

## DISCLOSURE STATEMENT: ARBITRATION DISCLOSURE AND RESIDENTIAL REAL PROPERTY ARBITRATION AGREEMENT

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### 2. ARBITRATION DISCLOSURE

3. You have the right to choose whether to have any disputes about disclosure of material facts affecting the use or  
4. enjoyment of the property that you are buying or selling decided by binding arbitration or by a court of law. By agreeing  
5. to binding arbitration, **you give up your right to go to court for claims over \$15,000.**

6. By signing the RESIDENTIAL REAL PROPERTY ARBITRATION AGREEMENT ("ARBITRATION AGREEMENT") on  
7. page two (2), you agree to the following:

8. (1) disputes with demands which fall within the jurisdictional limits of the conciliation court shall be resolved in the  
9. applicable conciliation court; and
10. (2) all other disputes shall be subject to binding arbitration under the Residential Real Property Arbitration  
11. System ("Arbitration System") administered by National Center for Dispute Settlement ("NCDS") and endorsed  
12. by the Minnesota Association of REALTORS® ("MNAR"). The ARBITRATION AGREEMENT is enforceable only  
13. if it is signed by all buyers, sellers and licensees representing or assisting the buyers and the sellers. The  
14. ARBITRATION AGREEMENT is not part of the *Purchase Agreement*. **Your *Purchase Agreement* will still  
15. be valid whether or not you sign the ARBITRATION AGREEMENT.**

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

19. All disputes about or relating to disclosure of material facts affecting the use or enjoyment of the property, excluding  
20. disputes related to title issues, are subject to arbitration under the ARBITRATION AGREEMENT. This includes claims  
21. of fraud, misrepresentation, warranty and negligence. Nothing in this Agreement limits other rights you may have under  
22. MN Statute 327A (statutory new home warranties) or under private contracts for warranty coverage. An agreement to  
23. arbitrate does not prevent a party from contacting the Minnesota Department of Commerce, the state agency that  
24. regulates the real estate profession, about licensee compliance with state law.

25. The administrative fee for the Arbitration System varies depending on the amount of the claim, but it is more than initial  
26. court filing fees. In some cases, conciliation court is cheaper than arbitration. The maximum claim allowed in conciliation  
27. court is \$15,000. This amount is subject to future change. In some cases, it is quicker and less expensive to arbitrate  
28. disputes than to go to court, but the time to file your claim and pre-hearing discovery rights are limited. The right to  
29. appeal an arbitrator's award is very limited compared to the right to appeal a court decision.

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

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

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

45. **This Arbitration Disclosure provides only a general description of the Arbitration System and a general overview  
46. of the Arbitration System rules.** For specific information regarding the administrative fee, please see the Fee Schedule  
47. located in the NCDS Rules. Copies of the Arbitration System rules are available from NCDS by calling (866) 727-8119  
48. or on the Web at [www.ncdsusa.org](http://www.ncdsusa.org) or from your REALTOR®. If you have any questions about arbitration, call NCDS  
49. at (866) 727-8119 or consult a lawyer.

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

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51. **THIS IS AN OPTIONAL, VOLUNTARY AGREEMENT.**  
52. **READ THE ARBITRATION DISCLOSURE ON PAGE ONE (1) IN FULL BEFORE SIGNING.**  
53. **RESIDENTIAL REAL PROPERTY ARBITRATION AGREEMENT**

54. For the property located at \_\_\_\_\_  
55. City of \_\_\_\_\_, County of \_\_\_\_\_, State of Minnesota.  
56. Any dispute between the undersigned parties, or any of them, about or relating to material facts affecting the use or  
57. enjoyment of the property, excluding disputes related to title issues of the property covered by the *Purchase Agreement*  
58. dated \_\_\_\_\_, 20 \_\_\_\_\_, including claims of fraud, misrepresentation, warranty and  
59. negligence, shall be settled as specified in the Arbitration Disclosure above. National Center for Dispute Settlement shall  
60. be the arbitration service provider. The rules adopted by National Center for Dispute Settlement and the Minnesota  
61. Association of REALTORS® shall govern the proceeding(s). The rules that shall govern the proceeding(s) are those rules in  
62. effect at the time the Demand for Arbitration is filed and include the rules specified in the Arbitration Disclosure on  
63. page one (1). This Agreement shall survive the delivery of the deed or contract for deed in the *Purchase Agreement*.  
64. This Agreement is only enforceable if all buyers, sellers and licensees representing or assisting the buyers and sellers  
65. have agreed to arbitrate as acknowledged by signatures below. For purposes of this Agreement, the signature of one  
66. licensee of a broker shall bind the broker and all licensees of that broker.

67. \_\_\_\_\_ (Seller's Signature) \_\_\_\_\_ (Date) \_\_\_\_\_ (Buyer's Signature) \_\_\_\_\_ (Date)

68. \_\_\_\_\_ (Seller's Printed Name) **BUYER DECLINES ARBITRATION** \_\_\_\_\_ (Buyer's Printed Name)

69. \_\_\_\_\_ (Seller's Signature) \_\_\_\_\_ (Date) \_\_\_\_\_ (Buyer's Signature) \_\_\_\_\_ (Date)

70. \_\_\_\_\_ (Seller's Printed Name) **BUYER DECLINES ARBITRATION** \_\_\_\_\_ (Buyer's Printed Name)

71. \_\_\_\_\_ (Licensee Representing or Assisting Seller) \_\_\_\_\_ (Date) \_\_\_\_\_ (Licensee Representing or Assisting Buyer) \_\_\_\_\_ (Date)

72. \_\_\_\_\_ (Company Name) \_\_\_\_\_ (Company Name)

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

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