

## Real Estate Mediation and Arbitration for Disputes

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### **When are alternative dispute resolution methods appropriate?:**

Just about any type of disagreement or dispute can be resolved using [mediation](#) or [arbitration](#). Usually the dispute will be resolved more quickly and at a lower cost than through litigation of any type.

Repair and inspection issues, costs for repairs, earnest money disputes, and claims of misrepresentation about the condition of the property, appliances or fixtures are all examples of situations where mediation and arbitration are effective and less expensive.

### **When are these types of resolution not appropriate?:**

If one party is alleging some type of criminal conduct on the part of the other, then these alternative dispute resolution options shouldn't be used. In disputes between REALTORS® or ethical complaints against them by consumers, there are procedures for arbitration in place through NAR that should be used. If the dispute involves very complex issues of legality or property rights, it would probably be better to utilize attorneys and the legal process of litigation.

### **How long does it take and what's the cost?:**

Generally, mediation and arbitration are conducted within a few months of the dispute arising. For mediation, there are usually just a few hours involved in one meeting to achieve mutual agreement or decide that the dispute must escalate. Arbitration can be a bit more lengthy, as the arbitrator or panel will want to be sure that all pertinent facts are discovered and understood before making a decision.

The parties usually split the cost and mediation will be charged at the mediator's hourly rate.

Arbitration can be charged hourly or on a daily fee basis, almost always resulting in much less cost than litigation.

### **Can an attorney accompany the principals?:**

Any party to a mediation or arbitration proceeding can bring their attorney along. It is frequently not done in the simpler disputes, as it raises the costs, and the parties believe that they can reach agreement on simple issues without representation.

**Is arbitration always binding on the parties?:**

Arbitration can be either binding or non-binding, as agreed to before proceedings begin. If it is agreed that the decision will be binding, then the decision rendered must be adhered to by the parties.

Also, when the agreement to mediate or arbitrate is part of a real estate contract, then the parties are bound to do so before they can escalate the dispute to litigation.

**Mediation and Arbitration Clauses are Good for All Parties:**

With all the pressures involved in a real estate transaction, the dollar amounts involved, as well as the possible emotional attachments of sellers to their homes, disputes can happen at any time. This isn't in the thoughts of the principals when they're negotiating a transaction, so it's a good thing to have an agreement in the purchase contract to mediate or arbitrate disputes before other action.

When a consumer believes that a REALTOR® has acted unethically or made errors that caused them damage, the processes in place for arbitration can usually fairly resolve the issues and avoid undue expense on the part of either the consumer or their agent in getting to the resolution.

In any case, there are great burdens on our judicial system from lawsuits for all manner of presumed damages. Whenever the parties can resolve their issues without utilization of the court system, it's better for all.