

**St. Louis District Standard Operating Procedures  
For Cottage Site Lease Management  
August 2015**

The Regional Standard Operating Procedure for Real Estate Cottage Site Lease Management including history and definitions may be found in QMS –15504-MVD. This SOP is designed to guide the St. Louis District in day-to-day operation of cottage site lease management in accordance with 15504-MVD referenced above. This SOP is not intended to supersede policy or regulation.

**Procedures**

**Lease Renewal (issuance)**

RE is responsible for lease issuance and renewal. OD-N will provide input regarding mapping and site-specific conditions.

**Rental Payments**

Leased property will be appraised every 5 years to determine fair market value. RE is responsible for performance of the appraisals (via in-house or contracted labor). RE will coordinate with OD-N for notification to lessees of revised rental amounts no less than 90 days prior to revised rental amount becoming effective. Bills are generated on January 1<sup>st</sup> and July 1<sup>st</sup> as necessary. If the payment has not been received by these dates, a bill is mailed to the lessee. Failure to pay after 30 days from the January or July 1<sup>st</sup> payment due date will result in a second bill and late notice sent to lessee. Failure to pay within 60 days from the January or July 1<sup>st</sup> payment due date will result in a third and final bill and notice being sent to the lessee. This final notice will include a late payment penalty and a statement that failure to pay by April 1<sup>st</sup> or October 1<sup>st</sup> will result in termination of the lease by the lessee. Lessees will also be contacted by phone at this time. Non-payment of rent for more than 90 days (past 1 April or 1 October) is considered a termination by the Lessee. On April 2<sup>nd</sup> or October 2<sup>nd</sup> RE, in coordination with OD-N & OC, will issue a Notice of Lease Termination.

**Lease Assignments**

Lessee submits request to RE to assign lease. RE, with input from OD-N and OC, is responsible for reviewing the lease file to ensure no outstanding compliance issues exist. RE requests a pre-assignment inspection to be done by OD-N if annual compliance inspection is more than 60 days old. RE prepares assignment documents and cover letter and sends to lessee for execution. Once signed documents are returned to RE, they are fully executed, copies are furnished to OD-N, the new lessee's information is input into REMIS and revised in the file. In the event of a lessee death, OC will be consulted on proper documentation requirements. See attached checklist for a detailed description of the assignment process.

**Annual Compliance Inspections**

Annual compliance inspections are to be conducted on all cottage sites. RE will coordinate inspection scheduling with OD-N. Once inspections are conducted, RE is responsible for completing form ENG3131, Report of Compliance Inspection. Once the ENG3131 has been fully coordinated with OD-N and signed, RE is responsible for providing each lessee and OD-N with a signed copy of the ENG3131 no more than 30 days after inspections are conducted. RE is then responsible for entering all compliance inspection data into the REMIS database and properly filing all inspection paperwork, including but not necessarily limited to form ENG3131, correspondence, and photos. RE and OD-N, will set an appropriate time frame for

leases with Unsatisfactory Inspections to make necessary corrections. In the event of a suspected structural issue, guidance may be sought from a structural engineer. Follow up inspections will be scheduled and conducted as necessary. (See attached Inspection Checklist)

### **Substantial Violations**

Per Lease Condition 14b, the lease may be terminated if the lessee substantially violates a provision of the lease. The lessee is charged at all times with full knowledge of all the limitations and requirements of this lease, and the necessity for correction of deficiencies and with compliance with reasonable requests by the District Engineer.

Substantial violations are violations of one or more lease conditions that give grounds for termination. They require immediate attention on behalf of the lessee.

Immediately terminable violations are substantial violations of a lease condition that rise to the level of posing an imminent danger to the public. The primary example of this is confirmed criminal activity, such as involvement with narcotics or prostitution, taking place on the leased premises. This would result in the issuance of a formal written notice of termination and restoration. No opportunity for corrective action will be afforded to the lessee. Confirmation of criminal activity will be provided through reports from local law enforcement.

All other substantial violations would require immediate action by the lessee. A notice of non-compliance will be issued with a required time frame for resolution. Failure to meet the established deadline will result in the issuance of a notice of termination.

The following list is intended to provide an outline of common substantial lease violations that would require a 30 day resolution. The list is not all inclusive and the Realty Specialist should coordinate with Operations and Office of Counsel on a case by case basis to review specific circumstances and recommended actions.

- A. *Condition 5: "Applicable Laws and Regulations"* - Violations of Federal, state, county and municipal laws and regulations. Once the local governing body has exhausted efforts to gain compliance by the lessee they will contact the USACE office for a coordinated enforcement effort. Examples are nonpayment of county taxes, noncompliant septic system, and unauthorized floodplain construction.
- B. *Condition 6: "Use of Premises"* - Unauthorized construction or expansion without approval from USACE.
- C. *Condition 8: "Transfers, Assignment, Leases"* – Subleasing of the cottage site.
- D. *Condition 9: "Protection of Property"* - Blatant destruction of government property including vegetation. Notice of violation letter will allow the lessee to promptly repair, replace, or reimburse (at the current fair market value) damaged property.
- E. *Condition 19: "Natural Resources"* - Cutting of timber or conducting any mining operations or removal of natural resources from the leased site.
- F. *Condition 13: "Prohibited Uses"* – Conducting any commercial or business activities on the premises and/or the use of the cottage site to conduct illegal or immoral activities including, but not limited to gambling.

G. *Condition 21: "Environmental Protection"* - Disposal of any toxic or hazardous materials on federal property and adjoining waterways.

Other lease violations noticed during cottage site inspections will be documented. Proper documentation should include photographs, written Title 36 warnings/citations, police reports, and MFRs from personal observations or conversations with lessees. Compliance through the lowest level of enforcement is encouraged; i.e. phone call or email to lessee, site visit by Park Ranger, written Title 36 warning, Title 36 citation. These violations will be considered on a case by case basis and may warrant a 60 day cure notice. Reoccurring violations or the combination of multiple violations may rise to the level of a substantial violation, close coordination between RE, OD-N, and OC will determine if the offense warrants discussion of termination.

Full time occupancy of the cabin shall be discouraged and is considered a violation of the lease. USACE policy does not allow for termination of the lease solely for the permanent occupancy of the cabin. This may be coupled with other lease violation(s).

Major and minor deficiencies will be noted on annual compliance inspections. If the inspection is unsatisfactory, the lessee will be awarded an appropriate amount of time (up to 90 days) to correct items noted during the inspection. Failure to complete all necessary corrections, as stated in the inspection report, within the allowed time frame will result in the issuance of a notice of non-compliance. This notice will state that all items listed on the unsatisfactory inspection report must be completed within 30 days from the date of the notice or the lease will be terminated. (See attached Inspection Checklist for more details)

### **Lease Termination & Appeals**

Termination by the Lessee occurs after abandonment or non-use of the premises for one (1) year or non-payment of rent for ninety (90) days. Termination by the lessee will be recognized via Notice of Termination letter issued by RE after consultation with OD-N and OC. The lease may be terminated by the Lessor for higher public use or if the Lessee substantially violates a provision of the lease. RE is responsible for coordinating with OD-N and OC for cases where the lease is terminated by the Lessor. RE is responsible for providing a Notice of Lease Termination to the Lessee at least thirty (30) days prior to the termination date. A 30-day notice is not required in the case of health and safety violations and/or where the cottage has been condemned by Federal, State, or Local Authorities.

A Lessee can dispute termination by the Lessor by submitting a written appeal within 30 days. RE is responsible for determining if the appeal should be considered. If the appeal is warranted, RE is responsible for coordinating appeals with Operations and OC for collective recommendation and forwarding the District recommendation to MVD for a final determination. The MVD decision is routed through MVS RE to the District Commander and Operations. This occurs before the lessee is informed of any decision. RE is responsible for communicating the final decision to the lessee with copy furnished to OD-N. (See attached flowchart)

### **Restoration**

*Condition 15: "Restoration"* – Defines the responsibility of the lessee to restore the leased site.

After a lease is terminated, RE will send a Notice of Restoration letter that establishes a time frame of sixty (60) days for the lessee to remove all personal property and restore the site to natural conditions.

If the Lessee's personal property has not been removed from the site, the subsequent steps will be followed to restore the site to a natural condition:

- RE will request site to be restored by Operations Division (OD) via Demolition Memorandum from RE thru Office of Counsel to OD.
- OD notifies RE in writing that the site cleanup is complete.
- OD notifies RE of the detailed clean up costs by providing copies of invoices.
- RE will submit an invoice to the Lessee for the restoration costs.
- If necessary, additional bills will be sent at 30 days and at 60 days.
- If the bill has not been paid 90 days from the date of the original billing for restoration costs, the file is turned over to the Finance and Accounting Center to collect the money and request an Internal Revenue Service offset.

In situations where the lessee has requested to voluntarily relinquish the lease, the Corps can waive Lease Condition 15 and assume the cost for restoration of the land. RE will submit requests for voluntary relinquishment and Lease Condition 15 waiver to OD-N for approval. Once approved by OD, a restoration waiver will be sent to the lessee for completion. Upon receipt of the completed waiver, RE will send a letter to the lessee recognizing the termination of the lease and establishing a thirty (30) time frame for the removal of personal property. A Demolition Memorandum will be created by RE and sent to OD.

### **Expansion**

Although the lease affords the lessee with the opportunity to make improvements and/or expansions, there is no requirement on the government to approve each request. Current policy and procedures for requests for structural improvements can be found in *St. Louis District Cottage Site Leasehold Policy Statement on Expansion* (FY2001). RE is responsible for providing a copy of all requests for expansion to OD-N. RE is responsible for coordinating all requests to relevant functional area for review and input. Depending on the nature and location of the request, OD may choose to complete an Environmental Checklist that would include review by appropriate functional offices (ED, Regulatory, and/or Environmental). RE is responsible for ensuring that the lessee provides all necessary county and local governing body permits prior to final construction approval. If the expansion is approved and once construction is completed, RE and OD-N will conduct a joint inspection to ensure that the new footprint was constructed per the submitted plans. The Lessee will also provide a copy of the final approved inspection by the County. See attached checklist for a detailed description of the expansion process.

### **File Management**

RE is responsible for maintaining paper files and the REMIS database, and will provide electronic copies of all executed documents to OD-N for their records.

## Assignment of Lease

**Name:** \_\_\_\_\_

**Location:** \_\_\_\_\_

**Date Received:** \_\_\_\_\_

### Week 1

1. Pull File, Add to Excel Spreadsheet
2. Send Request for Information letter **Sent** \_\_\_\_/\_\_\_\_/\_\_\_\_
3. Request Inspection from OD-N **Sent** \_\_\_\_/\_\_\_\_/\_\_\_\_

### Week 2

1. Receive Lessee Information Sheet **Received** \_\_\_\_/\_\_\_\_/\_\_\_\_
2. Print and Send Cover Letter and 2 Copies of Assignment to Lessee  
**Sent** \_\_\_\_/\_\_\_\_/\_\_\_\_

### Week 3

1. Receive Assignment **Received** \_\_\_\_/\_\_\_\_/\_\_\_\_
2. Review for Errors
3. Confirm receipt of Administrative Fee \$300.00
4. Print Copy of Lease for new Lessee
5. Print Assignment Execution Cover Letter
6. Send executed Assignment and title 36 to New Lessee
7. Send a copy of the Assignment to Old Lessee and OD-N

### Week 4

1. Update spreadsheet
2. Update in REMIS
3. Change Label
4. Re-file folder

**Notes:** \_\_\_\_\_

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Completion Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

## Expansion of Cabin Structure

Name: \_\_\_\_\_

Location: \_\_\_\_\_

Date Received: \_\_\_\_\_

### Week 1

1. Pull file and review for compliance and eligibility
2. Review expansion plans, sketches, deadlines and other information provided
3. Send expansion request to OD-N **Sent**\_\_\_\_/\_\_\_\_/\_\_\_\_

### Week 2

1. Receive concurrence from OD-N **Received**\_\_\_\_/\_\_\_\_/\_\_\_\_
2. Send preliminary letter of approval to lessee **Sent**\_\_\_\_/\_\_\_\_/\_\_\_\_

### Week 3

1. Receive all required building permits from lessee **Received**\_\_\_\_/\_\_\_\_/\_\_\_\_
2. Review for Errors
3. Confirm receipt of Administrative Fee (if applicable)
4. Send final letter of approval with a completion date, copy OD-N  
**Sent**\_\_\_\_/\_\_\_\_/\_\_\_\_

### Construction Completed

1. Inspect Lease site to ensure construction followed approved plans
2. Document expanded foot print
3. Update file

Notes: \_\_\_\_\_

\_\_\_\_\_

Completion Date:\_\_\_\_/\_\_\_\_/\_\_\_\_

## Cottage Site Lease Compliance Inspection

Name: \_\_\_\_\_

Location: \_\_\_\_\_

Date of Initial Inspection: \_\_\_\_\_

### Prior to Inspection

1. Arrange tentative inspection dates with OD-N
2. **30 days prior** - Send "Notice of Inspection" letter to lessee with estimated inspection date  
**Sent** \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_
3. Print Copies of blank inspection report
4. **5 days Prior** - Contact any lessee who requests to be present during inspection, notify them of exact inspection date
5. Conduct compliance inspection

### Satisfactory

1. Mail a copy of the inspection report to lessee, thank them for compliance

### Unsatisfactory

1. Send "Non-compliance" letter with a correction date and copy of inspection to lessee  
**Sent** \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_
2. Contact lessee prior to re-inspection **Date** \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_
3. Re-inspect cottage lease site

### Satisfactory

1. Mail a copy of the inspection report to lessee, thank them for compliance

### Unsatisfactory

1. Send "Notice of Termination" letter for failing to correct violations, states 30 days to correct all deficiencies or lease will be terminated. Copy OC and OD-N
2. After 30 days, conduct final inspection of cottage site lease

### Satisfactory

1. Mail a copy of the inspection report to lessee

### Unsatisfactory

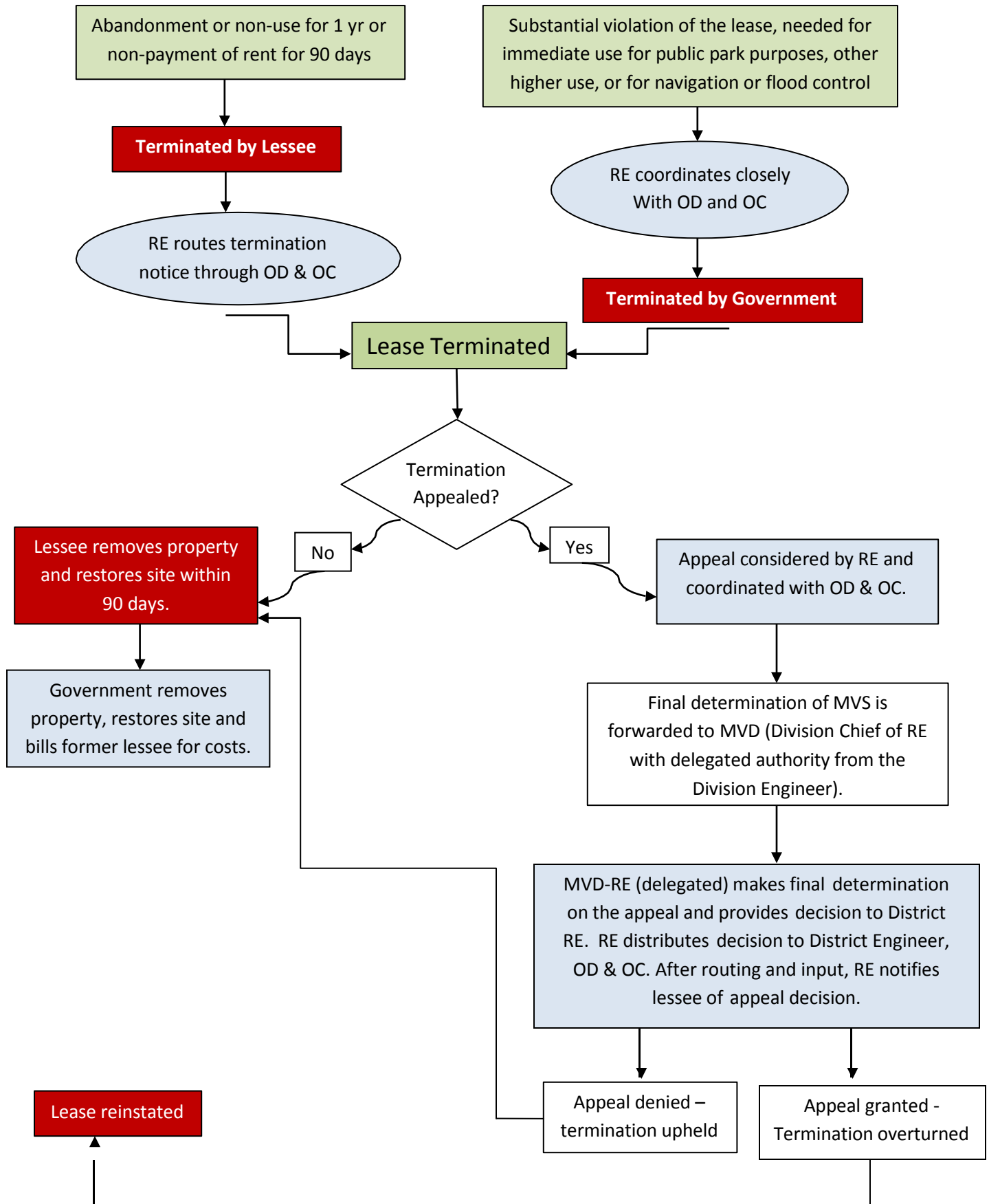
1. Draft "Notice of Restoration" letter for failing to correct violations, states 60 days to restore lease site. Route through OC and OD-N for concurrence
2. Send Restoration Letter, proceed with restoration process

Notes: \_\_\_\_\_

\_\_\_\_\_

Completion Date: \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

# COTTAGE SITE MANAGEMENT LEASE TERMINATION & APPEALS FLOWCHART





Routing

Real Estate

Operations

Office of Council