



Rules for Participation in the CEA Brace + Bolt Program



About CEA BB

California Earthquake Authority Brace + Bolt (CEA BB) is an official program of the California Earthquake Authority. CEA BB was developed to help Policyholders lessen the potential for damage to their houses during an earthquake by providing a cash grant of up to \$3,000 to qualifying CEA policyholders to retrofit their house.

A seismic retrofit strengthens an older house, making it more resistant to earthquake activity such as ground shaking and soil failure. The seismic retrofitting is performed in accordance with California Existing Building Code Chapter A3 (“Chapter A3”) and involves (1) bolting the house to its foundation and (2) bracing, as necessary, the perimeter of the crawl space.

A typical Chapter A3 retrofit costs between \$3,000 and \$7,000, depending on the location and size of the house, contractor fees, and the materials and work involved. Most Policyholders hire a licensed contractor to do the seismic retrofit work instead of doing it themselves—but if the Policyholder is an experienced do-it-yourselfer, a retrofit can cost less than \$3,000.

Qualifying policyholders who own houses with characteristics suitable for this type of retrofit in accordance with California Existing Building Code Chapter A3 (Chapter A3) are eligible for an incentive payment of up to \$3,000 to help pay costs associated with the retrofit of their houses.

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Introduction

These Rules for Participation ("Rules") govern the operations of the **CEA Brace + Bolt (CEA BB)** program, a project of the California Earthquake Authority¹ for long-term² CEA residential policyholders.

These Rules are binding on all Policyholders who participate in CEA BB and on all Participating Contractors in CEA BB.

These Rules may be amended at any time, and the amended Rules become effective upon being posted on the CEA BB website (www.CEABraceBolt.com).

All definitions provided in these Rules apply to these Rules and to the CEA BB Program documents and to content on the CEA BB website.

Section 1 – Policyholders and the CEA BB Program

1.1 Official Source of CEA BB Program Information

The CEA BB program is described on its website, www.CEABraceBolt.com. Information about CEA BB may be available from other sources, but the website is the only official source of information about CEA BB.

1.2 ZIP Code Selection Process and Locations Where CEA BB Is Offered

The CEA BB website lists the ZIP Codes in which CEA BB currently operates. Houses located in ZIP Codes not listed on the CEA BB website are not eligible for CEA BB participation.

- (a) The CEA BB ZIP Codes are selected from time to time using criteria approved by the CEA Governing Board. Establishing and selecting ZIP Codes for CEA BB programming, using those criteria, entails the CEA identifying high-risk areas in which the CEA has a concentration of insured exposure of target houses, which are pre-1940 houses constructed on raised foundations (which are more likely to require seismically resistant bracing and bolting).
- (b) Qualifying policyholders are those policyholders that are invited to participate in the CEA BB program. Invitations will be sent to long-term CEA policyholders that own a dwelling that's been insured for three or more consecutive years and is in the CEA BB program ZIP Codes, which is rated as pre-1940 construction with a raised or "other" foundation type in determining the CEA premium.

¹ A public instrumentality of the State of California.

² An eligible policyholder with three or more years tenure with the CEA for the house accepted into the program.

1.3 Incentive Payments

CEA BB offers an incentive payment of up to \$3,000 per house for a seismic retrofit done in accordance with California Existing Building Code Chapter A3 (“Chapter A3”) on Qualifying Houses (see section 1.6) that are accepted for participation in CEA BB, provided the Participating Policyholder:

- Is an eligible policyholder (see section 1.5);
- Completes a qualifying seismic retrofit in accordance with the Program Rules;
- Sends CEA BB documentation as required by these Rules (see section 1.8); and
- Abides by all CEA BB program Rules.

The cost of a qualifying seismic retrofit may exceed the \$3,000 CEA BB incentive payment, but any and all costs associated with a qualifying seismic retrofit that are greater than the CEA BB incentive payment are the sole responsibility of the Participating Policyholder.

The incentive payment referenced herein is a grant of funds that does not have to be repaid, so long as the funds are used for the purposes consistent with these Rules. Additionally, the incentive payment is considered as taxable income to the Participating Policyholder (see section 1.11).

1.4 Qualifying Seismic Retrofit

Only a seismic retrofit done in accordance with California Existing Building Code (CEBC) Chapter A3 qualifies for the CEA BB program incentive payment.

CEA BB requires a Chapter A3 retrofit to be done by a licensed contractor listed on the Contractor Directory or by an owner-builder, either using a standard plan set for Type 1 Qualifying Houses (see section 1.6), or using plans prepared by a registered Design Professional (defined herein as an engineer or architect) for Type 2 Qualifying Houses (see section 1.6.2). (Note: The value of the labor provided by an owner-builder is not a recoverable cost under the CEA BB program and is not considered a reimbursable out-of-pocket expense.)

No Partial Chapter A3 Retrofits are permitted: All retrofits, including engineered solutions, must be in accordance with Chapter A3, which means the retrofit must strengthen all structural weaknesses identified in Chapter A3. The qualifying CEA BB retrofit must meet or exceed the Chapter A3 requirements for both sill plate anchorage and cripple wall bracing (if cripple walls are present). For example, a retrofit that includes new sill plate anchors but does not brace existing cripple walls will not qualify for the CEA BB grant.

In addition to the seismic retrofit, the water heater must also be properly strapped. During an earthquake, unsecured water heaters often fall over, rupturing rigid water and gas connections—strapping the water heater will reduce the likelihood of water and fire damage. *(Note: Incentives for water heater strapping are only eligible for Program benefits when bracing and bolting are also being performed on the house.)*

There may be other code requirements (e.g., installation of smoke and carbon monoxide detectors) when a permit is obtained for residential construction; work performed to meet such other code requirements does not qualify for CEA BB Program incentive payments.

The seismic retrofit permit must be issued, and work started, **only after acceptance into the CEA BB Program**. Retrofit work started (whether or not completed), including the issuance of a residential construction permit for retrofit work, before the date of official acceptance into the Program will make the retrofit wholly ineligible for a CEA BB incentive payment.

1.5 Eligible Policyholders

“Eligible Policyholder” for purposes of CEA BB requirements means that the policyholder must:

- (a) be an owner of record on the deed;
- (b) have and have had a CEA insurance policy on that house for three consecutive years; and
- (c) register for the CEA BB program by using the owner's legal name.

1.5.1 Eligible Policyholders—Houses Held in Trust

If the Qualifying House (See Section 1.6) is owned by or otherwise held in a trust, then the named trustee must satisfy the following requirements to participate in the CEA BB Program:

- (a) provides evidence they are a trustee of the trust that owns the Qualifying House; and
- (b) provide a W-9 that shows their name as trustee and their Social Security number or Individual Taxpayer Identification Number (ITIN).

1.6 Qualifying Houses

There are two types of Qualifying Houses, and each Qualifying House must satisfy all of the following requirements and be either a Type 1 or Type 2 Qualifying House. The requirements are:

- (a) located in an CEA BB-Program-eligible ZIP Code, as listed on the CEA BB website;
- (b) meet California Existing Building Code, Chapter A3, specifications;

- (c) built before 1940 and sit on level ground or a low slope;
- (d) be a detached residential building composed of one to four dwelling units, with a continuous, raised-perimeter foundation;
- (e) no Chapter A3 brace-and-bolt retrofit has been started or completed before the date of acceptance into the CEA BB program; and
- (f) no incentive payment from (i) CEA BB, (ii) the Earthquake Brace + Bolt program, or (iii) any other earthquake-retrofit-incentive grant program has been received previously for the legal parcel.

1.6.1 Type 1 Qualifying House

The Type 1 Qualifying House, if a cripple wall is present, has a cripple wall (defined as a wood-frame stud wall extending from the top of the foundation to the underside of the lowest floor framing) that does not exceed 4 feet in height in any part of the crawl space. In addition, the Type 1 Qualifying House must not:

- (a) have a lateral-force-resisting system that uses poles or columns embedded in the ground;
- b) exceed three stories in height or be a three-story house with cripple wall studs that exceed 14 inches in height;
- (c) be constructed in whole or in part on concrete slab(s)-on-grade *; or
- (d) be classified by the local building department as a house required to be retrofitted with plans prepared by a registered design professional.

The local building department can approve a Type 1 Qualifying House retrofit to be performed using a standard plan set for Chapter A3 retrofits, such as the Los Angeles Standard Plan Number One or the ABAG (Association of Bay Area Governments) Plan Set A (sometimes called ABAG Plan Set A).

** A local building department may determine that a house can qualify as a Type 1 Qualifying House if a portion of the house is constructed on a concrete slab-on-grade and the retrofit work is limited to the remainder of the house.*

1.6.2 Type 2 Qualifying House (Plans Prepared by Registered Design Professional)

Chapter A3 requires that a Type 2 Qualifying House be retrofitted according to plans prepared by a registered design professional, who must sign the plans and certify in writing that the plans conform to Chapter A3.

The Type 2 Qualifying House has one of the following characteristics:

- (a) a cripple wall that exceeds 4 feet in height but not taller than 7 feet; or
- (b) a lateral-force-resisting system using poles or columns embedded in the ground; or
- (c) exceeds three stories in height; or
- (d) is a three-story house with cripple wall studs exceeding 14 inches in height; or
- (e) is constructed in whole or in part on concrete slab(s)-on-grade; or
- (f) is classified by the local building department as a house required to be retrofit with plans prepared by a design professional.

1.7 Registering for CEA BB

The policyholder must—during the application period—register through **CEABraceBolt.com** or request and submit a paper application. The policyholder should register within 30 days of receiving the invitation to participate.

By answering the CEA BB qualification questions on the CEA BB website, the Policyholder can determine whether the house is a Qualifying House (see section 1.6).

The person registering and answering the CEA BB qualification questions must be the CEA policyholder of the house for which application is made. (see Section 1.5)

If the house is a Qualifying House, the Policyholder will be permitted to complete registration, add contact information, and authorize CEA BB to send text alerts when important email communications are sent.

If the house is not a Qualifying House or if the homeowner is not an Eligible Policyholder, the Policyholder may sign up for future CEA BB mailings and program updates, but is not eligible to receive a CEA BB incentive grant.

CEA BB is aware that houses may be owned by more than one person. CEA BB does not undertake, however, and is not responsible for confirming, that a house is owned solely by the person applying to CEA BB or owned with others, or whether the person applying to CEA BB is authorized to perform or authorize the performance of seismic-retrofit work on the house. It is the sole responsibility of each Participating Policyholder to make sure that any and all co-owners have been notified of, and agree to the performance of, the seismic retrofit in connection with the CEA BB Program.

At the time the CEA BB eligible ZIP Codes are selected, CEA BB also determines in its sole discretion the number of Participating Policyholder incentive payments it will award.

1.7.1 Acceptance as a CEA BB Participating Policyholder

Once policyholder registration is complete, qualified policyholders will be notified by email that they are eligible to participate in CEA BB.

Each Participating Policyholder will have an online "Policyholder Dashboard" to upload all required project documentation and required photographs.

Participating Policyholders will also receive a Policyholder Packet by mail with detailed program instructions.

Participating Policyholders must continue to maintain a CEA Policy for the house registered in the program during the CEA BB retrofit process to be eligible to receive the grant payment.

1.8 Required Documentation for Incentive Payment

Participating Policyholders are required to submit documents described in Sections 1.8.1 and 1.8.2 to CEA BB via the Policyholder Dashboard to qualify for the incentive payment.

A Participating Policyholder may authorize his or her licensed contractor to submit retrofit documentation on behalf of the Participating Policyholder by following the instructions on the Policyholder Dashboard.

1.8.1 Before the Retrofit Begins

Within 90 days of receiving the email from CEA BB confirming eligibility, the Participating Policyholder must do the following via their online Policyholder Dashboard:

- (a) Indicate whether the project will be constructed by the Participating Policyholder as an owner-builder or by a licensed contractor (and give CEA BB the name of the contractor). If the Participating Policyholder is going to hire a licensed contractor to do the retrofit work, the contractor must be listed on the Contractor Directory—retrofit projects performed by any contractor who is not listed on the Contractor Directory will not qualify for the incentive payment.
- (b) Obtain a building permit issued after acceptance into the CEA BB program from the local building inspection department (actual names of these departments vary from locality to locality). The building permit must be solely for the seismic retrofit work and may not include other work on the premise. For example, remodeling or other construction work must be on a separate permit. The building permit must include the following information:

- If the house is a Type 1 Qualifying House, the building permit must state that the seismic retrofit is to be performed in accordance with Chapter A3 or in accordance with a standard plan set.
- If the house is a Type 2 Qualifying House, the building permit must state that the seismic retrofit is to be performed in accordance with Chapter A3 using plans prepared by a Registered Design Professional.
- **The wording on building permits varies, but the criteria immediately above apply to every permit for every Qualifying House.**

(c) Take and upload six (6) photographs:

- Three (3) in the basement or crawl space showing the cripple walls, if present, and the foundation.
- Three (3) of the exterior of the house (one (1) showing one side of the house, one (1) showing only the front of the house, and one (1) showing only the other side of the house).

(d) Review local County Assessor's or State Board of Equalization's website regarding any pre-construction requirements concerning the seismic retrofitting construction exclusion from assessment provided by section 74.5 of the California Revenue and Taxation Code.

18.2 After the Retrofit is Complete

The seismic retrofit must be completed within nine (9) months after eligibility in the CEA BB program is confirmed. Participating Policyholders must have a current CEA Policy for the house that was retrofitted to be eligible to receive the grant payment from CEA BB. Within 30 days after completion of the retrofit, the following items must be submitted to CEA BB via the online Policyholder Dashboard:

(a) Signed Building Permit

- A copy of the building permit signed by the building inspector after final inspection.

(b) Photos (six (6) total):

- Three (3) showing the completed retrofit work: in the crawl space from the same locations as the "before" photos and showing the cripple walls, if present, the foundation, and the completed retrofit work. Photos must clearly depict the completed retrofit work.
- Two (2) of the water heater strapping: one (1) taken from the front and one (1) from the side at an angle showing the water heater has been strapped with two (2) straps that wrap completely around it and are screwed into the studs or masonry of the wall. If the Participating Policyholder has a

tankless hot water heater, it must be secured according to the building code and two (2) photos provided.

- One (1) showing the access to the crawl space including something to show scale (such as a ruler or yardstick).
- (c) IRS Form W-9 and Payment Authorization form
- The Participating Policyholder must complete, sign and submit IRS Form W-9.
 - The Payment Authorization Form, completed and signed by the Participating Policyholder, must state whether the incentive payment should be sent to the Participating Policyholder or to the Contractor.
- (d) A final invoice(s) and receipt(s) (not the contractor's initial bid or proposal) for retrofit-related expenses must be submitted by a Participating Contractor and include:
1. Date submitted to Participating Policyholder;
 2. Participating Contractor contact information, including Participating Contractor's California license number;
 3. Date(s) retrofit work performed;
 4. A brief description of the work completed (e.g., seismic retrofit of home for CEA BB Program or seismic bracing and bolting of residence in accordance with CEBC Chapter A3).
 5. Cost of labor per hour and number of hours worked;
 6. Cost and types of materials used;
 7. Amount of overhead and profit;
 8. If services of a Registered Design Professional were required, the cost of those services must be included;
 9. A statement of whether the invoice has been partially or fully paid. If the Participating Policyholder is assigning the incentive payment to the Participating Contractor, that fact must be stated on the invoice; and
 10. The invoice must clearly separate CEA BB-specific retrofit work from any other construction completed at or about the same time. Removal or disposal of previous retrofit work is not an expense that is reimbursable by CEA BB.
- (e) If the Participating Policyholder performed the work as an owner-builder, the Policyholder must submit legitimate and legible receipts to verify out-of-pocket "House Retrofit Expenses," which may include the building permit fee and the cost of materials and rented equipment used for the retrofit project.

1. Receipts must show the vendor name, address, and phone number and the date(s) of the equipment rental and purchase(s) of materials.
2. The value of labor provided by an owner-builder is not a recoverable cost under the CEA BB Program and is not considered a reimbursable out-of-pocket expense.

Incentive payments will not be provided if a Participating Contractor is not in good standing with the Contractors State License Board or appears on the state or federal debarment list.

1.8.3 Additional Conditions Regarding Documentation

- (a) The Participating Policyholder must confirm that he or she has reviewed, and is fully responsible for the accuracy of all the documentation submitted to CEA BB (including documentation submitted by a licensed contractor on behalf of the Participating Policyholder).
- (b) CEA BB will reject incomplete documentation and will endeavor to promptly advise the Participating Policyholder to complete and re-submit the required documentation.
- (c) Failure to submit complete, required documentation to CEA BB may render the Participating Policyholder ineligible for a CEA BB incentive payment.
- (d) The CEA Chief Mitigation Officer or CEA BB Managing Director, in their respective sole discretion, may waive any requirements or extend any time limits stated in Sections 1.7 or Subsections 1.8.1 or 1.8.2.

1.9 Eligibility for Hazard Reduction Discount on CEA Premium

Once the qualifying retrofit is complete, CEA BB will issue the Participating Policyholder a certificate verifying eligibility for a premium discount of up to 20 percent (up to 25 percent beginning July 1, 2019) on a CEA earthquake insurance policy. The Participating Policyholder is responsible for submitting this certificate to their insurance company. For more information about the Hazard Reduction Discount, please call 888.423.2322 or contact your home insurance company.

1.10 Retrofit Inspections

As a condition of payment approval or for quality assurance purposes, CEA BB reserves the right to inspect, upon reasonable notice to the Participating Policyholder, the seismic retrofit work performed on any Qualifying House.

1.11 Payment and Tax Reporting

Incentive payments will be mailed within 4 weeks following final approval by CEA BB.

The incentive payment will be reported as taxable income to the Participating Policyholder on IRS Form 1099-G.

Participating Policyholders are responsible for the payment of all taxes related to or arising from the incentive payments made under CEA BB. Each Participating Policyholder is encouraged to seek appropriate professional advice on the federal and state tax implications of their receiving the CEA BB incentive payment and whether the incentive payment will affect eligibility, income thresholds or limitations, or other issues relating to any healthcare or other program of interest to the Participating Policyholder.

1.12 Program Communications

CEA BB communications will be delivered to Participating Policyholders by email, with the exception of the Participating Policyholder Packet, which will be sent by U.S. Postal Service mail. Participating Policyholders may also opt-in to receive text alerts to alert them to important email communications.

Neither CEA nor CEA BB is (a) responsible or liable for any email communications that are missed, scrubbed, or filtered by anyone's computer system or email functions, or (b) responsible or liable for any communications that are missed, lost, damaged, misdirected, or otherwise not delivered or received through use of U.S. Postal Service mail. CEA BB has no obligation to provide other forms of communication.

Section 2 – Participating Contractors and Registered Design Professionals

Participating Contractors and Registered Design Professionals hired by Participating Policyholders are not selected by, approved by, governed by, or in any way the responsibility of CEA or CEA BB. The appearance of any Participating Contractor or Registered Design Professional on the Contractor Directory or Engineer Directory on the CEA BB website, is not an endorsement or approval. CEA BB hereby disclaims any and all obligation to maintain, keep current, or monitor the Contractor or Engineer Directory or monitor the licensing, financial condition, contracts, or competence of any Participating Contractor listed on the Contractor or Engineer Directory or of any Registered Design Professional hired by a Participating Policyholder.

2.1 Contractor Directory

The Contractor Directory on the CEA BB website is a list of California-licensed contractors in good standing that:

- (a) have one or more employees, workers, or other associated personnel who have successfully completed the FEMA (Federal Emergency Management Agency) training videos for seismic retrofit work offered on the CEA BB website and passed all related quizzes associated with each video;
 - (b) register on the CEA BB website as a “Participating Contractor” and maintain an online account via the “Contractor Dashboard”;
 - (c) affirm on the Contractor Dashboard that the contractor is a California licensed contractor in good standing in a field reasonably related to residential retrofit work on dwellings in California and have that standing accurately reflected on the State of California Contractors State License Board website;
 - (d) confirm, acknowledge, and agree that neither CEA nor CEA BB will have any liability or responsibility for any work bid on or performed by the contractor; and
 - (e) affirm by signifying on the Contractor Dashboard, that the contractor is not currently barred by the State of California or the federal government from bidding on, accepting, or performing any State of California or federal government-funded public works contracts, either as a contractor or subcontractor.
- ***CEA BB offers the Contractor Directory on its website as a convenience and a resource for Participating Policyholders—the listing in that Directory of a contractor who has become a Participating Contractor does not constitute CEA BB’s endorsement, approval, or recommendation of that Participating Contractor.***

2.1.1 To remain listed in the Contractor or Engineer Directory, a Participating Contractor or Design Professional must:

- (a) comply with all applicable CEA BB rules and requirements;
- (b) perform all CEA BB retrofits in accordance with Chapter A3 and ensure that an employee, worker, or other associated person who has taken and successfully completed the FEMA training videos and quizzes offered on the CEA BB website, oversees and approves all CEA BB retrofit work performed by the Participating Contractor;
- (c) provide Participating Policyholders with invoices that clearly and separately show charges for materials, taxes, labor, and overhead, profit, or margin and lists the date the retrofit work was done (see Section 1.8.2 (d)) for additional requirements;

- (d) ensure that each and every building permit for CEA BB retrofits is solely for the seismic retrofit work and does not include other work on the premise and includes the required references to Chapter A3 or a standard plan set (for a Type 1 Qualifying House) or the required references to plans prepared by a Registered Design Professional (for a Type 2 Qualifying House);
- (e) provide on the Contractor Dashboard, upon CEA BB's request, evidence of: 1) a current California contractor's license and (2) a current Contractor Bond or Bond of Qualifying Individual, or both, that meets the statutory requirement, and retain evidence of current workers' compensation insurance for all employees;
- (f) not be barred by the State of California or the federal government from bidding on, accepting, or performing any State of California or federal-government-funded public works contracts, either as a contractor or subcontractor;
- (g) demonstrate a commitment to work within the local jurisdiction's building construction permitting and inspection processes; and
- (h) provide good workmanship, reasonable pricing, and in good faith follow all Rules of the CEA BB program.

Incentive payments will not be provided if a Participating Contractor is not in good standing with the Contractor's State License Board and/or is on the state or federal debarment list.

2.1.2 Registered Design Professionals (e.g. Engineers) must:

- (a) Ensure all submissions (e.g., plans, design, letters) completed for an CEA BB retrofit are in accordance with Chapter A3 of CEBC;
- (b) Ensure a stamped and signed letter is provided to the homeowner or Participating Contractor affirming the retrofit plans are in accordance with Chapter A3 of the CEBC; and
- (c) Maintain an active license.

2.1.3 To remain listed in the Engineer Directory, a Registered Design Professional must:

- (a) comply with all applicable CEA BB rules and requirements;
- (b) not be barred by the State of California or the federal government from bidding on, accepting, or performing any State of California or federal-government-funded public works contracts, either as a contractor or

- (c) maintain an active license; and
- (d) provide good workmanship, reasonable pricing, and in good faith follow all Rules of the CEA BB program, as applicable.

CEA BB has no obligation to maintain, keep current, or monitor licensing, financial condition, contracts, or competence of any Registered Design Professional listed in the Engineer Directory or any other Registered Design Professional hired by a Participating Homeowner.

2.1.4 Removal of Participating Contractor from “Contractor Directory” or Registered Design Professional from “Engineer Directory”

- (a) In its sole discretion, CEA BB may remove a Participating Contractor or Registered Design Professional from their respective directory in the event CEA BB determines that the Participating Contractor or Registered Design Professional has failed to meet any or all requirements of Section 2.
- (b) In its sole discretion, CEA BB may remove a Participating Contractor or Registered Design Professional who is using CEA BB’s trademark or CEA BB’s phrase “Brace + Bolt”—or any mark or phrase that is, in CEA BB’s sole opinion and discretion, reasonably similar to CEA BB’s registered marks—in any manner that implies that the Participating Contractor or Registered Design Professional is affiliated with CEA BB in any manner beyond its status as a Participating Contractor or Registered Design Professional.
- (c) CEA BB has no obligation to maintain, keep current, or monitor the licensing, financial condition, contracts, or competence of any Participating Contractor or Designer Professional listed on their respective directory.
- (d) A Participating Contractor or Registered Design Professional may be removed from their respective directory in the event CEA BB determines that the Participating Contractor or Registered Design Professional has failed to meet the Program requirements. This includes an engineered retrofit submittal that does not address both sill plate anchorage and cripple wall bracing (if cripple walls are present).
- (e) Any Participating Contractor or Registered Design Professional that completes work not in accordance with Chapter A3 may be removed from their respective directory.

2.2 Advertising

Participating Contractors are permitted to use language in their marketing and sales materials that describes their successful completion of the FEMA training videos and testing offered on CEABraceBolt.com. In no instance and under no circumstances may a Participating Contractor use language indicating "approval", "endorsement", "qualified", or "referred" by CEA BB in marketing, sales, or promotional materials or communications.

Section 3 – Dispute Resolution

By applying to participate or participating in CEA BB, Policyholders, Participating Policyholders, Participating Contractors, contractors, and Registered Design Professionals agree to resolve any dispute or controversy with, or claim against, CEA or CEA BB according to the Terms of Use posted on the CEA BB website.

3.1 Informal Procedure

In the event a controversy or claim arises out of the use of the CEA BB website or participation in CEA BB, a Policyholder, Participating Policyholder, Participating Contractor, contractor, or Registered Design Professional may contact CEA BB and discuss the matter informally with the Managing Director or a designee. If the controversy or claim is not resolved through that discussion, any party who still feels aggrieved may send a letter to the Managing Director.

The Managing Director or a designee will meet, in person or by telephone, or both, with the parties within 10 business days of receipt of the letter or such longer period as may be mutually acceptable.

The Managing Director will provide a written statement within 20 days of the conclusion of the meeting.

Policyholders, Participating Policyholders, Participating Contractors, contractors, and Registered Design Professionals are not required to follow this informal dispute-resolution procedure and following this informal dispute resolution procedure does not prevent them from initiating the arbitration procedure described in section 3.2.

3.2 Mandatory Arbitration

By using the CEA BB website or by participating in any way in any CEA BB program, Policyholders, Participating Policyholders, Participating Contractors, contractors, and Registered Design Professionals agree that any claim or controversy arising out of their use of the CEA BB website or participating in CEA BB-that is not settled or

resolved by use of the Informal Procedure in Subsection 3.1 — must be settled solely by arbitration administered by the American Arbitration Association in accordance with its Home Construction Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction.

In doing so, Policyholders, Participating Policyholders, Participating Contractors, contractors and Registered Design Professionals, and each of them, acknowledge that (1) each is giving up the right to sue in court, including the right to trial by jury, except as provided by the rules of the American Arbitration Association; (2) arbitration awards are generally final and binding, and the ability to have a court reverse or modify an arbitration award is limited; (3) the ability to obtain documents, witness statements, and other discovery is generally more limited in arbitration than in court proceedings; (4) the arbitrators do not have to explain the reasons for their award; and (5) the rules of the American Arbitration Association may impose time limits for bringing a claim in arbitration. The costs of the arbitration, including any American Arbitration Association administration fee, the arbitrator's fee and costs for the use of facilities during the hearings, shall be borne by the least prevailing party to the arbitration as determined by the arbitrator.

Section 4 – Personal Information, Privacy Policy, and Terms of Use for Participants, Contractors and Registered Design Professionals

- (a) The information that CEA BB collects, maintains, and uses includes, but is not limited to:
- Personal information about Policyholders, Participating Policyholders, Participating Contractors, contractors (and their employees and subcontractors), and Registered Design Professionals;
 - Applications for building permits and building permits;
 - Documentation of costs and materials associated with the seismic retrofit;
 - Information about houses belonging to Policyholders and Participating Policyholders; and
 - Photographs of houses and of the seismic retrofit work.
- (b) Any Participating Policyholder, Participating Contractor or Registered Design Professional who does not agree that the information described in Section 4 may be collected, maintained, and used for the purposes described in the Privacy Policy and Terms of Use referred to in Subsections (c) and (d) may not become or remain a CEA BB Participating Policyholder, Participating Contractor or Registered Design Professional.

- (c) The Privacy Policy posted on the CEA BB website www.CEABraceBolt.com pertains to the information described in Subsection 4 (a); that Policy is part of and is incorporated into these Rules by this reference. The Privacy Policy may be amended at any time, and any amendment becomes effective when posted on the CEA BB website.
 - (d) The Terms of Use posted on the CEA BB website www.CEABraceBolt.com are binding on Policyholders, Participating Policyholders, contractors, Participating Contractors, and Registered Design Professionals hired by Participating Policyholders; those Terms are part of and are incorporated into these Rules by this reference. The Terms of Use may be amended at any time, and any amendment becomes effective when posted on the CEA BB website.
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Section 5 – Contact Information

Please contact CEA BB if you have questions.

California Earthquake Authority

801 K Street, Suite 1000
Sacramento, CA 95814

CEA Brace + Bolt Customer Service:

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