credential organizations.

The requirement for a minimum of three-years of experience provides additional qualification allowances to the existing language of Section 3035 (a)(2-3). Previously allowed certification by successful completion of an examination conducted by HCD and a demonstration of ability of the applicant to note construction violations was allowed. These provisions allow additional means to be approved as a QAI and demonstrate a less proscriptive process for approval. Additionally, there are cost considerations for the small business QAI applicant. Currently, it costs \$866 to conduct examinations to qualify a person as a QAI, a fee usually paid by the QAA or the applicant. The amount of attempts the \$866 fee covers and minimum and maximum time frame to retake the exam has been added for clarity. There is no guarantee that the individual taking the test will pass and retesting also requires an \$866 fee. Most current building inspectors have already obtained certifications from major recognized code-adoption organizations as a requirement of either current or previous employment lessening the financial burden on both the applicant and the QAA. This is a cost savings for small businesses.

Subsection (b)(3): Establishes as a condition of approval that a QAI must have the ability to inspect FBH units for compliance with California laws and regulations, approved plans and quality control manuals. As mentioned above, this text is similar to section 4856(b) of the Manufactured Housing regulations. The third-party enforcement agencies are often the same for both manufactured housing and factory-built housing. It is beneficial to have similar requirements within the two programs to maintain consistency. This consistency not only benefits third party agencies by making requirements and processes similar, but the general

public with a higher quality end product. This is necessary to maintain the quality of the finished product and protect the health and safety of the occupants and public. These requirements are necessary to ensure the applicant will demonstrate competence. HCD must evaluate the abilities of a QAI in a similar manner as it does a QAA, and hold inspectors accountable for their actions.

Subsection (b)(4): Establishes that as a condition of continuing approval that the QAI is responsible for the inspection of FBH units for compliance with California laws and regulations, approved plans, and quality control manuals. Additionally, the QAI is responsible for securing compliance. This is necessary to ensure the entire construction process from the storage of materials through to a finished product is inspected and complies with the laws, regulations, and plans.

Subsection (b)(5): Establishes as a condition of approval that a QAI must have policies and procedures in place in order to secure compliance and eliminate the possibility of releasing defective product to California consumers. This is necessary to ensure that other units built in the same facility are not manufactured with the same deficiencies.

Subsection (b)(6): Establishes that as a condition of approval that a QAI must have the ability to prepare detailed inspection reports. This is necessary in order to provide clear information to HCD in the form of written reports and is used as the foundation for enforcement action if required. HCD has determined the minimum information needed in an inspection report and has listed those items in section 3073 of this rulemaking. HCD staff utilizes the inspection reports upon receipt of a complaint alleging improper construction of a unit in order to take corrective action.

Subsection (b)(7): Establishes that as a condition of approval a QAI must be free of actual or potential conflict of interest, and shall not be affiliated with, influenced by, or controlled by any FBH manufacturer or supplier. Clarifies and makes specific the provisions of HSC Section 19991.4 related to approval of third-party entities including freedom from conflict of interest and involvement in collusive or fraudulent actions related to the performance of activities.

Subsection (c): Needed to comply with the Federal Personal Responsibility and Work Opportunity Act of 1996 of which requires verification of citizenship of any individual receiving public benefits. Being approved by HCD to act as a QAI is receiving a public benefit.

Item 65

65. Adopt new Sections 3064 with content from Sections 3022.1 and 3034.

**§3022.1 3064. Design Approval Agency-Certification Application Requirements-
Application for Design Approval Agency and/or Quality Assurance Agency
Approval.**

(a) An applicant for ~~design approval agency certification must be made to the department in writing and such application shall include the following information and documentation:~~
approval to perform as a design approval agency and/or quality assurance agency

pursuant to this article shall make application to the department using form HCD-FBH 307, Application for Factory-Built Housing Program Quality Assurance Agency (QAA) and/or Design Approval Agency (DAA), HCD-FBH 307. The applicant shall provide the following information:

- ~~(1) An organizational chart of the agency, including reference to any interlocking organizational relationships;~~
 - ~~(2) Personnel resumes;~~
 - ~~(3) Reports and other documentation indicating capability and capacity to carry out design approval activities;~~
 - ~~(4) A statement under penalty of perjury that the agency and its staff have no institutional or contractual relationships with any manufacturer, architect, engineer, or other person or entity which would create the appearance of, or an actual, conflict of interest;~~
 - ~~(5) The applicant's proposed contract and fee schedule; and~~
 - ~~(6) Documentation necessary to demonstrate the applicant's eligibility to receive public benefits pursuant to chapter 5.5 of this division, beginning with section 5802.~~
 - (1) Indication of whether the application is for an original approval, or approval renewal of a design approval agency and/or quality assurance agency.
 - (2) The firm and corporate legal or "doing business as" name, business and mailing address, fax number, e-mail, and telephone number(s) of the applicant.
 - (3) Indication of whether the ownership structure is established as an individual, partnership, corporation or limited liability company.
 - (4) Identification of any individual owner, partner(s), officer(s), director(s) and major stockholder(s) who will participate in the management or supervision of activities pursuant to this article. If additional space is required for this listing, the applicant shall attach a separate list entitled "Ownership/Management" to form HCD-FBH 307.
 - (5) On a separate attachment entitled, "Organization," the design approval agency shall provide the following information as applicable:
 - (A) The name(s) and California license number(s) of the architect(s), the California registration number(s) of the engineer(s) and, when applicable, certification number(s) of plan reviewers who will perform the inspection of plans for factory-built housing units as specified in Section 3061(b)(a)(2) of this subchapter.
 - (6) On a separate attachment entitled, "Qualifications," a detailed explanation of the applicant's business activities and how the applicant meets the requirements of Section 3061(a), (c), (d) and (e) of this subchapter.
 - (7) Attached resumes detailing the education, training and experience for directors, supervisors, managers, engineers, architects, technical staff, insignia administrator and quality assurance inspectors who have not been approved by the department.
 - (8) The signature and typed or printed name of the highest ranking officer of the agency certifying under penalty of perjury to the accuracy of the information provided.
 - (9) The date, county and state that approval was executed.
- ~~(b) Reports and other documentation indicating the applicant's capability and capacity to carry out design approval activities shall contain, at a minimum, the following information:~~
- ~~(1) Availability of licensed engineers and architects and other required professional and support staff adequate to process estimated workload;~~

- ~~(2) Prior experience satisfactory to contractors or clients in reviewing and/or preparing plans for factory-built or conventional structures;~~
- ~~(3) Description of proposed review process and procedures to ensure design defects are corrected.~~
- (b) Form HCD-FBH 300, Absence of Conflict of Interest Statement, dated January 2000, shall be attached to form HCD-FBH 307, Application for Factory-Built Housing Program quality assurance agency (QAA) and/or design approval agency (DAA), dated January 2006.
- ~~(c) An application for certification shall be accompanied by fees for certification of design approval agencies as set forth in Section 3060.~~
- (c) The applicant shall present other documentation necessary to determine the applicant's eligibility to receive public benefits pursuant to Chapter 5.5 of this division, commencing with Section 5802.
- ~~(d) The department reserves the right to request additional documentation and information to make the findings necessary for certification.~~
- (d) The application shall be accompanied by the appropriate fees specified in Section 3100 of this subchapter.

Rationale for Change: This section is the relocated, renumbered, and amended "Section 3022.1" with an amended heading. In part, mirrors the MH, Title 25, CCR Section 4858 requirements; establishes application procedures for applicants seeking approval to perform as a DAA and/or QAA and is amended to meet the requirements of the FBH program.

Subsection (a): Specifies that a standardized application form must be submitted to HCD to obtain clear, concise, and accurate information about the applicant. Utilizing a standard form ensures fairness and consistency in the collection of information.

Subsection (a)(1): Clarifies that an applicant must designate that the application is an original (new) application. Fees and information requested for an original application is different for renewal applications.

Subsection (a)(2): Needed to obtain the proper name of applicant, the address, and telephone numbers of the applicant. Facilitates the completion of the application by HCD and to provide the necessary contact information. Also necessary in the event enforcement action against the DAA and/or QAA is required.

Subsection (a)(3): Needed to determine if the applicant exempt from public benefits requirements as a corporation pursuant to Chapter 5.5 of this division, commencing with Section 5802 or an application for public benefits is required.

Subsection(a)(4): Requires notification that the applicant must include the names, titles, and responsibilities of all directors, managers, and engineers within the organization responsible for the activities to be performed pursuant to this Article. HSC Section 19991.3 requires HCD to develop regulations for the approval of third-party entities including qualification criteria of personnel and identify all personnel directly involved in DAA and/or QAA activity for the

purposes of monitoring for conflict of interest. Establishes accountability in order to hold an individual or individuals responsible for their actions in any administrative or criminal action.

Subsections (a)(5) and (a)(5)(A): Provides instructions for the applicant to use a separate attachment to list the organizational arrangement. Organization charts, or lists assist HCD staff during the application review and processing. The separate attachment is necessary because organizational charts are often sizeable making it impossible to list all the necessary details on a specific form. The chart is necessary to ensure the lack of conflicts of interest and to know the personnel necessary to contact in the event of any enforcement actions or notifications. The California license number of the architect(s) or engineer(s) who will perform the inspection of plans for structural, fire-life safety and occupancy, thermal and energy systems are necessary for HCD to ensure the proper licensing and verifications. This section also requires information for certified plan reviewers when used by the design approval agency or quality assurance agency. This section has been amended in response to stakeholder comment.

Subsection (a)(6): Provides instructions for the applicant to use a separate attachment to list the qualifications of the applicant to determine whether the applicant meets the requirements Section 3061 of this subchapter. These qualifications assist HCD staff during the application review and processing. A separate attachment is necessary because entities qualified to act as a Design Approval Agency and/or Quality Assurance Agency have extensive backgrounds. This makes it impossible to list all the necessary details on a specific form. The list of qualifications is necessary to ensure the architect(s) or engineer(s) who will perform the inspection of plans for structural, fire-life safety and occupancy, thermal and energy systems are necessary for HCD to ensure the proper licensing and verifications and background necessary to act as a DAA and/or QAA.

Subsection (a)(7): Clarifies that the applicant must provide the resumes of all personnel that are actively participating in the operation of the DAA and/or QAA. Needed to determine if the applicant meets the minimum education and experience qualifications established for such personnel and conditions of approval in Section 3061(b) of this subchapter.

Subsection (a)(8): Needed so the highest-ranking officer of the DAA and/or QAA organization understands their responsibility and will certify under penalty of perjury the accuracy of the application; the qualifications of the agency; and, its personnel to perform DAA and/or QAA activity on behalf of HCD. Provides HCD staff with the name of the responsible person for HCD monitoring processes and procedures and to which HCD letters of correspondence need to be addressed. If it is found that the application contains fraudulent information and a denial proceeding is held, the applicant's certification is used to support the department's position that the applicant willingly submitted false information.

Subsection (a)(9): Needed in the event of possible enforcement action and/or litigation. Because litigation can be handled in the county the documents were signed the date and location of the signature is necessary. The information provides verification and lends authenticity of statements by the applicant.

Subsection (b): Provides instruction for the applicant to attach the Absence of Conflict of Interest Statement. This is necessary for an application to be complete. HSC 1999.3 requires HCD to adopt regulations specifically dealing with conflicts of interest. As such, all active members of a company are required to submit a signed conflict of interest statement. Certification is required to be on a form provided by the department for both renewal and original applications. A standardized form developed by the department provides the applicant with assurance of not leaving out vital information and satisfies the department's need to receive clear, concise and accurate information.

Subsection (c): Provides reference to Section 5802 which implements and establishes procedures for verifying the citizenship or qualified alien status of beneficiaries or prospective beneficiaries of regulatory programs administered by HCD. This is obtained by certification on HCD Benefits Status Form 1, "STATEMENT OF CITIZENSHIP, ALIENAGE, AND IMMIGRATION STATUS FOR STATE PUBLIC BENEFITS, dated August 1998."

Subsection (d): Clarifies that fees are required in order to process an application. This is necessary to cover the costs of processing the application.

Item 66

66. Adopt new Section 3064.1 as shown.

§3064.1. Application for Design Approval Agency and/or Quality Assurance Agency Renewal Approval

- (a) The approval of a design approval agency and/or quality assurance agency shall expire on the last day of the thirty-sixth (36) month following the month of issuance.
- (b) A design approval agency and/or quality assurance agency seeking renewal of department approval shall make application using form HCD-FBH 307, Application for Factory-Built Housing Program quality assurance agency (QAA) and/or design approval agency (DAA), dated January 2006.
- (c) The design approval agency and/or quality assurance agency renewal applicant shall provide the following information:
 - (1) Indication that the application is for renewal of a design approval agency and/or quality assurance agency.
 - (2) The firm and corporate legal or "doing business as" name, business and mailing address, fax number, e-mail and telephone number(s) of the applicant.
 - (3) Indication of whether the ownership structure is established as an individual, partnership, corporation or limited liability company.
 - (4) Identification of any individual owner, partner(s), officer(s), director(s) and major stockholder(s) who will participate in the management or supervision of activities pursuant to this article. If additional space is required for this listing, the applicant shall attach a separate list to form HCD-FBH 307.
 - (5) On a separate attachment entitled, "Organization," the design approval agency and/or quality assurance agency shall provide the following information as applicable:

- (A) The name(s) and California license number(s) of the architect(s) or the California registration number(s) of the engineer(s) who will perform the inspection of plans for structural systems of factory-built units as specified in Section 3061(a)(2) of this subchapter.
- (B) Attached resumes detailing the education, certifications, training and experience for directors, supervisors, managers, engineers, architects, technical staff who were not previously approved by the department.
- (C) The signature and typed or printed name of the highest-ranking officer of the ownership certifying under penalty of perjury to the accuracy of the information provided.
- (D) The date, county and state that approval was executed.
- (d) Form HCD-FBH 300, Absence of Conflict of Interest Statement, dated January 2000 shall be attached to form HCD-FBH 307, Application for Factory-Built Housing Program quality assurance agency (QAA) and/or design approval agency (DAA), dated January 2006.
- (e) The application shall be accompanied by renewal fees as specified in Section 3100 of this subchapter.
- (f) Renewal applications shall be submitted to the department at least ninety (90) days prior to the current approval expiration date.

Rationale for Change: In part, mirrors the MH, T25, CCR Section 4868 requirements and is amended to meet the requirements of the FBH program. A separate section covering the renewal process is necessary because the processes and procedures differ from an original application.

Subsection (a): Provides for an expiration that is consistent throughout other subsections within this subchapter and MH, Title 25, CCR Section 4868. A 36-month time limit on the DAA and/or QAA approval is necessary because changes in the building standards occur in a triennial cycle. A 36-month limit is appropriate to maintain consistency with the building standards. This time limit allows a positive method to update changes in personnel, corporation data, addresses, and the general organization of the DAA and/or QAA that might otherwise have been missed.

*Subsection (b): **Specifies** that a standardized application form must be submitted to HCD to obtain clear, concise, and accurate information about the applicant. Additionally, utilizing a standard form ensures fairness and consistency in the collection of information.*

Subsection (c): Clarifies information a Design Approval Agency is required to provide.

Subsection (c)(1): Clarifies that an applicant must designate that the application is for an existing third-party requesting renewal. Fees and information requested for an original application is different than for renewal applications.

Subsection (c)(2): Obtains the proper name of applicant, the address, and telephone numbers of the applicant. Facilitates the completion of the application by HCD and to provide the

necessary contact information. Also necessary in the event enforcement action against the DAA and/or QAA is required.

Subsection (c)(3):_Necessary to determine if the applicant exempt from public benefits requirements as a corporation pursuant to Chapter 5.5 of this division, commencing with Section 5802 or an application for public benefits is required. Additionally, the reviewer can examine the information to verify the information on file is still applicable, or needs to be changed.

Subsection (c)(4): Requires notification that the applicant must include the names, titles, and responsibilities of all directors, managers, and engineers within the organization responsible for the activities to be performed pursuant to this Article. HSC Section 19991.3 requires HCD to develop regulations for the approval of third-party entities including qualification criteria of personnel and identify all personnel directly involved in DAA and/or QAA activity for the purposes of monitoring for conflict of interest. Establishes accountability in order to hold an individual or individuals responsible for their actions in any administrative or criminal action

Subsections (c)(5) and(c)(5)(A):_Provides instructions for the applicant to use a separate attachment to list the organizational arrangement. Organization charts, or lists assist HCD staff during the application review and processing. A separate attachment is necessary because organizational charts are often sizeable and impossible to list all the necessary details on a specific form. The chart ensures the lack of conflicts of interest and to know the personnel necessary to contact in the event of any enforcement actions or notifications. The California license number of the architect(s) or engineer(s) who will perform the inspection of plans for structural, fire-life safety and occupancy, thermal and energy systems are necessary for HCD to ensure the proper licensing and verifications.

Subsection (c)(5)(B): Clarifies that the applicant must provide the resumes of all personnel that are actively participating in the operation of the DAA and/or QAA. Necessary to determine if the applicant meets the minimum education and experience qualifications established for such personnel and conditions of approval in Section 3061(a)(1) of this subchapter.

Subsection (c)(5)(C):_Necessary so that the highest-ranking officer of the DAA and/or QAA organization understands their responsibility and will certify under penalty of perjury the accuracy of the application; the qualifications of the agency; and, its personnel to perform DAA and/or QAA activity on behalf of HCD. Provides HCD staff with the name of the responsible person for HCD monitoring processes and procedures and to which HCD letters of correspondence need to be addressed. If it is found that the application contains fraudulent information and a denial proceeding is held, the applicant's certification is used to support the department's position that the applicant willingly submitted false information.

Subsection (c)(5)(D): Necessary in the event of possible enforcement action and/or litigation. Because litigation can be handled in the county the documents were signed the date and location of the signature is necessary. Information provides verification and lends authenticity of statements by the applicant.

*Subsection (d): Provides instruction for the applicant to attach the Absence of Conflict of Interest Statement **which is necessary** for an application to be complete. HSC 19991.3 requires HCD to adopt regulations specifically dealing with conflicts of interest. As such, all active members of a company are required to submit a signed conflict of interest statement.*

The certification is required to be on a form provided by the department for both renewal and original applications. A standardized form developed by the department provides the applicant with assurance of not leaving out vital information and satisfies the department's need to receive clear, concise and accurate information.

Subsection (e): Clarifies that fees are required in order to process an application which is necessary to cover the costs of processing the application.

Subsection (f): Assists in timely processing of design approval agency and quality assurance agency certification renewals prior to the current certifications expiration.

Item 67

67. Adopt new Section 3066 with content from Section 3035.

§ 3066. Application for Quality Assurance Inspector Approval.

- (a) An applicant for approval to perform as a quality assurance inspector shall apply to the department using HCD–FBH 305, Application for Factory-Built Housing Quality Assurance Inspector, dated January 2006. The applicant shall provide the following information:
- (1) Indication of whether the application is for a quality assurance inspector original approval or approval renewal.
 - (2) The name, business address, telephone number and email of the applicant.
 - (3) The name, address, telephone number and email of the quality assurance agency employing or to employ the applicant.
 - (4) An attached resume detailing the education, training, certification(s) and experience of the applicant which demonstrates the applicant's ability to meet the requirements of Section 3063 of this subchapter.
 - (5) The date, county and state that approval was executed.
- (b) A completed form HCD–FBH 300, Absence of Conflict of Interest Statement, dated January 2000, shall be attached to form FBH 305, Application for Factory-Built Housing quality assurance inspector, dated January 2006.
- (c) The applicant shall present documentation necessary to determine the applicant's eligibility to receive public benefits pursuant to Chapter 5.5 of this division, commencing with Section 5802.
- (d) The application shall be accompanied by the appropriate fees specified in Section 3100 of this subchapter.

***Rationale for Change:** Mirrors the MH, Title 25, CCR Section 4856 requirements. Amended to meet the requirements of the FBH program.*

Subsection (a): Establishes a standardized application form, "HCD–FBH 305, Application for Factory-Built Housing Quality Assurance Inspector, dated January 2006", that allows HCD to obtain clear, concise and accurate information about the applicant. Utilizing a standard form ensures fairness and consistency in the collection of information.

Subsection (a)(1): Clarifies that an applicant must designate that the application is an original (new) application. Needed because the fees and information requested for an original application is different for renewal applications.

Subsection (a)(2): Needed to obtain the proper name of applicant, the address, and telephone numbers of the applicant. Facilitates the completion of the application by HCD and to provide the necessary contact information. Needed for notifications and ease of locating the QAI in the event enforcement action against is required.

Subsection (a)(3): Provides HCD with the information needed to verify whether the applicant is employed by an HCD-certified QAA. HCD regulations do not authorize a person certified as a QAI only, to act without either employment by a department-certified QAA or as a single third-party owner-operator certified by HCD as both a QAA and a QAI. Assures persons or businesses fully comply with California law and regulations.

Subsection (a)(4): Requires the applicant to provide a resume that to demonstrate that they meet the conditions of approval by describing their experiences, education, certifications or training which qualifies them to act on behalf of HCD.

Adopt Subsection (a)(5): Needed in the event of possible enforcement action and/or litigation. Because litigation can be handled in the county the documents were signed the date and location of the signature is necessary. Information provides verification and lends authenticity of statements by the applicant.

Subsection (b): Provides instruction for the applicant to attach an HCD form -- Absence of Conflict of Interest Statement. Needed for an application to be complete. HSC 19991.4 requires HCD to adopt regulations specifically dealing with conflicts of interest. As such, all active members of a company are required to submit a signed conflict of interest statement. The form would be required for both renewal and original applications.

Subsection (c): Provides reference to Section 5802 which implements and establishes procedures for verifying the citizenship or qualified alien status of beneficiaries or prospective beneficiaries of regulatory programs administered by HCD. This is obtained by certification on HCD Benefits Status Form 1, "STATEMENT OF CITIZENSHIP, ALIENAGE, AND IMMIGRATION STATUS FOR STATE PUBLIC BENEFITS, dated August 1998."

Subsection (d): Clarifies that fees are required in order to process an application. This is necessary to cover the costs of processing the application.

Item 68

68. Adopt new Section 3066.1 as shown.

§ 3066.1 Application for Quality Assurance Inspector Renewal Approval.

- (a) The approval as a quality assurance inspector shall expire on the last day of the thirty–sixth (36) month following the month of issuance.
- (b) A quality assurance inspector seeking renewal shall make application using HCD–FBH 305, Application for Factory-Built Housing Quality Assurance Inspector, dated January 2006.
- (c) The application for renewal shall contain the following:
 - (1) Indication the application is for renewal.
 - (2) The name, business address, telephone number and email of the applicant.
 - (3) The name of the quality assurance agency(s) employing the applicant.
 - (4) A completed and signed Form HCD–FBH 300, Absence of Conflict of Interest Statement, dated January 2000, including the date, county and state that certification of absence of conflict of interest was executed.
- (d) The application shall be accompanied by fees specified in Section 3100 of this subchapter.
- (e) Renewal applications shall be transmitted to the department at least ninety (90) days prior to the current approval expiration date.

Rationale for Change: Mirrors the MH, Title 25, CCR Section 4868 requirements which limits the duration of approval to 36 months and requires a Quality Assurance Inspector to use a department-provided form when seeking a renewal approval, and is amended to meet the requirements of the FBH program.

Subsection (a): Provides for an expiration date that is consistent throughout other subsections within this subchapter and MH, Title 25, CCR Section 4868. A 36-month time limit on the QAI approval is necessary because changes in the building standards occur on a triennial cycle. HCD has determined a 36-month limit is appropriate to maintain consistency with the building standards. Additionally, this time limit allows a positive method to update changes in personnel, corporation data, addresses, and the general organization of the QAI that might otherwise be missed.

Subsection (b): Specifies that a standardized application form must be submitted to HCD to obtain clear, concise, and accurate information about the applicant. Utilizing a standard form ensures fairness and consistency in the collection of information.

Subsection (c): Clarifies the requirements for the subsequent subsections that outline information a quality assurance inspector is required to provide.

Subsection (c)(1): Clarifies that an applicant must designate that the application is for an existing QAI requesting renewal. This is necessary because the fees and information requested for an original application is different than for renewal applications

Subsection (c)(2): To obtain the proper name of applicant, the address, and telephone numbers of the applicant. This is necessary to facilitate the completion of the application by

HCD and to provide the necessary contact information. Also needed In the event enforcement action against the QAI is required.

Subsection (c)(3): Provides proof of employment and provides HCD with the information needed to verify that the applicant is employed by an HCD-certified QAA. HCD regulations do not authorize a person certified as a QAI only, to act without either employment by a department-certified QAA or as a single third-party owner-operator certified by HCD as both a QAA and a QAI. Needed in order to assure persons or businesses fully comply with California law and regulations.

Subsection (c)(4): Requires the applicant to complete and provide the certification HCD form, "HCD-FBH 300, Absence of Conflict of Interest Statement, dated January 2000." This form requires the applicant to attest to the absence of conflict of interest. The certification is required to be on a form provided by the department for both renewal and original applications. A standardized form developed by the department provides the applicant with assurance of not leaving out vital information and satisfies the department's need to receive clear, concise and accurate information. Health and Safety Code Section 19991.4 requires the department to adopt regulations for the approval of third-party entities, including freedom from conflict of interest and involvement in collusive and fraudulent actions relating to performance of a third-party entity.

Subsection (d): Clarifies that fees are required in order to process an application. Needed to cover the costs of processing the application.

Subsection (e): Assists in the timely processing of quality assurance inspectors certification renewal prior to the current approval expiration.

Item 69

69. Adopt new Sections 3067 with content from Sections 3022.2 and 3022.3.

§ 3067. Application Processing Time for Original, and Renewal of Approvals.

- (a) Within fifteen (15) calendar days of receipt of an application pursuant to Sections 3064, 3064.1, 3066 or 3066.1 of this subchapter, the department shall inform the applicant in writing the application is complete and acceptable for filing or it is deficient and what specific information or documentation is required to complete the application. An application is considered complete if it complies with the provisions of either Sections 3064, 3064.1, 3066 or 3066.1 of this subchapter, as applicable.
- (b) If an application is rejected as incomplete or requiring correction, an applicant shall have 60 calendar days from the notice of rejection to correct and resubmit the application, and the application will be processed without additional fees. If no response is received within those 60 days, the fees will be forfeited and a new application shall be required.
- (c) Within 60 calendar days from the date of filing of a complete application, the department shall inform the applicant in writing of its decision regarding the application.
- (d) Nothing in this section shall be construed as preventing the department from requesting additional information or documentation from an applicant after the receipt of a complete

application, or from seeking additional information from other persons or entities regarding the applicant's qualifications for approval during the 60-day review period.

Rationale for Change: Mirrors the MH, Title 25, CCR Section 4864 requirements and is amended to meet the requirements of the FBH program. This proposed section outlines the time processing requirements for both HCD and third-party entities and is necessary to ensure the timely processing of original, renewal and supplemental applications

Subsection (a): Clarifies and prescribes the steps the department takes upon reviewing an original, renewal, or supplemental application. Lets anyone submitting an application as a DAA, QAA or QAI know the turn-around times for that application. The 15-calendar-day limit is unchanged from the previous requirements in existing section 4864 of this chapter. Sections applicable to this requirement are also listed.

Subsection (b): Clarifies and prescribes the timeline involved for a third- party to correct and resubmit an application without additional fees. If 60-days pass, fees will be forfeited and a new application and additional fees would be required. The 60-day time limit is unchanged from the exiting time allowed in section 4864 of this chapter. This is necessary to allow applicants the opportunity to make timely corrections to an application. There must be a limit for the amount time HCD allows for the storage and retention of incomplete applications -- cost for the review and storage of retained incomplete applications is the same as for complete applications.

Subsection (c): Clarifies the time for HCD to provide written notification of approval or denial of "complete" applications. The 60-day time limit is unchanged from the existing time allowed in section 4864 of this chapter. This time is necessary to allow HCD staff reviewing these applications sufficient time for a thorough review. Additionally, as the sole entity approving these applications other tasks consume staff time and restrict the amount of time dedicated to this review.

Subsection (d): Clarifies that HCD is not restricted from requiring additional information from a person or entity seeking an original, renewal, or supplemental approval, or other persons or entities. This is necessary to clarify that previous history, work experience, or other persons may be researched or interviewed to determine the ability and qualifications of the applicant in order to be approved.

Item 70

70. Adopt new Section 3067.1 as shown.

§ 3067.1. Third-Party Entity and Quality Assurance Inspector Conditions for Withdrawal of Approval.

- (a) The approval of a third-party entity or quality assurance inspector shall expire thirty-six (36) months from the date the approval was issued.
- (b) The department may deny, suspend or revoke a third-party entity or quality assurance inspector's approval for cause. For the purposes of this Subchapter, "cause" shall be acts

or omissions during the approval process, subsequent to approval, or as prescribed in Section 3067.1(c), which would have resulted in a denial of approval if such acts or omissions had occurred or existed prior to approval.

- (c) The department, upon finding, may also deny, suspend, or revoke approval of a third-party entity, or quality assurance inspector, under the following conditions, when applicable:
- (1) Failure to control and provide for the security of department insignia.
 - (2) Failure to perform plan review or inspection in accordance with the requirements of this subchapter.
 - (3) Failure to maintain records or submit reports in accordance with the requirements of this subchapter.
 - (4) Conflict of interest with any person, manufacturer or supplier, in violation of Section 3020 of this subchapter.
 - (5) Submittal of false information in the application for approval or renewal, or monthly reports, or any other documentation required by the department.
 - (6) Commitment of any other act or omission in violation of this Subchapter or Part 6 of Division 13 (commencing with Section 19960) of the Health and Safety Code.
 - (7) Employment of or contracting with uncertified inspectors.
- (d) An informal administrative appeal is available to an applicant for third-party entity or quality assurance inspector approval, or an existing third-party agency or quality assurance inspector when the department denies, suspends or revokes an approval for reasons stated in this section. The appeal will be heard before an authorized representative of the Department pursuant to Section 3083 of this subchapter.

Rationale for Change: This section defines the conditions for the withdrawal of approval for Design Approval Agencies, Quality Assurance Agencies, and Quality Assurance Inspectors within the Factory-built Housing program.

Subsection (a): Provides for an expiration that is consistent throughout other subsections within this subchapter and is a duplicate of the Manufactured Housing regulation in Title 25, CCR Section 4868. A 36-month time limit on the DAA and/or QAA approval is necessary because changes in the building standards occur in a triennial cycle. HCD has determined a 36-month limit is appropriate to maintain consistency with the building standards. Additionally, this time limit allows a positive method to update changes in personnel, corporation data, addresses, and the general organization of the DAA and/or QAA that might otherwise have been missed.

Subsection (b): Clarifies an approval of a Design Approval Agency, Quality Assurance Agency, or Quality Assurance inspector can be withdrawn for "cause". The word "cause" is also defined in this subsection. As used in this section "cause" relates to deliberate falsehoods and/or deliberate omissions that would have otherwise resulted in the denial of an approval or renewal. The exact conditions that would warrant revocation of approval for "cause" as used in this Subchapter are necessary to eliminate confusion and allow clear direction to the Department and applicant.

Subsection (c) and (c)(1) through (7): Clarify additional actions that would result in the withdrawal or revocation of an approval. The language in subsection (c) is necessary because it specifically relates to a Quality Assurance Agency. Only a Quality Assurance Agency contracts with inspectors. Subsections (c)(1) through (c)(7) relate to third-party agencies (Design Approval and Quality Assurance Agencies) as well as a Quality Assurance Inspector. This entire subsection acts as a summary of the general requirements for approval of third-party agencies and Quality Assurance Inspectors. Since committing one of these acts would prevent original approval or renewal, committing one of these acts is grounds for revocation of that approval.

Subsection (d): Allows an applicant for approval or renewal an appeal process. This is necessary to comply with the statutory requirements in Health and Safety Codes 19995 and 19996. This is necessary to provide a means for applicants to explain information or discrepancies in their applications or actions that would cause the denial, suspension or revocation of their approval.

Item 71

71. Adopt new Section 3068 as shown.

§ 3068. Required Reporting of Name, Address, Ownership and Staff Changes.

- (a) A third-party entity or quality assurance inspector shall notify the department in writing of all business name, ownership, and address changes no later than ten (10) calendar days after the effective date of such change. The appropriate fee specified in Section 3100 of this subchapter shall accompany the notification. If the third-party entity or quality assurance inspector is also approved under Subchapter 2 of this Chapter, only one fee is required to update both approvals.
- (b) Whenever a third-party entity hires a new employee to perform as a director, manager, engineer, architect, technical staff, inspector, or insignia administrator, or terminates personnel previously relied upon to meet approval, the third-party entity shall notify the department by filing an application for renewal approval pursuant to Sections 3064.1, or 3066.1 of this subchapter, as appropriate. The application shall be forwarded to the department no later than ten (10) calendar days after the effective date of the change. No fee shall be required
- (c) Whenever a third-party entity changes the responsibilities of any director, manager, engineer, architect, inspector, or insignia administrator, the third-party entity shall notify the department in writing no later than ten (10) days after the effective date of the change. No fee shall be required
- (d) Following receipt of a notice or application, pursuant to subsections (a) and (b) in this section, if the department determines that the third-party entity no longer meets the conditions of approval, the department, at its discretion, may terminate the approval pursuant to Section 3067.1 of this subchapter.

Rationale for Change:

Subsection (a): Clarifies that a third-party entity or Quality Assurance Inspector must give a ten (10) day written notice of changes in the business name, ownership, or address. Needed to ensure timely updating of the Department files, a conflict of interest does not occur, and in the event of an enforcement action, the Department has the correct contact information. The reference to Section 3100 is added to reference the appropriate fees necessary to administer this change in information. The ten (10) day requirement is consistent with other time period requirements within this chapter that do not impose a hardship.

Subsection (b): Added to ensure notification to the Department of changes in staff that may affect the previous approval of the third-party entity **which is needed** to update the third-party's Department file. Since these are changes that affect the original approval of the third-party, a renewal application is warranted. The requirements for renewal apply because the director, manager, engineer, architect, technical staff, inspector, or insignia administrator were critical to the original approval of the third-party entity. The ten (10) day requirement is consistent with other time period requirements within this chapter that do not impose a hardship.

Subsection (c): Added to ensure notification to the Department of changes in staff responsibilities that may affect the previous approval of the third-party entity **which is needed** to update the third-party's Department file. The ten (10) day requirement is consistent with other time period requirements within this chapter that does not impose a hardship.

Subsection (d): Clarifies that the third-party entity must still meet the requirements of the original application for approval and if a change in the personnel from the original application affects that approval, the entity no longer meets the original conditions of approval and the approval will be revoked. Additionally, if the third-party disagrees with the Department's determination, the reference to Section 3067.1 of this Subchapter provides for an appeal of that revocation.

Item 72

72. Amend and relocate Section 3020.1 to Section 3069 with amendments as shown.
§ 3020.1 3069. Contract Requirements.

- (a) ~~All contracts, and any amendments thereto, executed between a manufacturer and a design approval agency, shall be in writing, and the agency or agencies shall submit a copy of each contract or amendment thereto to the department no later than ten (10) days after the effective date of the contract.~~
- (a) Third-party entities and manufacturers shall execute written contracts describing all services to be rendered by the third-party entity, and all the rights and obligations imposed by this subchapter on each party to the contract pursuant to this article. A copy of any contract or amendment shall be transmitted by the third-party entity to the department no later than ten (10) calendar days after contract execution. "All services rendered", as it relates to this section, is defined as any activity the third-party entity will provide for its client manufacturer. Within fifteen (15) calendar days of receipt of the contract or amendment the

department may disapprove the contract if it violates any provision of the factory-built housing law or this subchapter.

- (b) In the event of cancellation of any contract executed between a manufacturer and a design approval agency, the design approval agency or quality assurance agency shall notify the department in writing no later than ten (10) days after the cancellation. The written notice shall include an explanation of the circumstances which led to the cancellation by the manufacturer or the Design Approval Agency or Quality Assurance Agency.
- (b) Within ten (10) calendar days of the cancellation, termination, or failure to renew a contract, the third-party entity shall transmit to the department a written notice of the cancellation, termination, or failure to renew and note the circumstances behind such action. The department shall not approve a contract for a new or replacement third-party entity unless the department has first approved a cancellation, termination or failure to renew notice.
- (1) A manufacturer proposing to terminate a third-party entity contract unilaterally shall submit a written request to the department, with justification, as soon as possible but no later than then (10) calendar days of the proposed date. "Justification", as it relates to this Subsection, is defined as:
- (A) A third-party entity's inability to perform the essential functions of their duties as outlined Article 5 of this Subchapter.
- (B) If a manufacturer has submitted (2) two or more written requests to their third-party entity to terminate a contract without a response from the third-party entity.
- (C) To consolidate third-party entity services as permitted.
- (c) If the department determines that the likely cause for a manufacturer's cancellation of a contract with a third-party entity is related to enforcement actions taken by the third-party entity to assure compliance with the Health and Safety Code, Division 13, Part 6, or this subchapter, the department shall monitor inspections or plan approval activity of any new contract executed by a manufacturer and other third-party entities.
- (d) No contract between a quality assurance agency and a manufacturer for inspections of units manufactured in California shall violate the provisions of Section 3071 of this subchapter.
- (e) Contracts executed between a manufacturer and a quality assurance agency shall require the manufacturer to provide the quality assurance agency with a written report by at least the tenth (10th) day of each month, which contains the information necessary for the quality assurance agency to comply with Section 3072(b) of this subchapter.
- (f) Only one (1) quality assurance agency providing inspection pursuant to this subchapter shall operate under contract with a factory-built unit manufacturer.
- (1) Factory-built manufacturers who produce for sale or offer for sale units in the state shall execute contracts with third-party entities as outlined in this Section.
- (g) The manufacturer may have as many design approval agencies providing design review pursuant to this subchapter as it deems necessary.
- (h) Contracts submitted to the department shall contain on the contract cover page or separate attachment, a summary that includes all of the following information:
- (1) Third-party agency name.
- (2) Third-party agency identification number as provided by the department.
- (3) Manufacturer's legal name.

- (4) Manufacturer's identification number based on manufacturing location (if applicable) as provided by the department
- (5) Manufacturer's business name, if different from its legal name.
- (6) Manufacturer's physical address or manufacturing location.
- (7) The product(s) the manufacturer intends to produce: factory-built housing dwelling units; individual dwelling rooms; or, factory-built housing building components.
- (8) Whether the third-party entity will provide either or both services as a quality assurance agency and/or design approval agency.
- (9) The effective date that the third-party entity will begin performing services or the effective date of service termination and the reason for contract termination.
- (10) Printed name and signature of third-party representative providing such information.

Rationale for Change: Relocated, renumbered, and amended "Section 3020.1" and in part, mirrors the MH, Title 25, CCR Section 4874 requirements This section protects the integrity of the FBH program by eliminating the potential for conflicts of interest, collusion with or coercion of third-party entities and is amended to meet the requirements of the FBH program.

Subsection (a): The beginning of Subsection (a) is a duplicate of 25 CCR 4874(a) with minor grammatical amendments to facilitate its application to Factory-built Housing. It clarifies the contract requirements for third-party services between the third-party entity and a manufacturer. A copy of the contract is to be submitted to HCD within ten (10) days. This is necessary so the department is aware of the third-party acting on behalf of HCD in a timely manner to allow for the necessary monitoring between parties. The ten (10) day requirement is consistent with other time period requirements within this chapter.

The definition of "All services rendered" is added to clarify what is meant by the phrase. It is necessary for the department to be aware of all activity and services the third-party entity is providing the manufacturer to ensure the absence of conflicts of interest and so all necessary activities required by the FBH laws and regulations are addressed.

Additionally, the 15-day allowance for department review provides the department time to approve a contract or disapprove one that is in violation of requirements. This is necessary to prevent the conflicts of interest noted above and because the department will not approve a third-party entity unless a termination notice is received for the previous third-party entity approved for that manufacturer as noted in subsection (b).

Subsection (b): Duplicate of existing 25CCR 4874(b) with minor amendments and a change to the referenced section to make it applicable to FBH. Clarifies the time period third-party entities are required to notify the department of the cancellation, termination, or failure to renew of a contract and is to provide written notice and the circumstances that led to the contract action. The department will not approve a contract for a new or replacement third-party entity unless a termination notice has first been approved by the department.

These changes clarify who is required to notify HCD in writing after the cancellation of any contract executed under this article. Written notification is the best evidence showing results of

changes and serves as an official record in the event enforcement or disciplinary action is required. The ten (10) day requirement is consistent with other time period requirements within this chapter.

Subsection (b)(1)(A)(B)&(C): Provides manufacturers the capability to request, from the department, a contract termination with a third-party entity when the entity is unable to conduct the essential function of their duties, is nonresponsive to a request for termination or to consolidate the **third**-party entity services, consistent with this Subchapter.

Subsection (c): Provides manufacturers notice that attempts to coerce third-party entities from properly enforcing the provisions of the FBH program by threatening to cancel a contract(s) or by cancelling a contract(s) will not be honored by the department for the good of public interest, or will result in increased monitoring of plan approvals and manufacturer construction inspections. This is necessary to protect the third-party entities from the unnecessary termination of a contract by a manufacturer while the third-party entity is in the performance of their duties. This is to ensure the factory-built units are constructed properly for the safety of the general public.

Subsection (d): Duplicate of existing 25CCR 4874(c) with a change to the referenced section to make it applicable to FBH. It clarifies that no contract between a QAA and a manufacturer for inspections of units manufactured in California shall violate the provisions specified in Section 3071 of this subchapter. Section 3071 dictates the required inspections relating to the percentage of structures inspected; the review of a manufacturer's quality assurance program by the QAA; and, a manufacturer's various processes and procedures as outlined in a manufacturer's quality assurance manual. Additionally, Section 3071 outlines the processes and procedures a QAA is to follow if violations are found.

Third-party agencies operate on behalf of the State, acting as agents of HCD enforcing regulations and FBH design and construction standards. Subsection (d) clarifies that the contract executed between a manufacturer and a QAA shall not violate the provisions pertaining to the inspection of units within a manufacturing facility.

Subsection (e): Duplicate of existing 25CCR 4874(d) with a change to the referenced section to make it applicable to FBH. Clarifies that contracts executed between a manufacturer and a QAA shall require the manufacturer to provide the QAA with a written report by the 10th of each month. This is necessary in order for the QAA to meet the requirement to submit third-party reports to HCD by the 15th day of each month as referenced in section 3072 of this subchapter. Failure of the manufacturer to provide this report will cause the QAA to be in violation of the FBH regulations.

Subsection (f): Restricts a manufacturer from contracting for inspection services with more than one QAA at a time. This requirement is necessary to provide greater control by a QAA and HCD over inspections within a plant and to ensure cohesive processes and procedures are followed relating to the manufacturing process. It also allows for the discoveries of, and corrections to, any violations observed by the QAA. This requirement also prohibits a

manufacturer from playing one QAA against another and, similar to subsection (c) of this section, reduces the ability of a manufacturer to use the other QAA as a threat to a second QAA in the proper application of its duties. Additionally, HCD may perform its monitoring activities more effectively through one responsible QAA. Clarifies that any manufacturers producing FBH units must have contracts with third-party entities.

Subsection (g): Clarifies a manufacturer may contract with as many DAAs as needed to review and approve the manufacturer's designs. This is because unlike a QAA the role of the DAA is only to provide plan review services on behalf of the department. The use of multiple design approval agencies provides the manufacturer with the ability to become more efficient, and expedite its plan review. Needed to clarify to the manufacturer they have the option of retaining multiple DAA is they choose.

Subsections (h) and (h)(1) through (10): Subsection (h) and its underlying numerical subsections (1 through 10) clarify the requirements of the contract coversheet. This is necessary because a written third-party agency contract with a manufacturer is the first official notification HCD receives indicating that either a manufacturer is planning to produce factory-built housing for sale in California, or, if a current FBH manufacturer is notification, that it is terminating the third-party agency contractual relationship. A coversheet provides HCD the necessary information to set-up a manufacturer and the third-party relationship, or to ensure the proper entities are selected for termination of a relationship. It is essential HCD has the correct information.

Item 73

73. Amend and relocate Section 3022.4 to Section 3070 with amendments as shown. § 3022.4-3070. Design Approval Agency Reporting Requirements.

- (a) Design approval agencies shall prepare and maintain written reports of all design approval activities performed pursuant to this subchapter. Each report shall be maintained for a period of three (3) years from the date of the approval by the design approval agency.
- (b) ~~Upon approval by the design approval agency of each plan, quality control annual or amendment thereto, the design approval agency shall submit a report of such approval to the department. The report shall be submitted concurrent with notification of approval to the manufacturer. The report shall list each plan and manual or amendment to such, which were approved. The report shall be on form HCD 309(A), Factory-Built Housing Notification of Plan Approval, dated March, 1989, and provided by the department and shall contain the following information:~~
 - ~~(1) Identification, address and telephone number of the design approval agency.~~
 - ~~(2) The name, address, telephone number and identification number of the manufacturer.~~
 - ~~(3) The assigned plan approval number.~~
 - ~~(4) The date of the approval and signature of the approving officer.~~
 - ~~(5) The expiration date of the approval.~~
 - ~~(6) An indication of the types of units, for which plans are approved.~~
 - ~~(7) The location and telephone number of the manufacturing plant.~~
 - ~~(8) The date of the report.~~

- ~~(9) The application number and the date it was received.~~
- ~~(10) The model number for each unit and a description of the work or the change in the work outlined in the plan.~~
- (b) By the fifteenth (15th) day of each month on form HCD-FB 309(C), Factory-Built Housing Design Approval Agency Monthly Activity Report, dated December 1989, ~~and provided by the department,~~ a Design Approval Agency shall prepare and transmit to the department the following information:
- (1) The design approval agency name, address, agency number and telephone number.
 - (2) The reporting month and year.
 - (3) The date that the report was prepared.
 - (4) The name and identification number of each client manufacturer served in the previous month.
 - (5) The total number of plans, plan renewals, plan amendments, manuals and manual amendments approved for each client manufacturer served in the previous month.
 - (6) The total number of plans, plan renewals, plan amendments, manuals and manual amendments rejected for each client manufacturer served in the previous month.
 - (7) The subtotal(s) of all plans, plan renewals, plan amendments, manuals and manual amendments approved or rejected on page(s) 1 and/or 2.
 - (8) The grand total number of all plans, plan renewals, plan amendments, manuals and manual amendments approved or rejected by adding the subtotals on pages 1 and/or 2 totals from subparagraphs (6) and (7).
 - (9) The fees calculated as follows:
 - (A) For plans approved, multiply the total number by the fee specified in Section ~~3060(m)-3100~~ of this subchapter.
 - (B) For plan renewals approved, multiply the total number by the fee specified in Section ~~3060(m)-3100~~ of this subchapter.
 - (C) For plan amendments approved, multiply the total number by the fee specified in Section ~~3060(m)-3100~~ of this subchapter.
 - (D) For manuals approved, multiply the total number by the fee specified in Section ~~3060(m)-3100~~ of this subchapter.
 - (E) For manual amendments approved, multiply the total number by the fee specified in Section ~~3060(m)-3100~~ of this subchapter.
 - (10) The total fees attached by adding the fees for plans approved, plan renewals approved, plan amendments approved, manuals approved and manual amendments approved.
 - (11) The signature and title of the ~~authorizing person~~ responsible for certifying under penalty of perjury to the accuracy of the information provided.
 - (12) ~~The date that certification was signed~~ Signature date.
- ~~(d)(c)~~ (d)(c) The Design Approval Agency shall number the front and back pages on form HCD-FB 309(C), Factory-Built Housing Design Approval Agency Monthly Activity Report, dated December 1989.
- ~~(e)(d)~~ (d) Each design approval agency monthly activity report shall be accompanied by a copy of each plan, manual or amendment approved during the previous month and the fee specified by Section ~~3060(m)-3100~~ of this subchapter, for each plan, manual or amendment approved

during the reporting month. Plans, quality control manuals and amendments thereto may be submitted in digital format to the department.

Rationale for Change:

Relocated, renumbered, “Section 3022.4” – relocated for organizational purposes by placing third-party approval and operational procedures in Article 5. This proposed section outlines reporting requirements for a Design Approval Agency. This section remains as originally adopted, with the only amendment to the number of the section referenced from 3060 to 3100 to reflect the relocation of that section. Additionally, the original subsection 3022.4(b) is repealed because it is unnecessary and redundant.

Subsection (b) and subsections (1) through (12). Subsection (b) and its underlying subsections implements the provisions of HSC sections 19983, 19990, and 19991.3 for Design Approval Agency reporting requirements. This subsection is the existing subsection 3022.4(c) relocated to this Article to place the third-party approval and operational procedures together in Article 5. As originally adopted this section requires the DAA to prepare and transmit a report to the department by the fifteenth of each month for each client manufacturer served in the previous month. Monthly reporting is necessary for the department to effectively monitor the activities of a DAA and for HCD staff to efficiently determine compliance with conditions of approval. Additionally, the information received in these reports allows HCD to compile and analyze industry data to plot industry trends and other related information.

Subsection (c): Re-letter subsection from “(e)” to “(d)” for clarity. Adjust the capitalization of DAA for consistency as throughout this Subchapter. Remove the incorrect document reference “HCD FBH 309(C)” to “HCD FBH 309”.

Subsection (d): Clarifies that plans, quality control manuals and amendment may also be submitted digitally to HCD. Re-letter subsection from “(e)” to “(d)” for clarity.

Item 74

74. Amend and relocate Section 3032 to Section 3071 with amendments as shown. § 3032 3071. Required Inspections.

~~The inspection agency as applicable shall make at least the following inspections:~~

- ~~(a) For at least the first ten units of each model, produced at each manufacturing location, all systems including structural, electrical, mechanical and plumbing shall be inspected.~~
- (a) In order to certify a manufacturing facility, a quality assurance agency shall inspect:
 - (1) One hundred percent (100%) of the first (1st) ten (10) building components of each model. Such inspections shall continue until the manufacturer has demonstrated the ability to consistently manufacturer building components in compliance with the law and this subchapter as the result of an effective quality control program prescribed in an approved quality control manual. At such time, the quality assurance agency shall prepare and transmit to the department a Certification Report, which complies with the provisions of Section 3072(e) and the inspection frequency may be reduced as prescribed in Section 3071(a)(2)

- (2) Following one-hundred percent (100%) inspection and approval of one-hundred percent (100%) of the first (1st) ten (10) building components, the manufacturer may request approval to reduce the level of inspections to at least twenty-five percent (25%) of all building components of that model produced thereafter. Written approval shall be requested by the manufacturer from the department or quality assurance agency before reducing the level of inspection from the initial one-hundred percent (100%) inspection.
- (3) One hundred percent (100%) of the first (1st) five (5) dwellings, dwelling units, individual dwelling rooms or combination thereof, of each model, while under construction. Such inspections shall continue until the manufacturer has demonstrated the ability to consistently manufacture units in compliance with the law and this subchapter as the result of an effective quality control program prescribed in an approved quality control manual. At such time, the quality assurance agency shall prepare and transmit to the department a Certification Report, which complies with the provisions of Section 3072(e) and the inspection frequency may be reduced as prescribed in Section 3071(c).
- ~~(b) Following inspection and approval of the first ten units, each system shall be inspected in at least 25 percent of all units produced thereafter, except the inspection level may be reduced to 10 percent for building components or building systems. The manufacturer shall request written approval from the department before reducing the level of inspection from the initial 100 percent inspection.~~
- (b) For uncertified manufacturers the quality assurance agency shall inspect each system, component, equipment and installation at each stage of assembly and shall certify that all tests comply with the applicable requirements. Construction within the manufacturing facility that is subject to review by the design approval agency; e.g., structural, electrical, mechanical, plumbing, fire/safety systems; shall remain accessible and exposed for inspection purposes until approved by the inspection agency.
- (c) A quality assurance agency shall monitor each manufacturer's quality assurance program a minimum of every four (4) months to maintain facility certification. During each inspection, the quality assurance agency shall monitor compliance by inspecting the manufacturer's documented procedures for material storage, inspection, quality control and system testing as prescribed in the manufacturer's approved quality control manual.
- ~~(c) The manufacturer may request written approval from the department to further reduce the frequency of inspection for building components, when it can be shown that the nature of the product, its end use, or the manufacturing process warrants a lesser inspection frequency.~~
- (d) For certified manufacturing facilities, each dwelling unit section, individual dwelling rooms or combination thereof designated for sale in California, shall be inspected by the department or quality assurance agency at least twice during its construction. Inspection shall include the structural, electrical, mechanical, plumbing and fire/safety systems prior to concealing and shall certify that all tests comply with the applicable requirements . Inspections shall be conducted by monitoring compliance to the approved plans and quality assurance manual.
- (e) If during the course of manufacturing the department or quality assurance agency discovers factory-built units constructed in violation to the approved plans, the manufacturer shall correct such violations in each factor-built units and shall also correct the same or similar violations that occur in other factor-built units manufactured. If such

violations continue, the department or quality assurance agency shall increase the frequency of the inspections until such time it is satisfied that the manufacturer is capable of consistently manufacturing factor-built units in compliance with the California Factory-Built Housing Law and this subchapter as a result of an effective quality control program.

(f) Except as described for prototypes in Section 3041 of this subchapter, manufacturing shall not begin without first obtaining plan approval from the department or design approval agency. Factory-built units discovered during the course of manufacturing without plan approval shall be held for inspection until the manufacturer obtains design approval. The manufacturer shall make concealed construction available for inspection, at the manufacturer's expense, and shall be responsible for correcting violations discovered in units constructed without plan approval.

Check section for reordering and changes corresponding with Section 3028.

Rationale for Change: Contains the similar inspection frequencies as those contained in existing Section 3032 except as noted. The inspection frequency is relocated for organizational purposes to place third-party approval and operational procedures together in Article 5. Similar to the MH, Title 25, CCR Section 4878 requirements amended to meet the requirements of the FBH program. This section outlines the inspection requirements of an HCD-approved third-party agency.

Subsection (a): Provides a reference point to underlying subsections regarding the inspection of factory-built units by the QAA. Needed to clarify that the subsequent subsections relate to the certification of the manufacturer by the QAA.

Subsection (a)(1)(2): Provides specific rules for the quantity of inspections manufacturers must obtain from its QAA when manufacturing FBH building components. Inspection frequency for building components is not amended from previous regulation requirements, but the section was reworded for clarity. Upon a manufacturer's request and QAA approval and justification, a certification report may be submitted to HCD and the inspections of building components decreased in frequency from 100% to 25% of the components. The QAA is the agency best suited to assess a manufacturer's performance and make the determination that its performance justifies a decrease in inspection frequency.

Building components are a simpler form of FBH construction, consisting of individual wall, floor, or ceiling panels. High levels of inspections are not necessary for this product and would only increase product cost to the manufacturer and consumer without necessarily adding any increase in quality of construction. Written approval for reduced inspection frequency is required by the manufacturer in order to document the request of this significant change. If reduction of inspection frequencies are allowed to be performed solely by a QAA, it may be construed to be a conflict of interest.

Subsection (a)(3): Provides clarity to the rules for inspection of FBH dwelling units which are different than the rules for building components. For dwellings, dwelling units, individual dwelling rooms or combinations thereof the frequency of inspections in part mirrors the

frequency established in 25CCR Section 4878 for manufactured homes. 100% inspections are required for a minimum of the first five units in newly certified or re-certified manufacturing facilities. The manufacturer, through its QAA, is required to maintain 100% inspections until able to demonstrate to the QAA that it can operate an internal quality control system of inspection and control that effectively produces FBH units that comply with the approved plans, the quality control manual and California laws and regulations.

Upon the manufacturer's demonstration of compliance to the approved plans – the QAA must document the manufacturers' compliance and issue a certification report. The report notifies HCD of a proposed reduction of inspection frequency. Subsection (c) of this section limits the inspections to at least twice during the course of the construction of each section. The requirement for a QAA to inspect the first five units of each model is changed from current regulations prescribing the first ten units of each model be inspected. This reduction is necessary because manufacturers of residential dwelling units have reported to HCD that it is difficult for a new manufacturing facility to have enough product available to obtain certification, thus delaying a manufacturer's certification process by years. Many FBH manufacturers construct product for different states, and may only have one or two homes sold in California over a year's time. Additionally, many factory-built unit designs are limited in the number constructed. The additional costs for inspections on more than five units increases the overall cost of the units without a demonstrated increase in the number of violations observed by the QAA.

Subsection (b): When a manufacturer is uncertified they must conduct 100% of the inspection for each model. This subsection clarifies the parameters of inspection(s) required by the third-party entity for uncertified manufacturers at 100% inspection.

Subsection (c): Requires inspection of a certified manufacturing facility every four months. This proposal would require a QAA, to perform inspections in a certified manufacturing facility, even if the manufacturing facility is not producing units for California sale. Manufacturers not wanting to maintain their certification may discontinue the third-party inspections, however they would be required to re-certify the facility in accordance with section 3071 (a)(1) and/or section 3071(a)(3).

This section is adopted because of issues noted by HCD staff and QAAs when certified manufacturing facilities do not construct product for California sale over long periods and only request QAA inspections at one- or two-year intervals. Without periodic monitoring, HCD and the QAA have no way of actually knowing that quality assurance procedures are being followed, or that key quality assurance personnel are still employed. QAAs have reported that long periods between monitoring inspections often result in significant noncompliance issues and construction defects.

Subsection (d): Requires a minimum of two inspections for each section of a dwelling unit constructed in a certified facility. Inspection frequency of two times for each FBH unit is an increase of one inspection over what is required in current FBH regulations and in that referenced in 25CCR Section 4878. This increase is deemed necessary because it has been

found that only one inspection during the course of construction of each section often results in the manufacturer waiting to obtain inspection by the QAA until the section(s) is complete and needs inspection in order to obtain insignia. While this practice technically complies with the regulations, it does not comply with the intent. The intent is to have QAA staff inspect FBH sections during different stages of construction to verify compliance of the manufacturer's quality control procedures throughout the entire manufacturing facility – instead only inspecting the finished product. Multiple inspections will allow the QAA to better observe and remedy flaws or problems with the quality control procedures or with personnel, providing a better product and fewer construction defects.

Subsection (e): Provides procedures for QAAs should construction defects be found or the manufacturer fails to follow prescribed quality control procedures documented in the approved quality control manual. The primary means of enforcement for a QAA is through inspection approval or disapproval or by withholding the manufacturer's use and application of insignia of approval. For manufacturers that fail to follow approved procedures, the QAA must monitor the manufacturer more frequently and intensively in order to discover cause and ensure compliance. The increased inspections also allow more time for the manufacturer to investigate and correct its faulty procedures. It is more costly for the manufacturer to operate under increased inspections, but that will provide incentive for prompt remedial action. Continued failure of the manufacturer to follow procedures or respond to directives by the QAA may result in administrative action by the department as prescribed in section 3082.

Subsection (f): Prescribes procedures if the QAA discovers FBH units manufactured without plan approval. The procedures require the manufacturer to submit plans for approval and requires units be inspected upon receipt of plan approval. The units are "held" which means documented as not allowed to apply insignia or ship the unit(s) in question, until the plan approval is obtained. For units held without plan approval. Once plans are approved, the entire unit needs to be inspected, including any closed construction deemed by the QAA to require visual verification of compliance. Manufacturers are responsible for providing inspection access to any concealed areas and for any resulting repair.

Item 75

75. Amend and relocate Section 3034.1 to Section 3072 with amendments as shown. § 3034.1 3072. Quality Assurance Agency Reporting Requirements.

- (a) Quality assurance agencies shall prepare and maintain written reports of all inspection activities performed pursuant to this subchapter.
- (b) Each quality assurance agency shall submit a written report to the department, by the fifteenth (15th) day of each month. The report shall summarize the inspection activities conducted the previous month for each client manufacturer. The report shall be on form HCD 309(B), Factory-Built Housing Quality Assurance Agency Monthly Report, dated March 1989, and provided by the department and shall contain the following information:
 - (1) The name, address and telephone number of the quality assurance agency.
 - (2) The name, address, telephone number and identification number of the manufacturer.

- (3) The location and telephone number of the manufacturing plant.
- (4) The date of the report.
- (5) The month for which inspection activities are being ~~summarized~~ reported.
- (6) The number and dates of ~~inspection visits~~ on-site inspections.
- (7) A brief narrative assessing the adequacy of the manufacturer's quality control program.
- (8) The signature and title of the officer reviewing the monthly report.
- (9) The number of units approved for ~~Factory-Built Housing to bear~~ insignia during the month for which inspection activities are being ~~summarized~~ reported, and the serial numbers of those units.
- (10) The quality assurance agency shall notify the department of any corrections to previously submitted forms HCD-MH 441 and 441B, Quality Assurance Agency Monthly Inspection and Insignia Issuance Summary for building component, dwelling, dwelling unit or individual dwelling rooms, dated May 1989, by submitting form HCD-MH 444, Quality Assurance Agency Adjustment Report for building component, dwelling, dwelling unit or individual dwelling room, dated May 1989. The Adjustment Report (HCD-MH 444) shall contain the following information:
 - (A) The quality assurance agency name, agency number, address and telephone number.
 - (B) The month and year of the adjusted report.
 - (C) The name, identification number, plant address and telephone number of the manufacturer.
 - (D) The signature and printed name and title of the authorized person, certifying under penalty of perjury that the information contained in the report and any and all attachments to the report is true and correct.
 - (E) The date that the approval was signed.
 - (F) The make, model and complete serial number of the unit corrected.
 - (G) The plan approval number of unit corrected or inspection pursuant to Section 3071 of this subchapter as appropriate.
 - (H) Identification of whether the factory-built unit is a building component, dwelling, dwelling unit or individual dwelling room.
 - (I) The California insignia number and date of manufacture.
 - (J) The location in the manufacturing process when inspected.
 - (K) The name and address of the purchaser.
 - (L) The name, street address, city, state and ZIP code of the unit's destination.
- (11) A copy of each quality assurance inspection report prepared pursuant to Section 3073 of this subchapter.
- (c) The quality assurance agency shall retain all reports, or copies thereof, required by this subchapter, for a period of three (3) years.
- (d) ~~The quality assurance agency shall notify the department of their discovery of units shipped from the location of manufacture without required inspection or insignia, or otherwise not in compliance with the Factory-Built Housing Law or this subchapter. The notification shall be provided in writing within 24 hours of the discovery.~~

- (d) Each manufacturer shall maintain a record of the use of insignia and shall report monthly to the department regarding such use and the location of each unit produced pursuant to this subchapter.
- (e) A Certification Report, pursuant to Section 3071(a)(3), shall include the following information:
- (1) Identification of the quality assurance agency and the manufacturer.
 - (2) The date of the report.
 - (3) A narrative which describes the inspections, dates of each inspection, observations, an assessment of the manufacturer's quality control program and compliance with approved plans, manuals, and applicable law or regulation, and which provides justification for a reduction in the frequency of inspection.
 - (4) A narrative which explains the insignia security procedures adopted by the manufacturer and which assesses their effectiveness.
 - (5) As an attachment, a copy of each inspection report associated with the certification of the manufacturing facility.
- (f) A quality assurance agency shall inspect each manufacturers quality assurance program a minimum of every four (4) months in order to maintain facility certification.

Rationale for Change: Relocated, renumbered, and amended "Section 3034.1" This section, in part, mirrors the MH, Title 25, CCR Section 4880 requirements amended to meet the requirements of the FBH program.

HSC section 19991.4 requires department oversight of the performance of QAAs. This section establishes reporting requirements deemed necessary by the department to determine compliance by the QAA and manufacturer to requirements of this subchapter and provides production data the department maintains to estimate FBH industry performance for various reports.

These reports form a certification of a QAA's performance that may be used should a consumer lawsuit develop regarding construction defects and may be used as cause for cancellation of department QAA certification. Additionally, periodically production data is provided to consumer groups and the legislature.

Subsections (b)(1) thru (9): Duplicates existing section 3034.1(b)(1) through (9) with minor grammatical amendments to subsections (b)(6) and (9) as noted below.

Subsection (b)(9): Deletes the phrase, approved "for Factory-built Housing" insignia, and replaces it with, approved "to bear" insignia." This amendment is necessary because a QAA approves insignia for more than "housing." Needed as part of the department's overall QAA monitoring. If units are found defective, the QAI and QAA that reported them in compliance will be asked to explain their failure to recognize construction defects during manufacturing.

Subsections (10)(A) thru (L): Provides a method for the QAA to use to correct existing monthly reports submitted to the department. An HCD form is provided to document the corrections to

information previously submitted. The justification for the requirements contained in these subsections mirror those found above in **Section** 3072(b)(1-9).

Subsection (d): Requires a QAA to maintain records of insignia issuance and details of each unit bearing insignia; and, requires the QAA to provide the department with monthly reports of such usage. This information provides the department with the history of the unit for monitoring – or when recall or enforcement action is necessary. Additionally, these reports form the department’s record of insignia issuance providing data needed to prepare department’s budget and for on-going analysis of industry trends, production rates and program labor costs. Statistical reports show each product type by fiscal and calendar year production rates. These reports are utilized internally and are distributed to the public.

Adopt Subsection (e) and its underlying subsections **require** the QAA to prepare and submit a “certification report” for each manufacturing facility that undergoes either certification or re-certification of its documented quality control procedures in accordance with section 3071. This information is necessary for the department to monitor a QAA’s evaluation of their client manufacturer’s quality control program. The report also provides notice that a manufacturer is ready to sell and deliver units into California possibly triggering monitoring of a new or re-certified manufacturer.

Subsections (e)(1) and (2): Requires the QAA provide within the Certification Report the QAA name; manufacturer name; and, date of report for filing and control purposes.

Subsection (e)(3): Requires that the QAA provide, in narrative form, a description of its inspection activities during certification: inspections performed, dates of each inspection, observations, and an assessment of the manufacturer’s quality control program, plans and manuals, referencing FBH laws or regulations. Needed for the HCD staff to ascertain the ability of the QAA to perform on behalf of the department. A narrative report format is necessary to facilitate the department’s monitoring of the reports, enabling HCD to avoid the costs associated to traveling to each manufacturing facility to oversee manufacturer certification. Certification reports are also necessary for documentation purposes should it be discovered by either monitoring or complaint investigation that the FBH product released by the manufacturer during 100% inspection were actually not in compliance with state laws and regulations, despite the certification report indicating otherwise. Such evidence assists in possible department corrective action against either the manufacturer or QAA.

Subsection (e)(4): Requires the QAA to provide, in narrative format, a description of the methods used by the manufacturer to secure, maintain and control the manufacturer’s supply of insignia of approval. The methods observed by the QAA must closely follow the methods documented in the approved quality assurance manual and department regulations and provide for an effective means of control. A narrative is required, as opposed to a checklist or Yes /No answers, in order to allow HCD staff to ascertain if the actual procedures resemble documented procedures. In the case of lost or misappropriation of insignia by the manufacturer in the future, this narrative is useful as a comparison and during remedial action. The internal controls over department insignia are critical since this insignia is valuable as

evidence of compliance. The public relies on this insignia, which is required to be affixed to a unit prior to its sale. If stolen, lost, or misplaced, there can be a potential for misuse by the unlicensed or unregulated manufacturer. Therefore, the department must monitor insignia control and issuance closely, to ensure the public confidence and trusts are maintained.

Subsection (e)(5): Requires the QAA to attach a copy of each inspection report with the certification report as verification that the agency complied with the requirements of this subsection. Written documents and reports provide the best evidence of compliance.

Subsection (f): Requires a QAA to inspect each of its clients manufacturing facilities a minimum of every four months. Needed to assure the manufacturer maintains an effective quality assurance program. Addresses a long-standing problem relayed to department staff by the QAAs concerning manufacturers that do not produce units for sale in California regularly. Periodically, a manufacturer will contact its QAA requesting inspection after a one-year (or more) absence by the QAA from the manufacturing facility – whereupon inspection, the QAA discovers there are new personnel, new ownership, and new systems of control and that the manufacturer is not able to construct units in compliance with state laws and regulations.

By requiring minimum quarterly inspections, QAA staff will regularly observe each client manufacturer's facilities and, if required, instruct the manufacturer of any remedial action needed prior to production of units for CA sale and to avoid re-certification of the manufacturing facility.

HCD believes this requirement would not be a burden on manufacturers because the costs resulting from a re-certification of a manufacturing facility after the QAA discovers problems with the quality assurance systems of control, correction of FBH units, and re-certification of the facility exceed the costs associated with periodic (quarterly) monitoring of each facility by the QAA.

Item 76

76. Adopt new Section 3072.1 as shown. (Changed relocated contents from Section 3034.1)

§ 3034.1(d)-3072.1. Notification of Noncompliance.

The quality assurance ~~inspection~~ agency shall notify the department of their discovery of units ~~released~~ ~~shipped~~ from the location of manufacture without required design approval, inspection, insignia, or otherwise not in compliance with the Factory-Built ~~built~~ Housing Law or this subchapter. The notification shall be provided in writing within 24-hours of the discovery.

Rationale for Change: Section 3034.1(d) relocated, renumbered, grammatically amended and provided with the heading "Notification of Noncompliance," in order to make this existing requirement easier to locate. The term "quality assurance agency" is replaced with "Inspection agency for clarity and the word "shipped" is replaced with "released" to be grammatically

correct and provide clarity and consistency. Not all factory-built units, which may include smaller items, are “shipped” and “released” is a more accurate description of the activity.

Item 77

77. Amend and relocate Section 3035.1 to Section 3073 with amendments as shown. § 3035.1-3073. Quality Assurance Inspector Reporting Requirements.

- (a) As the representative of the quality assurance agency, the quality assurance inspector shall prepare an inspection report at the end of each inspection visit before leaving the location of the inspection.
- (b) A copy of the report shall be provided to the manufacturer before the inspector leaves the location of the inspection and shall include the following legible information:
 - (1) The name of the quality assurance agency, the quality assurance inspector, and the manufacturer.
 - (2) The date of the inspection.
 - (3) A brief narrative describing the inspection activities, i.e., production, finished units, material storage, test, quality control inspection, etc.
 - (4) The model number, plan approval number, serial number and type of each unit inspected.
 - (5) The unit location in the production sequence when inspected, including any finished units bearing insignia.
 - (6) For each unit inspected or tested, a description of violations observed and action taken to correct the violations and eliminated recurrence.
 - (7) An order to hold any unit found to be in violation and which could not be brought into compliance during the inspection visit.
 - (8) A brief narrative summarizing the effectiveness of the manufacturer's quality control program and any requirements for needed improvements.
 - (9) A copy of the inspection report shall be forwarded to the quality assurance agency and included in the monthly report submitted to the department.

Rationale for Change: Relocated, renumbered, and amended existing Section 3035.1. This section is presented without change to the existing language except as noted below by the addition of subsection (9).

Subsection (b)(9) clarifies that a copy of the inspection report must be provided to the QAA which, in turn, is forwarded to HCD for monitoring purposes. QAAs often employ quality assurance inspectors (QAI) that work for multiple QAAs and prepare reports under different rules and regulations. Not all states require copies of inspection reports. Clarifies that it is the responsibility of a QAI to provide report copies to the QAA. Additionally, existing regulations makes submittal of inspection reports to HCD only a requirement of the QAA not the QAI. Because of this omission in previous regulations, HCD is not able to take administrative action against a QAI that fails to provide reports to the QAA.

Item 78

78. Amend and relocate Section 3036 to Section 3074 with amendments as shown. **§ 3036-3074. Local Inspection Agency.**

- (a) As set forth in Section 19991.1 of the Health and Safety Code, a city or county building department may assume responsibility for in-plant inspections of factory-built housing, when certified by the department.
- (b) In the event the governing body cancels its assumption of responsibility, the department upon receipt of official notice shall assume such responsibility within 30 days.
- (c) ~~The local inspection agency shall authorize the manufacturer to affix the department's insignia of approval, when units have been subject to the quality control program and are in compliance with plans as approved by the department.~~ The local inspection agency shall inspect the manufacturing facility in accordance with Section 3071 of this subchapter and shall authorize the manufacturer to affix the department's insignia of approval, when units have been subject to the quality control program and are in compliance with plans as approved by the department.
- (d) ~~The local inspection agency shall keep a record of what units have been authorized for the affixing of insignia and shall, each month, make a report of such units to the department.~~ The local inspection agency shall provide reports as required for quality assurance agencies in Sections 3072 and 3073 of this subchapter.
- (e) The local inspection agency shall notify the department of noncompliance as required in Section 3072.1 of this subchapter.
- (f) The local inspection agency shall keep a record of what units have been authorized for the affixing of insignia and shall, each month, make a report of such units to the department.

***Rationale for Change:** Relocated, renumbered, and amended existing Section 3036. Subsections (a), (b) and (f) are presented for adoption without amendment from the previous language in subsections 3036(a), (b), and (d) respectively.*

Adopt Subsection (c): Maintains the original language with slight amendment by replacing "The local inspection agency shall..." with the phrase "inspect the manufacturing facility in accordance with section 3071 and shall..." Adds clarity and refers the local inspection agency to the proper Section containing the requirements on how to inspect a manufacturing facility. Local inspections agencies do not routinely inspect facilities like a QAA does and are not expert in the processes and procedures required to inspect a manufacturer's quality assurance and systems of control. This additional phrase directs the local inspections agency to the section that describes such procedures and by doing so makes the regulation easier to use. This also maintains uniformity in the inspection procedures for a QAA and local inspection agency so the end product contain the same quality regardless of the inspecting entity.

Subsection (d): Requires a local inspection agency to prepare and transmit a report to the department by the fifteenth day of each month for each client manufacturer. Monthly reporting is necessary for the department to monitor local inspection agencies to determine compliance with conditions of approval and to monitor their client manufacturers. Additionally, the information aids in its efforts to plot industry trends and plan program changes or additions. The fifteenth of the month is standard throughout applicable department regulations and has

historically been enough time to gather required information from monthly activities. Current regulations require a monthly report submittal to the department. A local inspection agency acts on behalf of HCD in the same manner as a QAA. This requirement is the same for a QAA and the procedures for a QAA and local inspection agency must be the same to ensure a safe, reliable product.

Subsection (e): A local inspection agency acts on behalf of HCD in the same manner as a QAA. This subsection clarifies that local inspection agencies need to report noncompliance the same way as third-party agencies that operate on HCD's behalf. This basic requirement is to ensure HCD is made aware of units that are released from a manufacturing facility that do not meet California design and construction standards for the health and safety and financial protection of the public. This requirement is the same for a QAA and the procedures for a QAA and local inspection agency must be the same to ensure a safe, reliable product.

Subsection (f): This Subsection is the relocated and re-lettered subsection 3036(d). There are no changes to this subsection. It is re-lettered because of the addition of subsections (d) and (e).

Item 79

79. Adopt new Section 3075 with content from Section 3037.

§ ~~3037-3075.~~ Local Inspection Agency – Requirements for Certification.

- (a) The governing body ~~electing shall elect~~ by ordinance to have its building department assume responsibility for in-plant inspections of factory-built housing and shall file a copy of such ordinance with the department.
- (b) After thirty (30) days' written notice to the department and when meeting the department's requirements for certification, the governing body and the local inspection agency shall be advised in writing that enforcement responsibility may commence ~~be commenced~~.
- (c) If the department's certification requirements have not been met by the local inspection agency, the governing body and the local inspection agency shall ~~within a reasonable time~~ be advised in writing by the department within thirty (30) days. Such notification shall set forth in detail the reasons why certification ~~may not be~~ was not granted.
- (d) The local inspection agency shall designate the person(s) who are to perform the in-plant inspections at each place of manufacture within the political limits of the jurisdiction and provide the department with a resume of each person's education and work experience. If only one (1) person is designated for a particular place of manufacture, the name of a back-up inspector shall be provided. ~~These designations shall be kept current.~~
- (e) ~~Inspection personnel designated to perform the in-plant inspections shall be certified by an examination conducted by the department. The examination will consist of a written test based on the Factory-Built Housing Law, the administrative regulations related thereto, and the building systems employed in the construction of factory-built housing. A minimum rating of 70% must be attained. Inspection personnel shall also demonstrate capability to note construction violations during actual in-plant inspections. A quality assurance inspector shall meet the following criteria as a condition of approval.~~

- (1) Inspection personnel shall possess at least two (2) years of experience in the construction inspection field inspecting residential dwellings and possess or have the ability to obtain, within twelve (12) months of hire, a residential building inspector or residential plans examiner certification from a nationally recognized building code developing organization, or;
- (2) Inspection personnel designated to perform in-plant inspections shall be certified by an examination conducted by the department. One (1) examination fee shall allow the applicant two attempts to successfully complete the examination. If the applicant is unsuccessful in their initial attempt, the applicant may reschedule the second examination no sooner than two (2) calendar weeks ~~or~~ and no later than twelve (12) calendar months from the initial examination date. The examination shall consist of:
- (A) A written examination based upon the Factory-Built Housing Law, the Factory-Built Housing Regulations related thereto, and the building systems employed in the construction of factory-built housing. A minimum rating of 70 percent shall be attained, and
- (B) A practical knowledge exam to demonstrate the capability to note construction violations during actual in-plant inspections.
- (3) Inspection personnel shall have the ability, experience ~~or~~ and training to inspect and monitor quality control programs for compliance with approved plans, quality control manuals and California laws and regulations regarding factory-built housing units.
- (f) The certification of local inspection agency inspectors shall expire 36 months from the date of initial certification. Application for recertification shall be as specified in Subsection (e) of this section.
- (g) The department may revoke its certification of the local inspection agency or an in-plant inspector for cause. "Cause" shall be established upon the findings of acts or omissions subsequent to certification, which result in the placing of insignia on units or modules, ~~which are not in compliance~~ do not comply with this subchapter. A department revocation may be subject to an informal administrative appeal before the director or his or her designee pursuant to Section ~~3056~~ 3083 of this subchapter.
- (h) When a local inspection agency proposes changes to personnel responsible for enforcing the provisions of this chapter that agency shall notify the department in writing within thirty (30) days of the date of the changes. The department may perform a reevaluation to determine whether the personnel have the required knowledge and ability as required by this section.
- (i) If the local inspection agency no longer has qualified personnel certified by the department, the certification of the local city or county as a local inspection agency is automatically revoked.
- (j) When a local inspection agency changes its address, phone number, or contact personnel, it shall notify the department in writing within thirty (30) days of the change.

***Rationale for Change:** Relocated, and renumbered existing Section 3037. Section outlines the requirements for certification required of a local inspection agency that chooses to become a local inspection agency for FBH Subsections (a), (b), (f) and (g) are editorial amendments and will not be discussed.*

Section 3075 is the relocated, and renumbered existing Section 3037. This section outlines the requirements for certification required of a local inspection agency that chooses to become a local inspection agency for FBH Subsections (a) through (g) are grammatical amendments. Subsections (h) through (j) are newly adopted subsections.

Amend Subsection (a) by changing the word “electing” to “elect” as a non-substantive grammatical change.

(a) The governing body electing shall elect by ordinance to have its building department assume responsibility for in-plant inspections of factory-built housing and shall file a copy of such ordinance with the department.

Amend Subsection (b) with strictly a grammatical amendment for readability.

(b) After thirty (30) days' written notice to the department and when meeting the department's requirements for certification, the governing body and the local inspection agency shall be advised in writing that enforcement responsibility may commence be commenced.

Subsection (c): Clarifies the specific timeline for notification of a local inspection agency as to the failure to meet the certification requirements. A “reasonable time” is undefined and could be interpreted as different by different people depending on who is making the determination. Often a manufacturer is working with and depending on a local inspection agency to perform inspections and the local inspection agency must be apprised of their status in a timely manner.

Subsection (d): Deletes the phrase “These designations shall be kept current.” Due to adoption of Subsection (h), which has clearer requirements for updating the information on the designated inspector.

Subsection (e): Deletes existing text related to certification requirements and organizes the conditions of approval for local inspection agency inspector requirements similarly to those of quality assurance inspectors for third-party agencies.

Subsection (f) by adding the term “of this section.” This is necessary to clarify that the location of the reference is within this section.(f) The certification of local inspection agency inspectors shall expire 36 months from the date of initial certification. Application for recertification shall be as specified in Subsection (e) of this section.

Subsection (g) grammatically by replacing “are not in compliance” with “do not comply”. Additionally, the referenced section in subsection (g) is amended because of its relocation in this rulemaking to provide the proper reference. The term “of this subchapter” is added to clarify that the referenced section is within this subchapter, Subchapter 1 of Title 25, Division 1, Chapter 3.

Subsection (h): Added to clarify the department must be notified within 30 days of any change in previously approved inspection personnel. This is necessary to maintain current information

on the personnel performing in-plant inspections and allow the department to ensure inspection procedures and personnel are knowledgeable in order to maintain consistency and quality throughout the inspection process.

Subsection (i): Added to clarify that if a local inspection agency no longer has qualified personnel certified by the department, the certification originally given to that agency for that particular person is automatically revoked. This is necessary to maintain the quality and safety of factory-built units. Once an agency no longer has an inspector certified to the factory-built housing requirements there is no assurance the inspections will be performed properly.

Subsection (j): Requires timely notification to the department of changes to contact information for local inspection agencies. This is necessary in order to provide information of changes within the FBH program to the agency, to be able to resolve possible issues or concerns within the inspection process, and to have contact information in the event administrative action is required.

Item 80

80. Adopt new Section 3076 with content from Section 3022.4(a).

§ 3076. Recordkeeping.

(a) A design approval agency shall maintain a copy of all documents approved on the department's behalf for a period of three (3) years beyond its expiration.

(b) A quality assurance agency or local inspection agency shall maintain a copy of all certification labels required by Section 3043(a) for a period of ten (10) years beyond the date of manufacture of a factory-built unit.

Rationale for Change: Adds the same record retention requirements as required of other entities under the departmental authority.

Subsection (a): Similar to existing subsection 3022.4(a), which requires a Design Approval Agency to maintain copies of all approvals and all insignia issuance for 3 years beyond its expiration. Since the activities of a local agency is monitored periodically, the three year period was selected to afford the department sufficient time to calendar such monitoring and to have the records in place for monitoring. This information aids in planning and forecasting. This time requirement is consistent with the record maintenance requirement imposed on manufacturers elsewhere in this chapter. Such a period has proven to be valuable and not excessively burdensome.

Subsection (b): Similar to the existing manufactured housing regulations in 4876. It is necessary to clarify the previously adopted standard time period of three (3) years for manufactured homes mandated for plans to remain at a third-party agency should questions arise during construction, monitoring, or future complaint handling. This provision requires a similar retention period as for plans or reports (proposed sections 3023 and 3070, respectively).

Item 81

81. Amend Article 6.

ARTICLE 6. INSTALLATION ENFORCEMENT

Item 82

82. Amend and relocate Section 3043 to Section 3080 with amendments as shown. ~~§ 3043~~ 3080. Denial of Insignia.

- (a) ~~Should inspection reveal that a manufacturer is not manufacturing units according to plans approved by the department or design approval agency, and such manufacturer, after having been served with a notice setting forth in what respect the provisions of the plan approval have been violated,~~ Any manufacturer that has been given notice of noncompliance with plans approved by the department or design approval agency that continues to manufacture units in violation of the plan approval, ~~application for new insignia shall be denied~~ new insignia by the department ~~and the~~ or quality assurance agency.
- (b) Insignia previously issued for units in violation of the plan approval shall be confiscated by the department or inspection agency. Upon proof of compliance satisfactory to the department or design approval agency such manufacturer may resubmit an application for insignia.

Rationale for Change: Relocated, renumbered, and amended "Section 3043". Amended for clarity and ease of reference by breaking the original language into subsections (a) and (b). There are grammatical amendments with no change to the intent or meaning. This is to clearly explain to a manufacturer the effects of continuing to build units that are known to be out of compliance after receiving a notice of violation. Provides codified authority for the QAA to deny and/or confiscate insignia when there are known violations to approved plans.

Item 83

83. Amend and relocate Section 3044 to Section 3081 with amendments as shown. ~~§ 3044~~ 3081. Insignia Removal.

- (a) In the event that any unit bearing insignia is found to be in violation of the approved plans, the department or inspection agency may remove the insignia and shall furnish the manufacturer or first user or both with a written statement of such violations.
- (b) The manufacturer or first user or both shall request an inspection from the department or inspection agency after making corrections to bring the unit into compliance before the department or quality assurance agency shall issue a replacement insignia.
- (c) The manufacturer shall pay the costs of inspection based on the fee schedule in section 3100.

Rationale for Change: Relocated, renumbered, and amended existing section 3044. This section outlines departmental and inspection agency authority to remove insignia for a unit(s) found with violations.

Subsection (a): Relocated, renumbered, and amended existing first paragraph of Section 3044. Clarifies that the department is also authorized to remove insignia. Section 19990 of the Health and Safety Code provides HCD with the authority to issue insignia and 19991 provides authority for enforcement of the Factory-built Housing Act, which would include rescinding that insignia issuance for violations.

Subsection (b): Relocated, renumbered, and amended existing second paragraph of Section 3044. Clarifies that the department and the Quality Assurance Agency, acting on behalf of the department, are both authorized to perform these inspections. Section 19990 of the Health and Safety Code provides HCD with the authority to issue insignia and section 19983 allows the department to delegate that authority.

Subsection (c): Notes the requirement that a manufacturer shall pay inspection fees necessary for the inspection to verify compliance. This is not a new fee and is simply noted here as a reminder. This inspection to verify compliance is an existing requirement and inspection fees are already established for all inspections.

Item 84

84. Continue adoption of Section 3082 with content from Section 3055.

§ 3082. Violations and Remedial Action.

(a) The following procedures apply to factory-built units containing violations, stored at the manufacturing facility or released from the manufacturer.

- (1) Whenever the department or inspection agency has reason to believe that a factory-built unit has failed to conform to the provisions of this subchapter for which the manufacturer is responsible, either the department, or upon direction of the department, the third-party entity shall investigate and notify the manufacturer of the violation.
- (2) Whenever the department or third-party entity discovers that more than one (1) factory-built housing unit contains or may contain violations or failures to conform to the provisions of this subchapter, the department will investigate and notify the manufacturer that the failure to conform affects or may affect more than one (1) unit.
- (3) The manufacturer shall correct all violations within twenty (20) calendar days or other reasonable period agreed upon by the department.
- (4) When a manufacturer fails to correct a violation within the established period, that failure may subject the manufacturer to administrative action, including:
 - (A) Increased inspection.
 - (B) Withholding insignia of approval.
 - (C) Suspension or revocation of approved plans and quality control manual.
 - (D) Decertification of facility.
 - (E) Administrative fines.
- (5) The department shall be reimbursed by the manufacturer for the costs of its investigation, including travel and administrative time pursuant to Section 3100 of this subchapter.

Rationale for Change: Relocated, renumbered, and amended existing section 3055 with an amended heading, "Violations and Remedial Action".

Subsection (a): Serves as an introductory subsection to underlying subsections that outline the remedial action to be taken if a violation(s) exist in factory-built housing if released from a manufacturer.

Subsection (a)(1): Outlines the parties that are responsible to investigate and provide notification to the manufacturer if a violation(s) is found in factory-built housing.

Subsection (a)(2): Outlines the requirement that the department notify a manufacturer if a violation(s) may exist in more than one factory-built unit.

Subsection (a)(3): Requires a manufacturer to correct all violations in factory-built housing within 20-days or upon a time period agreed to by the department.

Subsection (a)(4): Serves as an introductory subsection to underlying subsections that outline the administrative actions that may be taken against a manufacturer should it fail to correct a violation(s).

Subsections (a)(4)(A) thru (E): Outlines the various administrative actions that may be taken by the department should a manufacturer fail to correct a violation(s) introduced into factory-built housing.

Subsection (a)(5): Provides reference to the Section within regulations that outline the fees the department will charge for reimbursement of its investigative and administrative costs.

Item 85

85. Adopt new Section 3083 with content from Section 3056.

§-3056 3083. Appeal and Hearing Procedures.

- (a) ~~Any person refused approval, receiving a notice of violation, or who feels aggrieved by application of this subchapter, may request and shall be granted an informal administrative hearing on the matter before the director of the department or his or her duly authorized representative. Such person shall file with the department a written petition requesting a hearing which sets forth a brief statement of the grounds therefor. Any person or entity who has been refused approval or had that approval revoked, received a notice of violation ordering correction of a violation of this subchapter, the Health and Safety Code, or any other applicable provision of law has the right to request an informal hearing on the matter before an authorized representative of the department or that person's designee.~~
- (b) ~~Upon receipt of a petition, the department shall set a time and place for the hearing and shall give the petitioner at least 10 days written notice. The hearing shall commence no later than 30 days after the day on which the petition was filed except that, upon application or concurrence of the petitioner, the department may postpone the date of the hearing for a reasonable time beyond the 30-day period, if in its judgment the petitioner has submitted or~~

~~the department has a good and sufficient reason for the postponement. Should petitioner fail to appear at the scheduled time and place of the hearing, the department may dismiss the petition without further action or take other action as may be appropriate. The person requesting the hearing shall submit a written hearing request to the department within ten (10) working days from the date of the refusal of approval or notice of violation.~~

- ~~(c) Upon conclusion of the hearing, the director of the department, or his or her duly authorized representative, shall notify the petitioner in writing of his or her decision in the matter and the reasons therefor, within 45 days. The written hearing request shall:~~
- ~~(1) Provide the name, address, phone number and email address of the appellant,~~
 - ~~(2) Provide the appellant's reasons for requesting a hearing,~~
 - ~~(3) Summarize each issue to be disputed at the hearing, and~~
 - ~~(4) State the remedy the appellant is seeking.~~
- ~~(d) Upon receipt of a request for a hearing, the department shall set a time and place for the hearing, shall provide the appellant with written notice of the scheduled time and place of the hearing, and shall provide a statement of the agency's selection of the informal hearing procedures to be applied at the hearing. The department shall include a copy of the agency's informal hearing procedures, as required pursuant to Government Code Sections 11425.10 and 11445.30.~~
- ~~(1) The department shall provide the time and place of the hearing in a written notice to the appellant within fifteen (15) working days of receipt of the request.~~
 - ~~(2) The hearing shall commence within fifteen (15) working days of the date of the written notice of the scheduled hearing sent by the department.~~
 - ~~(3) The appellant shall have the right to apply to the department for the postponement of the date of the hearing for a reasonable amount of time. The appellant shall provide a good-cause reason for the request.~~
 - ~~(4) The department shall grant a request for postponement if it determines that the appellant has good-cause reason for the postponement.~~
- ~~(e) In the event that a cited violation constitutes an imminent hazard representing an immediate risk to life, health and safety of persons or property, which requires immediate correction, a hearing shall not be permitted and a request for a hearing shall not extend the time for the correction of the violation.~~
- ~~(f) Upon receipt of the request for hearing, the department shall not initiate any judicial or administrative action related a defect or defects appealed until after the hearing. However, if the defect or defects cited become an imminent hazard representing an immediate risk to life, health, and safety of persons or property, which require immediate correction, the department may cancel the hearing, demand immediate abatement or correction, and initiate any appropriate judicial or administrative action related to the defect or defects.~~
- ~~(g) If the request for hearing is not received within ten (10) days from the date of personal service or acknowledgment of receipt by mail of the notice, the department shall have the discretion to continue administrative proceedings~~

Rationale for Change: Relocated, renumbered, and amended "3056". This section outlines the appeal and hearing procedures afforded to entities that are denied approval, receive administrative action, or receive a notice of violation(s). Amendments provide additional

procedural details as related to time periods for notices, responses and conditions under which corrections cannot be delayed.

Subsection (a): Provides notice to an entity that it may request an informal hearing should they receive a violation notice or feel aggrieved by application of the regulations within this subchapter. Subsection (a) also outlines that a written petition is required in order to request an informal hearing.

Subsection (b): Outlines the procedures and timelines the department follows when a written petition is received from an entity. Also provides further instruction to an entity if they should fail to appear at a scheduled informal hearing.

Subsection (c): Outlines the procedures and timelines the department follows in rendering its decision regarding a written petition for relief received from an entity, and the facts presented during the informal hearing.

Subsection (d): Outlines requirements for providing notice for the hearing time and place and informal hearing procedures as specified.

Subsection (e): Precludes delay of correction of imminent hazard conditions by requests for scheduling of hearings.

Subsection (f): Precludes HCD initiation of judicial or administration actions once a request for hearing has been received unless there are conditions of imminent hazard.

Subsection (g): Clarifies that HCD may continue administrative proceedings if a request for hearing is not received within 10 days of the notice.

Item 87

87. Adopt new Section 3090 as shown.

§ 3090. Pre-Construction Disclosure.

(a) Prior to the submittal of plans to a Local Enforcement Agency, department-approved third-party agencies shall develop a pre-construction disclosure document to identify all parties involved in the design and installation of factory-built housing. This agreement shall identify, but is not limited to, the following items and shall be signed by the third party agency and local enforcing agency.

(1) Names, titles and contact information for parties involved.

(2) Project name and location

(3) Project timeframe and applicable version of building standards codes (year)

(4) Required construction-related permits and zoning permits or variances

(5) Identification of all parties responsible for performing the following and other information as required:

(A) Plan review:

(i) Building plans

- (ii) Foundation
 - (iii) Underground utilities
 - (iv) Non-factory-built structures
 - (v) Architectural
 - (vi) Applicable local use zone requirements pursuant to the Health and Safety Code Section 19993
 - (vii) Automatic fire suppression sprinkler systems
- (B) Inspection:
- (i) On-site verification of factory-built housing insignia
 - (ii) On-site assembly of factory-built structures
 - (iii) On-site inspection of site-built structures and landscaping
 - (iv) On-site inspection of foundations
 - (v) On-site testing of systems
 - (vi) Energy compliance

Rationale for Change: Outlines the requirements for a pre-plan check review from the third-party agencies in collaboration with the Local Enforcement Agency to outline the statutory and regulatory preemptive review from department approved third-party agencies and the review afforded to Local Enforcement Agencies per the California health and Safety Code Section 19993. A pre-plan check review provides clarity on responsibilities of all parties prior to initiation of the project.

Item 88

88. Adopt new Section 3091 with content from Section 3080.

§ ~~3080~~ 3091. Enforcement of Installation.

- (a) As set forth in Section 19992 of the Health and Safety Code, local enforcement agencies shall enforce and inspect the assembly and installation of factory-built housing in accordance with plans approved by the department or department approved third-party entities.
- (b) Upon concluding inspections and providing final approval of the assembly and installation of factory-built units, the local enforcement agency shall issue a certificate of occupancy, or the equivalent, allowing occupancy.
- (c) Subsequent to issuance of the certificate of occupancy, the local enforcement agency shall enforce all provisions of applicable law or regulation relating to the installation, erection, construction, reconstruction, movement, enlargement, conversion, alteration, repair, removal, demolition or arrangement of factory-built housing units.
- (d) The local enforcement agency may establish a fee by ordinance for the inspection of the installation of factory-built housing.

Rationale for Change:

Subsection (a): Adds "assembly and" to clarify that local enforcement agencies are also responsible to inspect the assembly of factory-built housing as well as its installation. Most factory-built units require a large amount of actual onsite assembly and is not limited to the installation of a unit on a foundation. Designates that inspections of the assembly and

installation of factory-built housing is to be accomplished by following the approved plans since Factory-built Housing has many unique aspects that are included in the approved plans. Additionally, since local jurisdictions are performing the inspection of the assembly and installation there are and often preemptive laws and regulations that supersede local ordinances. It is necessary to clarify that the approved plans take precedence over all other measures.

Subsection (b): Requires the local enforcement agency to issue a certificate of occupancy upon final approval of the assembly and installation of factory-built housing. A certificate of occupancy is a document that is routinely issued by local governmental agencies or building departments and certifies a building's compliance to applicable codes and regulations and certifies the building as suitable for occupancy.

Subsection (c): Reiterates from the Building Code and provides notice to a local enforcement agency of the scope of their responsibilities after a certificate of occupancy is issued for factory-built housing.

Subsection (d): Brought forth from Health and Safety Code section 19992. It is necessary to duplicate the provision in the regulations because factory-built housing is relatively rare and local enforcement agencies are not aware of the statutory provisions. Adding the text to the regulations allows the local enforcing agency to easily locate the provision.

Item 89

89. Adopt new Section 3092 with content from Section 3081.

§ ~~3081~~ 3092. Installation Plans.

- (a) A manufacturer of factory-built housing units having plan approval shall furnish a minimum of two (2) complete sets to the installer of the approved factory-built housing plans. The installation plans shall contain the specific procedures to complete the unit on-site and include all details necessary for assembly and installation. The plans shall note the location on the unit(s) where department insignia of approval and manufacturer certification label are located to the installer, who The installer shall submit at least one (1) set of plans to the local enforcement agency prior to installation. ~~The approved plans will contain a resume of the installation work to be done on-site, and will indicate the location on the unit where the department insignia of approval can be found.~~
- (b) Plans approved by the department or a design approval agency shall be accepted by the local enforcement agency as approved for the purpose of obtaining an installation permit when the design criteria is consistent with the requirements for the locality ~~as determined by the local enforcement agency~~ pursuant to Health and Safety Code Section 19993.

Rationale for Change:

Subsection (a): Adds "to the installer" to specify to the manufacturer to whom they are to submit the approved installation plans; "installation" to specify the type of plans addressed; Requirement for a resume of work to specify the required details to be included in installation plans so that the installer and the inspector will have all necessary information available to

assemble, install, and inspect the factory-built housing sections and/or components; deletes the last sentence in the paragraph as the information it contained was relocated under the 5th bullet point directly above thus is redundant.

Subsection (b): Deletes “as determined by the local enforcement agency” and adds “pursuant to HSC Section 19993” to add specificity to the language and provide reference to the proper HSC section which provides the laws regarding local requirements reserved to local jurisdictions for enforcement.

Item 92

92. Adopt new Section 3100 with content from Section 3060.

§ ~~3060~~ 3100. Fees.

(a) Plan Fees.

(1) Plan Filing Fees.

(A) Sixty dollars (\$60) for each new model.

(B) Twenty dollars (\$20) for each individually submitted change to an approved plan.

(2) Plan Checking Fee Deposit.

(A) Three hundred dollars (\$300) for each new model.

(B) One hundred and fifty dollars (\$150) for each building component model.

(C) The department may require a plan checking fee deposit not exceeding three hundred dollars (\$300) for changes to approved plans. The plan checking fee deposit less actual costs as determined by the department shall be refundable.

(3) Plan Checking Fees. Two hundred and three dollars (\$203) provided the plan check does not exceed one (1) hour. When the plan check exceeds one (1) hour, the following fees shall apply:

(A) Second and subsequent whole hours: ninety-two dollars (\$92).

(B) Each thirty (30) minutes, or fractional part thereof: forty-six dollars (\$46).

(4) Plan Renewal Fee. Sixty dollars (\$60) for plan renewal for each model.

(5) Plan Renewal Plan Checking Fees. Two hundred and three dollars (\$203) provided the plan renewal plan check does not exceed one (1) hour. When the plan renewal plan check exceeds one (1) hour, the following fees shall apply:

(A) Second and subsequent whole hours: ninety-two dollars (\$92).

(B) Each thirty (30) minutes, or fractional part thereof: forty-six dollars (\$46).

(b) Quality Control Manual. Twenty dollars (\$20) for each individually submitted change to an approved quality control manual.

(c) Inspection and Technical Service Fees.

(1) One hundred and ninety-six dollars (\$196) provided the inspection, or technical service does not exceed one (1) hour. When the inspection, monitoring, or technical services exceeds one (1) hour, the following fees shall apply:

(A) Second and subsequent whole hours: eighty-two dollars (\$82).

(B) Each thirty (30) minutes, or fractional part thereof: forty-one dollars (\$41).

(d) Out-of-State Inspection and Technical Service Fees. Fees shall be in accordance with Subsection (c) of this Section, plus total travel cost based on published air fare, or equivalent rate, between the point of departure in California and the point of inspection,

plus necessary supplemental surface transportation, and reimbursement for food and lodging consistent with ~~the California State Department of Personnel Administration~~ Human Resources.

- (e) Periodic Monitoring Inspection Fees. Periodic monitoring inspection fees shall be paid for inspection time and required travel time from the point of departure in California, in accordance with Subsection (c) of this Section. If reinspections are necessary as a result of a periodic monitoring inspection, the reinspection and travel time from the point of departure in California shall be paid in accordance with Subsection (c) of this Section. Out-of-state travel costs for periodic monitoring inspections and reinspections shall be paid in accordance with Subsection (d) of this section.
- (f) Insignia Fees.
 - (1) Sixty-two dollars (\$62) for each insignia, excepting building components.
 - (2) Five dollars (\$5) for each individual building component.
 - (3) Sixty-two dollars (\$62) for replacement insignia, excepting building components.
 - (4) Five dollars (\$5) for replacement insignia for each individual building component.
- (g) Reciprocal Insignia Fees.
 - (1) Insignia fees for units manufactured in California shall be as specified Subsection (f) of this section.
 - (2) Two dollars (\$2) for each single family dwelling unit, dwelling unit, individual dwelling room or combination of rooms thereof, shipped from another state under reciprocal agreement.
 - (3) Ten cents (\$.10) for each individual building component.
- (h) Out-of-State Approval Fee. Initial plant inspection fee shall be in accordance with Subsection (c) of this Section and travel cost based on published air fare, or equivalent rate, between the point of departure in California and the location of the factory plus necessary supplemental surface transportation, and reimbursement for food and lodging consistent with the California State Department of Personnel Administration Human Resources.
- (i) Change in Third-party Entity, Quality Assurance Inspector or Manufacturer Name, Ownership, or Address Fee. Sixty-two dollars (\$62).
- (j) ~~Certification Fee—~~ Application for Quality-Assurance Agency Approval. Three hundred and twenty-eight dollars (\$328) for each certification application.
- (k) Application for Quality Approval Agency Approval Renewal. Two hundred and eighty-six dollars (\$286) for each renewal application.
- (l) ~~Certification Fee—~~ Application for Quality Assurance Inspector Approval. Eight hundred sixty-six dollars (\$866) for each person making request for certification.
- (m) Application for Quality Assurance Inspector Approval Renewal. Two hundred and fifty-three (\$253) for each renewal application.
- (n) ~~Certification Fee—~~ Application for Design Approval Agency Approval. Three hundred and twenty-eight dollars (\$328) for each certification application.
- (o) Application for Design Approval Agency Approval Renewal. Two hundred and eighty-six dollars (\$286) for each renewal application.
- (p) Design Approval Agency Monitoring Fee.
 - (1) Forty-two dollars (\$42) for each approved plan or plan renewal.
 - (2) Nineteen dollars (\$19) for each amendment to previously approved plans or manuals.

- (3) Twenty dollars (\$20) for each approved quality control manual.
- (q) Alternate Approval. Two hundred and three dollars (\$203) provided the plan renewal plan check does not exceed one (1) hour. When the plan renewal plan check exceeds one (1) hour, the following fees shall apply:
- (1) Second and subsequent whole hours: ninety-two dollars (\$92).
 - (2) Each thirty (30) minutes, or fractional part thereof: forty-six dollars (\$46).
- ~~(r) Alternate Approval Plan Review. Two hundred and three dollars (\$203) for each hour.~~

Rationale for selected subsections:

Subsection (d): Updates the correct reference to the appropriated state Department.

Subsection (f)(3): Adds “excepting building components” to standardize and match language contained in Subsection (f)(1).

Subsection(f)(4): Added to remove ambiguity as to charge for replacement insignia. When users request replacement insignia they are charged \$5 as specified under Subsection (f)(2). However, by adding this language, users may ascertain the correct charge without question.

Subsection (i): Clarifies and includes the third-party entity and the quality assurance inspection in the requirements to pay a fee for changes to their name, ownership and address.