



Arbitration for the Consumer Quick Guide

Nobody likes to be involved in a real estate dispute, but sometimes it is unavoidable. If you are the buyer or seller using a C.A.R. Residential Purchase Agreement (RPA) and you cannot resolve a dispute with the other party directly or through your broker, the RPA requires you attempt to mediate before taking any further action. If mediation does not result in a settlement, then you must go to court (litigation) or arbitration to finally resolve the dispute.

Everyone knows that going to court involves hiring a lawyer and ultimately presenting your case to a judge or jury. Arbitration is both similar and different.

Arbitration is like litigation in that: You typically hire an attorney to represent you, • you gather information about your case, • you present evidence to a neutral third party who will decide if you or the other side is right, and • the decision is binding on both of you.

Arbitration is different from litigation in that: The decision maker will not be a sitting judge or jury but rather a trusted person that the parties pick, • there is almost no right to appeal the decision (called an Award), • the hearing will be conducted in an office or conference room rather than a court, • it is private and hearing and results are not open to the public, and • the arbitrator needs to be paid.

Making the decision to initial an arbitration clause in the RPA is personal. Statistically, few civil cases that are filed in court are ever heard before a judge and fewer before a jury, and not many cases that are appealed overturn the results of a trial, however, your case, if there is one, is not a statistic and if having those choices is important to you then that is a legitimate concern. If you are unsure about whether to initial the arbitration clause in the RPA then you should discuss the matter with an attorney. Your REALTOR® cannot make the decision for you.