
Arbitration Agreement for Earnest Money \$5,000 or less

Buyer: _____

Seller: _____

Address of property: _____

Amount of earnest money: _____

Date and time of arbitration hearing: _____

Place of arbitration hearing: _____

Agreement to Arbitrate: The undersigned parties agree to arbitrate their dispute over the earnest money for the failed transaction involving the above-referenced property under the Uniform Arbitration Act of Washington (chapter 7.04A RCW). The scope of this agreement is limited to disposition of the earnest money and does not include any other claims for damages against one another or against third-parties (*e.g.*, real estate brokers, mortgage brokers, lenders, attorneys, closing agents, short sale negotiators, inspectors, appraisers, contractors, surveyors).

Arbitrator: The parties appoint Doug Tingvall as Arbitrator. The Arbitrator shall receive a flat fee of \$500 for conducting the arbitration. At least one week before the scheduled arbitration hearing, Buyer and Seller each shall deposit \$500 with the Arbitrator, which will be held in the Arbitrator's trust account until the arbitration award is made. The prevailing party's deposit will be refunded and the losing party's deposit will be retained and disbursed to the Arbitrator when the arbitration award is made. The parties recognize that the Arbitrator is not giving legal advice or acting as legal counsel for either party. The Arbitrator is not aware of any facts that a reasonable individual would consider likely to affect the impartiality of the Arbitrator, including a financial or personal interest in the outcome of the arbitration and an existing or past relationship with a party.

Deposit of Earnest Money: The parties shall jointly instruct the holder of the earnest money to transfer the earnest money to the Arbitrator (using a form supplied by the Arbitrator), who shall place the funds in his trust account. The earnest money will be disbursed to the prevailing party when the arbitration award is made.

Procedure: The arbitration will be conducted in accordance with the procedures for Small Claims in King County (including the rule the **parties may not be represented by attorneys**) and the Uniform Arbitration Act of Washington (chapter 7.04A RCW). However, the Arbitrator has discretion to conduct the arbitration in such manner as the Arbitrator considers appropriate. Statements by non-party witnesses prepared for the arbitration are inadmissible and will not be considered by the Arbitrator. However, documents written by non-party witnesses in the normal course of the transaction (*e.g.*, flyers, advertisements, disclosures, notices, correspondence, email, reports, surveys, approvals, disapprovals) may be introduced as evidence, even if they are

hearsay. Because the seller has the burden of proof on the issue of the buyer's default, the seller will be treated as the plaintiff and present their case first. If a party fails to appear at the arbitration hearing, unless good cause is shown, the arbitration hearing will proceed in the party's absence and an award will be entered. The arbitration award shall be final and binding.

Witnesses: Although hearsay is permitted in an arbitration hearing, live testimony by witnesses with personal knowledge of the facts can carry greater weight. The parties may call witnesses to testify on their behalf. Non-party witnesses must have personal knowledge of facts to which they testify. A party may request at least two weeks before the arbitration hearing that the Arbitrator issue a subpoena to a non-party witness, but it is the requesting party's responsibility to cause the subpoena to be served on the witness.

Position Statements: To facilitate the arbitration, each party shall prepare an arbitration position statement, to be submitted to the other party and the Arbitrator (preferably via email) at least **one week before the arbitration hearing**. The position statement should contain:

1. A copy of relevant documents, such as contract documents, notices, inspection reports, appraisal reports, disclosure statements, correspondence and other documents that a party believes are relevant to the issue of which party is entitled to the earnest money;
2. A brief statement of the facts in the case and any background information the party believes will be relevant (*i.e.*, why you believe the transaction failed to close);
3. An outline of the issues and the party's position on those issues (*i.e.*, why you think you are entitled to the earnest money);
4. Identification of any non-party witnesses the party intends to call at the arbitration hearing, including the witness' name, address and phone number, and a brief description of the witness' knowledge relevant to the dispute; and
5. Any other information the party believes would be helpful to assist the Arbitrator decide the case.

The position statements enable the parties to prepare and present the best arguments on each side, so the dispute can be decided on the basis of the merits of the arguments rather than tactics of the parties. If either party fails to submit an arbitration position statement timely, the Arbitrator may cancel the arbitration, commence an interpleader action and deposit the earnest money into the registry of the superior court. Documents not submitted with a party's position statement may not be introduced at the arbitration hearing, unless good cause is shown for failure to include the document with the party's position statement.

Miscellaneous: The parties agree to accept service of notices and position statements by email at the addresses below. This agreement may be signed in counterparts.

Buyer's signature Date

Seller's signature Date

Buyer's signature Date

Seller's signature Date

Buyer's email address

Seller's email address

Buyer's phone number

Seller's phone number