



## 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  
4. or 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.** By signing the RESIDENTIAL REAL PROPERTY  
6. ARBITRATION AGREEMENT (ARBITRATION AGREEMENT) on page two, you agree to binding arbitration under the  
7. Residential Real Property Arbitration System (Arbitration System) administered by National Center for Dispute Settlement  
8. (NCDS) and endorsed by the Minnesota Association of REALTORS® (MNAR). The ARBITRATION AGREEMENT is  
9. enforceable only if it is signed by all buyers, sellers and licensees representing or assisting the buyers and the sellers.  
10. The ARBITRATION AGREEMENT is not part of the *Purchase Agreement*. **Your *Purchase Agreement* will still be**  
11. **valid whether or not you sign the ARBITRATION AGREEMENT.**

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

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

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

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

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

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

42. **This Arbitration Disclosure provides only a general description of the Arbitration System and a general**  
43. **overview of the Arbitration System rules.** For specific information regarding the administrative fee, please see the  
44. Fee Schedule located in the NCDS Rules. Copies of the Arbitration System rules are available from NCDS by calling  
45. (888) 832-4792 or on the Web at [www.ncdsusa.org](http://www.ncdsusa.org) or from your REALTOR®. If you have any questions about arbitration,  
46. call NCDS at (888) 832-4792 or consult a lawyer.

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



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

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50. **THIS IS AN OPTIONAL, VOLUNTARY AGREEMENT.**  
51. **READ THE ARBITRATION DISCLOSURE ON PAGE ONE IN FULL BEFORE SIGNING.**

52. **RESIDENTIAL REAL PROPERTY ARBITRATION AGREEMENT**

53. For the property located at \_\_\_\_\_ .

54. City of \_\_\_\_\_ , County of \_\_\_\_\_ , State of Minnesota.

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

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

66. \_\_\_\_\_ (Seller's Printed Name) \_\_\_\_\_ (Buyer's Printed Name)

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

68. \_\_\_\_\_ (Seller's Printed Name) \_\_\_\_\_ (Buyer's Printed Name)

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

70. \_\_\_\_\_ (Company Name) \_\_\_\_\_ (Company Name)

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