

**ARBITRATION DISCLOSURE AND
RESIDENTIAL REAL PROPERTY
ARBITRATION AGREEMENT**

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ARBITRATION DISCLOSURE

You have the right to choose whether to have any disputes about the physical condition of the property that you are buying or selling decided by binding arbitration or by a court of law. By agreeing to binding arbitration **you give up your right to go to court.** By signing the RESIDENTIAL REAL PROPERTY ARBITRATION AGREEMENT (“ARBITRATION AGREEMENT”) below, you agree to binding arbitration under the Residential Real Property Arbitration System (“Arbitration System”) administered by Construction Arbitration Services, Inc. (CAS) and endorsed by the Minnesota Association of REALTORS® (MAR). The ARBITRATION AGREEMENT is enforceable only if it is signed by all buyers, sellers, and licensees representing or assisting the seller and the buyer. The ARBITRATION AGREEMENT is not part of the purchase agreement. **Your purchase agreement will still be valid whether or not you sign the ARBITRATION AGREEMENT.**

The Arbitration System is a private dispute resolution system offered as an alternative to the court system. It is not government sponsored. CAS and the MAR jointly adopt the rules that govern the Arbitration System. CAS and the MAR are not affiliated. Under the ARBITRATION AGREEMENT you must use the arbitration services of CAS.

All disputes about or relating to the physical condition of the property are subject to arbitration under the ARBITRATION AGREEMENT. This includes claims of fraud, misrepresentation, warranty and negligence. Nothing in this Agreement limits other rights you may have under Minnesota Statutes 327A (statutory new home warranties) or under private contracts for warranty coverage. An agreement to arbitrate does not prevent a party from contacting the Minnesota Department of Commerce, the state agency that regulates the real estate profession, about licensee compliance with state law.

The administrative fee for the Arbitration System varies depending on the amount of the claim, but it is more than initial court filing fees. In some cases, conciliation court is cheaper than arbitration. The maximum claim allowed in conciliation court is \$7,500. This amount is subject to future change. In some cases, it is quicker and less expensive to arbitrate disputes than to go to court, but the time to file your claim and pre-hearing discovery rights are limited. The right to appeal an arbitrator’s award is very limited compared to the right to appeal a court decision.

A request for arbitration must be filed within 24 months of the date of the closing on the property or else the claim cannot be pursued. In some cases of fraud, a court or arbitrator may extend the 24 month limitation period provided herein.

A party who wants to arbitrate a dispute files a Demand, along with the appropriate administrative fee, with CAS. CAS notifies the other party, who may file a response. CAS works with the parties to select and appoint an arbitrator to hear and decide the dispute. A three-arbitrator panel will be appointed instead of a single arbitrator at the request of any party. The party requesting a panel must pay an additional fee. Arbitrators have backgrounds in law, real estate, architecture, engineering, construction or other related fields.

Arbitration hearings are usually held at the home site. Parties are notified about the hearing at least 14 days in advance. A party may be represented by a lawyer at the hearing if he or she gives 5 days advance notice to the other party and to CAS. Each party may present evidence, including documents or testimony by witnesses. The arbitrator must make any award within 30 days from the final hearing date. The award must be in writing and may provide any remedy the arbitrator considers just and equitable that is within the scope of the parties’ agreement. The arbitrator does not have to make findings of fact that explain the reason for granting or denying an award. The arbitrator may require the party who does not prevail to pay the administrative fee.

This Arbitration Disclosure provides only a general description of the Arbitration System and a general overview of the Arbitration System rules. For specific information regarding the administrative fee, please see the Fee Schedule located in the CAS Rules. Copies of the Arbitration System rules are available from CAS by calling (800) 777-8119 Ext. 509 or on the web at www.cas-usa.org or from your REALTOR®. If you have any questions about arbitration, call CAS at (800) 777-8119 Ext. 509 or consult a lawyer.

THIS IS AN OPTIONAL, VOLUNTARY AGREEMENT. READ THE ARBITRATION DISCLOSURE ABOVE IN FULL BEFORE SIGNING.

RESIDENTIAL REAL PROPERTY ARBITRATION AGREEMENT

For the property located at: _____.

City of _____, County of _____ State of Minnesota.

Any dispute between the undersigned parties, or any of them, about or relating to the physical condition of the property covered by the purchase agreement dated _____, 20____, including claims of fraud, misrepresentation, warranty and negligence, shall be settled by binding arbitration. Construction Arbitration Services, Inc. shall be the arbitration service provider. The rules, in effect at the time the Demand for arbitration is filed, adopted by Construction Arbitration Services, Inc. and the Minnesota Association of REALTORS® shall govern the proceeding(s). This agreement shall survive the delivery of the deed or contract for deed in the purchase agreement. This Agreement is only enforceable if all buyers, sellers and licensees representing or assisting the buyers and sellers have agreed to arbitrate as acknowledged by signatures below.

(Seller’s Signature) (Date)

(Buyer’s Signature) (Date)

(Seller’s Printed Name)

(Buyer’s Printed Name)

(Seller’s Signature) (Date)

(Buyer’s Signature) (Date)

(Seller’s Printed Name)

(Buyer’s Printed Name)

(Licensee Representing or Assisting Seller) (Date)

(Licensee Representing or Assisting Buyer) (Date)

(Company Name)

(Company Name)

**THE RESIDENTIAL REAL PROPERTY ARBITRATION AGREEMENT IS A LEGALLY BINDING CONTRACT
BETWEEN BUYERS, SELLERS AND LICENSEES. IF YOU DESIRE LEGAL ADVICE CONSULT A LAWYER.**