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Filing Procedures

Requests for Arbitration

1/2016

If you wish to settle a business dispute arising out of a real estate transaction by utilizing the arbitration services of the Association of REALTORS®, please follow the instructions in this handout.

WHAT IS ARBITRATION?

ARTICLE 17

“In the event of contractual disputes or specific non-contractual disputes as defined in Standard of Practice 17-4 between REALTORS® (principals) associated with different firms, arising out of their relationship as REALTORS®, the REALTORS® may mediate the dispute. If the dispute is not resolved through mediation, or if mediation is not required, REALTORS® shall submit the dispute to arbitration in accordance with the policies of the Association rather than litigate the matter.

In the event clients of REALTORS® wish to mediate or arbitrate contractual disputes arising out of real estate transactions, REALTORS® shall mediate or arbitrate those disputes in accordance with the policies of the Association, provided the clients agree to be bound by any resulting agreement or award.

The obligation to participate in mediation and arbitration contemplated by this Article includes the obligation of REALTORS® (principals) to cause their firms to mediate and arbitrate and be bound by any resulting agreement or award.” (Amended 1/12)

CIRCUMSTANCES UNDER WHICH REALTORS® MUST SUBMIT TO ARBITRATION

- (a) Every REALTOR® of the Association who is a REALTOR® principal, every REALTOR principal who participates in an Association’s MLS where they do not hold Association membership and every nonmember broker or licensed or certified appraiser who is a Participant in the Association’s MLS shall have the right to invoke the Association’s arbitration facilities in any dispute arising out of the real estate business with a REALTOR® principal in another real estate firm or with that firm (or both), or nonmember broker/appraiser or their firm (or both) who is a Participant in the Association’s MLS. (Revised 05/01)
- (b) A REALTOR® other than a principal shall have the right to invoke the arbitration facilities of the Association in a business dispute with a REALTOR® in another firm or with their firm (or both), whether in the same or a different Association, provided the REALTOR® principal with whom he is associated joins in the arbitration request, and requests arbitration with the REALTOR® principal of the other firm or with their firm (or both). Arbitration in such cases shall be between the REALTOR® principals or their firms (or both). REALTOR® non-principals who invoke arbitration in this manner, or who are affiliated with a respondent

and have a vested financial interest in the outcome, have the right to be present throughout the proceedings and to participate but are not considered to be parties. (Amended 05/01)

- (c) A client of a REALTOR® principal may invoke the facilities of the Association in a business dispute with a REALTOR® principal or the REALTOR®’s firm (or both) arising out of an agency relationship, provided the client agrees to be bound by the arbitration. In the event of such request and agreement the Association will arbitrate the dispute subject to the Association’s right to decline arbitration based on the amount involved or the legal complexity of the dispute. A REALTOR® principal may also invoke arbitration against his client but no arbitration may be held without the client’s voluntary agreement to arbitrate and to be bound by the decision. (Revised 05/01)

CIRCUMSTANCES UNDER WHICH ARBITRATION IS CONTINGENT UPON THE REALTOR®’S VOLUNTARY PARTICIPATION

- (a) REALTORS® who are or were affiliated with the same firm shall have the right to invoke the arbitration facilities of the Association, provided each party voluntarily agrees to the arbitration in writing and the Association finds the matter properly subject to arbitration. This privilege as stated

applies to disputes arising when the parties are or were affiliated with the same firm, irrespective of the time request is made for such arbitration. (Amended 11/95)

(b) A REALTOR® principal may invoke the arbitration facilities of the Association in a dispute arising out of the real estate business with a nonmember broker, provided each party agrees in writing to the arbitration and provided the Association finds the matter properly subject to arbitration. However, it shall be optional with the member as to whether he will submit to a claim to arbitration by a nonmember broker who is not an MLS Participant. A nonmember broker who is not an MLS Participant or nonmember salesperson may invoke the arbitration facilities of the Association of REALTORS® in cases where they believe they have an arbitrable dispute with a REALTOR®. Under these circumstances, REALTORS® are not required to agree to or participate in arbitration. (Revised 11/12)

(c) Business disputes between a REALTOR® principal and a customer of the REALTOR® principal may be arbitrated by the Association if a written contractual relationship has been created by a REALTOR® principal between a customer and a client and provided all parties to the dispute (i.e., the customer and the REALTOR®) agree in writing to arbitrate the dispute. (Amended 11/95)

FILING YOUR REQUEST

BE SPECIFIC: In your request with the Association, be very specific. Please try not to be emotional. A well constructed, thought-out request works best and will form the argument around which entitlement to the commission will be decided. Tell us how?, when?, where?, and why?, etc., you are entitled to the award.

Important Note: Do not involve eth-

ics disputes in your argument. Ethics involve a separate process.

Documentation: Attach copies of any and all pertinent documents, such as listing agreements, purchase and sale agreements, addendums, closing papers, etc., that you have.

Statements from Witnesses: Any statement from witnesses in this case should be notarized and enclosed.

Prior Negotiations: Do not mention in your paperwork any prior offers of monetary settlement that were negotiated with the other party even though they were not accepted.

Deposit: You are required to accompany your request for arbitration with a \$150.00 deposit. If the Association declines to arbitrate the matter, your deposit will be returned.

Typed and Copied? A handwritten request is fine and your original will suffice. Please write carefully! Please remember to keep a copy for yourself.

WHAT HAPPENS NEXT?

REQUESTS/DOCUMENTATION SENT TO

GRIEVANCE COMMITTEE: The request shall be referred to the Chairperson of the Grievance Committee for determination by the Committee at their next monthly meeting, as to whether the matter is subject to arbitration.

Notification: Is an otherwise arbitrable matter is the subject of litigation? No arbitration shall be provided on a matter pending litigation unless the litigation is withdrawn with notice to the Association and request for arbitration, or unless the court refers the matter to the Association for arbitration.

ROLE OF THE GRIEVANCE

COMMITTEE

THE COMMITTEE'S ACTION: Although the Grievance Committee serves as a "Grand Jury" in an ethics case, its function is somewhat different in a request for arbitration. The function of the Griev-

ance Committee is to make only such preliminary investigation and evaluation of the request for arbitration as required to determine: (1) was the request for arbitration filed within one hundred eighty (180) days after the closing of the transaction, if any, or within one hundred eighty (180) days after the facts constituting the arbitrable matter could have been known in the exercise of reasonable diligence, whichever is later?; (2) whether the matter is properly arbitrable; (3) whether arbitration is mandatory or voluntary; (4) whether the proper parties are named in the request for arbitration; and (5) whether the monetary amount or legal complexity, is such that the Association should decline to arbitrate the matter. Such a review could lead to the release of Association members from their obligation to arbitrate, thus freeing you to seek other recourse to resolve your dispute.

Notification: You will receive prompt notification of actions of the Committee following their decision.

WHAT IF A HEARING IS TO BE SCHEDULED?

PROCEDURES: If the request is properly arbitrable and the decision of the Grievance Committee is to forward the case to the Professional Standards Committee for a hearing you will receive detailed instructions as to your rights and responsibilities as pertains to that process. A statement will have to be signed by both you and the other party and that you will agree to abide by the results of the arbitration.

FINDINGS IN AN ARBITRATION

The findings and rendering of awards in arbitrations are considered final. There are no appeals of the decisions. Because binding arbitration is provided for in Washington State Law, a court of law will most likely uphold the award unless it finds that the party was not afforded due process or there was a procedural error.