



**CONSTRUCTION DISPUTE RESOLUTION SERVICES, LLC**

**SPECIALIZING IN MEDIATION & ARBITRATION & DISPUTE REVIEW**

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March 15, 2023

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## **HOME INSPECTION** **ARBITRATION RULES AND PROCEDURES**

March 15, 2023

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***THESE HOME INSPECTION ARBITRATION RULES AND PROCEDURES SHALL GOVERN ALL ARBITRAITONS FILED WITH CDRS AFTER MARCH 15, 2023.***

THESE HOME INSPECTION ARBITRATION RULES AND PROCEDURES SHALL BE UTILIZED WHEN THE ARBITRATION IS A RESULT OF A DISPUTE INVOLVING A HOME INSPECTOR, BUILDER, SUBCONTRACTOR, FINANCIAL INSTITUTION OR ANY OTHER PARTY WHO HAS A DIRECT INTEREST IN THE RESIDENCE THAT IS SUBJECT TO THE ARBITRATION PROCESS, THAT IS STIPULATED AS THE DISPUTE RESOLUTION PROCESS IN A HOME INSPECTOR'S PRE-INSPECTION AGREEMENT OR RELATED DOCUMENT. THE RULES AND PROCEDURES SPECIFIED BELOW SHALL REPLACE THE GENERAL CDRS ARBITRATION RULES AND PROCEDURES. THE STANDARD CDRS ARBITRATION RULES AND PROCEDURES SHALL BE UTILIZED UNLESS THERE IS A CORRESPONDING RULE OR PROCEDURE SPECIFIED BELOW IN THESE RULES AND PROCEDURES.

***THE HOME INSPECTION ARBITRATION RULE (HIA) CORRESPONDS TO THE STANDARD CDRS ABITRATION RULE (A).***

### **RULE - HIA3 INITIATION OF ARBITRATION**

A party may initiate the arbitration process by fully executing a CDRS "Home Inspection Request for Arbitration Services" and the "Home Inspection Agreement to Arbitrate" and transmitting them to CDRS, along with the specified filing fee by US Mail, Fed-Ex or similar recognized delivery service. The Party requesting the arbitration shall be the "Claimant". The Claimant shall send a copy of the *Home Inspection Request for Arbitration Service Home Inspection Agreement to Arbitrate* form to the other Party whether it is the home inspector, their counsel, or other Party by certified or registered mail, return receipt requested. The Other Party to the arbitration shall be referred to as the "Respondent".

- (a) If there is a "Pre-Inspection Agreement" that was utilized by the parties, a copy of that Pre-Inspection Agreement should accompany the initiation paperwork specified above.
- (b) If the Pre-Inspection Agreement specifies arbitration as conducted by and according to the Rules of CDRS, it is not necessary to file a "Home Inspection Agreement to Arbitrate" with CDRS as it is already agreed to by the parties.

- (c) CDRS generally allows the parties to develop their own discovery schedule including the recommendation to the arbitrator of a date(s) to hold the arbitration hearing at the residence of the homeowner.

**RULE - HIA8 APPOINTMENT OF ARBITRATOR**

There shall be one arbitrator assigned to the case by the CDRS Senior Case Administrator. The CDRS Senior Case Administrator will consider the construction-related expertise of the arbitrator required to handle the arbitration, the location of the arbitrator and the fees of the arbitrator in selecting the arbitrator to handle the dispute. Neither the Claimant nor Respondent or their representative or attorney shall participate in the selection of the arbitrator. The final appointment of the arbitrator shall be made by the CDRS Senior Case Administrator.

**RULE - HIA9 ARBITRATOR DISCLOSURE AND DISQUALIFICATION**

CDRS will check with the arbitrator, prior to the appointment of the arbitrator, to determine that the arbitrator does not have a conflict with the parties or their counsel.

- (a) If the arbitrator is dismissed, a new arbitrator shall be appointed according to RULE-HIA8. (replaces RULE-A9(d))
  - (b) If an arbitrator becomes ill, resigns or is unable to continue with the arbitration, a new arbitrator shall be appointed according to RULE-HIA8. (Replaces RULE-A9(e))
- (All other provisions of RULE-A9 shall remain in effect)

**RULE - HIA10 LOCATION OF ARBITRATION**

The arbitration shall be held at the homeowner's residence that is the subject residence of the home inspection unless both the claimant and respondent and arbitrator agree to hold the arbitration at an alternate location.

- (a) The CDRS case manager or the arbitrator shall determine if a documents only arbitration, Zoom-type arbitration, or in-person arbitration shall be conducted.
- (b) The arbitrator shall determine if a pre-hearing or post-hearing job-site visit will be required if the arbitration hearing is not held at the subject residence.

**RULE - HIA11 DATE(S) OF ARBITRATION HEARING**

CDRS shall make every effort to accommodate the requests of the Parties as to a convenient date(s) to conduct the arbitration hearing with the concurrence of the arbitrator.

- (a) If additional time shall be required to complete the hearing, the arbitrator shall select and specify the additional date(s) for the continuance of the arbitration hearing. The arbitrator shall make every effort to accommodate the requests of the Parties as to a convenient date(s) to conduct the continuance of the arbitration hearing.
- (b) By mutual consent of the Parties and the arbitrator, any scheduled arbitration event may be rescheduled.
- (c) Upon a request by either of the Parties, the CDRS case administrator and/or the arbitrator, if appointed, shall determine if there is good cause or compelling circumstances that would merit a postponement or cancellation of the arbitration proceeding. If the request for a postponement is approved by the case administrator and/or by the arbitrator, the case administrator and/or the arbitrator shall select and specify the rescheduled date(s) of the arbitration hearing. The arbitrator shall make every effort to accommodate the requests of the Parties as

to a convenient date(s) to conduct the rescheduled arbitration hearing. Please review the fees related to postponements or cancellations in the HIA26 Rule and in the Fees and Costs Section of the CDRS website.

- (d) If the CDRS case administrator or the arbitrator determines that a case needs to be postponed due to an illness or injury to one of the Parties or the arbitrator, due to inclement weather, due to non-payment of fees due to CDRS, due to travel arrangement problems or due to any other reason where the case administrator or arbitrator decides that a postponement is necessary, the case administrator will notify the Parties as soon as practicable as to the postponement and the date(s) of the rescheduled arbitration hearing. The case administrator and arbitrator shall make every effort to accommodate the requests of the Parties as to a convenient date(s) to conduct the rescheduled arbitration hearing.

### **RULE - HIA26 FEES, COSTS AND EXPENSES**

All fees, costs and expenses of the arbitration should be specified and agreed upon in the *Home Inspection Agreement to Arbitrate* and in other CDRS or Home Inspection documents related to the arbitration.

- (a) The cost of the arbitration, as to which party is responsible to pay the costs of the arbitration, shall be as specified in the Home Inspection Pre-Inspection Agreement, *Home Inspection Agreement to Arbitrate* or as specified by the CDRS case administrator. If there is no mention of payment in the Pre-Inspection Agreement, the parties will equally share the CDRS costs.
- (b) There shall be a \$450.00 non-refundable filing fee paid (\$600.00 in California, New Jersey and Maryland) along with the Request for Arbitration Services.
- (c) There shall be a \$1,000.00 special minimum non-refundable arbitration fee paid to CDRS prior to the arbitration hearing due payable to CDRS at the direction of the CDRS case administrator. The \$1,000.00 special arbitration fee shall cover up to the first four hours of arbitrator time spent related to this case. There shall be an additional hourly arbitrator fee (usually \$300.00/hour) charged for any arbitrator time spent in excess of four hours. The additional fee shall be specified by the CDRS case administrator. Travel time expended by the arbitrator in excess of 45 minutes each way (1 ½ hours) shall be billable at ½ of the standard arbitrator fee. There shall be no refund for any cancellation prior to the arbitration hearing after CDRS has received the case filing information and the requested filing fee and minimum arbitration fee.
- (d) If there is no written agreement as to who is responsible for the costs of the arbitration process, the parties will share equally in the CDRS arbitration costs.
- (e) Prior to the arbitration award, any payments for the arbitration process shall be made according to the payment process as stipulated in the *Home Inspection Agreement to Arbitrate* or as specified by the case administrator.
- (f) If specified and allowed in the Pre-Inspection Agreement or if mutually agreed to by the parties, the arbitrator shall, as part of the arbitration award, stipulate and allocate as to which Party is responsible to pay the costs related to the arbitration process. If allowed in the home inspection documents, the arbitrator may chose to have one Party pay the entire cost of the arbitration process or may allocate a percentage of the costs to each of the Parties.
- (g) A deposit shall be required in all arbitrations as specified in the CDRS *Home Inspection Agreement to Arbitrate* or by the case administrator unless there is a written agreement specifying other payment procedures. Non-payment of the required deposit may cause the postponement or cancellation of the arbitration.

- (h) At the conclusion of the arbitration hearing, the Parties will be invoiced for their applicable portion of any additional arbitrator fees, costs and expenses. Failure to pay when due may delay the issuance of the arbitration award.
- (i) If the Parties agree to hold the arbitration at a location other than at the residence and there is a need for a jobsite visit after the arbitration hearing has concluded, if the arbitrator requests post hearing briefs, or any other reason why the arbitration is not concluded at the end of the arbitration hearing, the Parties will receive an invoice at the end of the arbitration hearing and another at the conclusion of the arbitration process after the arbitration award has been written and forwarded to CDRS. Failure to pay when due may delay the issuance of the arbitration award from CDRS.
- (j) Postponement and Cancellation fees and refunds are as specified elsewhere on the CDRS website and in the General Arbitration Rules and Procedures.
  - 1. If either party cancels or postpones the arbitration hearing within 72 hours of the arbitration hearing, the party responsible for the postponement or cancellation shall pay a \$300.00 fee to CDRS which is payable prior to rescheduling the arbitration hearing.
- (k) General administration charges of CDRS are incorporated in the arbitrator's fees. Should the case manager determine that he/she is expending in excess of the standard time required for a Home Inspection Arbitration, by the case manager, the case manager may invoice the party(s) for these additional administrative fees, that he/she deems to be responsible for the case managers additional time.