



**CONSTRUCTION DISPUTE RESOLUTION SERVICES, LLC**

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

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March 15, 2023

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## **HOME WARRANTY** **ARBITRATION RULES AND PROCEDURES**

MARCH 15, 2023

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***THESE HOME WARRANTY ARBITRATION RULES SHALL GOVERN ALL ARBITRAITONS FILED WITH CDRS BY A HOME WARRANTY COMPANY AFTER MARCH 15, 2023. CDRS DOES NOT ACCEPT HOME WARRANTY CASES FROM OTHER THAN THE HOME WARRANTY COMPANIES RECOGNIZED BY CDRS.***

THESE HOME WARRANTY ARBITRATION RULES AND PROCEDURES SHALL BE UTILIZED WHEN THE ARBITRATION IS A RESULT OF A DISPUTE INVOLVING A HOME WARRANTY COMPANY OR BEING ADMINSTRATED BY A HOME WARRANTY COMPANY. THESE RULES AND PROCEDURES SHALL REPLACE THE GENERAL CDRS ARBITRATION RULES AND PROCEDURES. THE GENERAL CDRS ARBITRATION RULES AND PROCEDURES SHALL BE UTILIZED UNLESS THERE IS A CORRESPONDING RULE OR PROCEDURE SPECIFIED BELOW IN THESE HOME WARRANTY ARBITRATION RULES AND PROCEDURES. NOTE THAT ALL GENERAL ARBITRATION RULES NOT ADDRESSED BY THE HOME WARRANTY RULES ARE APPLICABLE TO THE HOME WARRANTY ARBITRATION PROCESS. THE APPLICABLE RULES WILL BE DETERMINED BY THE CDRS SENIOR CASE ADMISISTRATOR.

ALL HOME WARRANTY COMPANIES ISSUE A “LIMITED WARRANTY”. ALL EVENTUALITIES OR POSSIBLE CONSTRUCTION ISSUES ARE NOT COVERED BY THE WARRANTY. IF AN ISSUE IS NOT ADDRESSED IN THE WARRANTY, IT WILL NOT BE CONSIDERED FOR COVERAGE BY THE ARBITRATOR.

NOTE THAT THERE MAY BE ALTERNATE RULES AND PROCEDURES THAT MUST BE FOLLOWED IN CERTAIN STATES AS DETERMINED BY CDRS, SUCH AS IN NEW JERSEY, MARYLAND, CALIFORNIA, ETC.

**IF THERE IS A CONFLICT BETWEEN THESE RULES AND PROCEDURES AND THE RULES AND PROCEDURES AS IS STATED IN THE HOME WARRANTY COMPANY WARRANTY BOOKLET, THE WARRANTY BOOKLET SHALL SUPERSEDE THESE RULES AND PROCEDURES UNLESS THE CDRS SENIOR CASE ADMINISTRATOR DETERMINES THAT IT IS IN THE BEST INTEREST OF THE PARTIES TO ENFORCE AND FOLLOW THE CDRS RULES.**

***THE HOME WARRANTY ARBITRATION RULE (WA) CORRESPONDS TO THE CDRS GENERAL ABITRATION RULES AND PROCEDURES (“A” RULES).***

**PLEASE KEEP IN MIND THAT THERE MAY BE SLIGHT ADMINISTRATIVE CHANGES TO THESE RULES AS NOT ALL HOME WARRANTY COMPANIES HANDLE THEIR ARBITRATION REQUESTS UTILIZING THE SAME ADMINISTRATIVE PROCEDURES.**

**CDRS MAY MODIFY OR CHANGE THESE RULES AFTER THEY HAVE BEEN POSTED TO THE CDRS WEBSITE WITHOUT PHYSICALLY CHANGING THESE RULES.**

**RULE-WA3 INITIATION OF ARBITRATION**

- (a) A party may initiate the standard home warranty arbitration process, as authorized by the warranty documents, by fully executing the required arbitration request form(s) from their home warranty company in a timely manner as specified by the Home Warranty Company and transmitting the required form(s) to the Home Warranty Company as instructed by the Home Warranty Company by US Mail, Fed-Ex or similar recognized delivery service, along with the required arbitration fee made payable to CDRS or as specified by the Home Warranty Company. The party requesting the arbitration shall be the “Claimant”. The Other party to the arbitration shall be referred to as the “Respondent”. CDRS receives all home warranty arbitration requests from the Home Warranty Company. Parties may not directly file for home warranty arbitration with CDRS. Keep in mind that the Home Warranty Company is the client of CDRS, not the parties.
- (b) A party may file for arbitration according to the time limits specified by the warranty company. Should the warranty company not specify a time limit to file for arbitration subsequent to the expiration of the applicable warranty period, a request for arbitration must be submitted to the warranty company no later than 90 days after the applicable warranty period has expired.
- (c) Should a party, the Home Warranty Company, or CDRS notice that a homeowner has filed their “Request for Arbitration” form outside of or subsequent to the allowable period of time to file for arbitration as specified in the applicable warranty booklet or as specified in section WA3(b), CDRS may set up a “documents only” arbitration to first determine the timeliness of the filing for arbitration prior to scheduling the arbitration hearing to address the construction defects claims of the homeowner. The arbitrator will issue an arbitration award, ruling or opinion based on the document submissions of the parties and information from the Home Warranty Company related to the timeliness of the filing for arbitration as specified in the Home Warranty Booklet. The arbitrator will either decide to terminate the case or to allow the construction defects arbitration to proceed.
- (d) Should CDRS notice that a claim(s) may not be properly filed under the correct warranty section, CDRS may first request the party filing the claims to justify that they have filed the claim under the proper warranty coverage plan. As an example, if a party files a claim under the structural section of the warranty and CDRS believes that the claim is not structural in nature, CDRS has the right to question the claimant requesting that they justify that they have filed their claim under the correct warranty section. The CDRS Senior Case Administrator shall determine if the claim(s) has been filed correctly. This determination will also determine if the claim has been filed in accordance with any time limits specified to file for arbitration according to the

warranty. If CDRS deems the claims submitted to be submitted under an improper section of the warranty, CDRS may decide to conduct a documents only arbitration as specified in WA3(c) above.

- (e) For a construction defects arbitration, it is the responsibility of the homeowner to demonstrate to the arbitrator that the condition of a claim meets the requirements of the warranty to be a covered claim. Home warranties are Limited Warranties. Not all construction defects are covered by the home warranty. Note that the first arbitration is an inspection by the arbitrator of the claims to determine if the condition of the claims meets the requirements to be covered by the warranty. If the arbitration hearing is conducted subsequent to the expiration of a warranty period, provided time and notice requirements have been met, the arbitrator will use their best judgement to determine the condition of the claim at the expiration of the applicable warranty period. Should any tools such as a tape measure, ruler, thermometer, level, etc. be required to demonstrate that a claim meets the requirements to be covered by the warranty, it is the responsibility of the homeowner to provide those tools. Note that should the arbitrator determine that it is unsafe, unsanitary or any other reason why the arbitrator should not go into or under a crawl space, on a roof, or similar location, the arbitrator may decline to do so.
- (f) A party may request a "Compliance Arbitration" according to the terms and conditions of the warranty company. The claims of a compliance arbitration must directly relate to the covered claims of a prior issued arbitration award or written agreement between the parties as allowed by the Home Warranty Company. Should the warranty company not specify a time period to file for a request for compliance arbitration with the Home Warranty Company, the homeowner can file for compliance arbitration with the Home Warranty Company in a timely manner no later than 90 days subsequent to the expiration of the period of time that was specified in the previous arbitration award for the builder or warranty company to properly address the covered claims. A compliance arbitration is a new arbitration and will require the parties to file a request for compliance arbitration with the Home Warranty Company. The party requesting a compliance arbitration shall pay the arbitration fee which may be reimbursed to the party filing for compliance arbitration as determined by the arbitrator.
- (g) Should a party to the arbitration determine that they need to file a "Method of Addressing the Covered Items" or "Cost Settlement" or a "Quality of Corrective Action" arbitration as specified on the CDRS website in the "Home Warranty Arbitration Procedures" section, the CDRS case manager shall specify the process to be followed along with the applicable fees required.
- (h) After the issuance of an arbitration award, should the parties wish to settle their dispute concerning the covered claims through a cash settlement, the parties may request a "Cost-Settlement" arbitration through the home warranty company where the arbitrator will determine the reasonable amount of monies to be paid by the builder or home warranty company as appropriate to the homeowner to properly address the covered claims from the first arbitration.
  - 1. A cost-settlement arbitration can be requested prior to filing for construction defects arbitration if the parties decide that a cost-settlement arbitration should be requested instead of proceeding with a construction defects arbitration.
  - 2. If a cost-settlement arbitration is requested after an arbitration award has been issued by CDRS, it must be requested within 90 days after the expiration of the period of time that was specified to the builder to properly address the covered claims from the first arbitration.

3. Should the parties request a cost-settlement arbitration, should one of the parties not pay the amount specified by the arbitrator, the warranty company shall not be responsible to pay that amount.
- (i) Should the parties request that other than home warranty claims such as breach of contract, negligence, fraud, liability, not following plans or any claims or counterclaims not directly related to the coverage of a warranty claims, etc., should be settled through arbitration to be addressed in the same arbitration hearing as the home warranty arbitration, a consolidated arbitration can be requested which will require a separate CDRS Request for Arbitration Services along with the applicable additional fees to be filed and paid directly to CDRS. The request for a consolidated arbitration should be made directly to CDRS as the non-warranty claims of the consolidated arbitration do not relate to the warranty program. The arbitrator for a consolidated arbitration shall issue two arbitration awards; one that addresses the warranty claims and a separate arbitration award that relates only to the non-warranty claims.
  1. Should there be any delays in holding the standard home warranty defects arbitration due to a more extensive discovery process being required for the non-warranty arbitration, CDRS retains the right to specify that the home warranty arbitration be held prior to the non-warranty arbitration.
- (j) The CDRS Senior case administrator shall determine the appropriate arbitration process to be utilized including but not limited to in-person, Zoom-type, documents only arbitration or any combination of the above.
  1. Should the arbitrator or case manager realize during a documents only or Zoom-type arbitration that an in-person arbitration would be the better arbitration process to proceed with the arbitration, the case manager will notify the parties as is appropriate.
  2. The arbitrator or case manager may determine during a documents only or Zoom-type arbitration that a jobsite visit may be required.
- (k) Should a warranty company claims department, underwriter, etc. file a claim against the builder for not paying them for their costs related to them addressing covered claims from an arbitration hearing that were not properly addressed by the builder or for any other reason specified in the agreement between the parties that arbitration request will not be considered a "Home Warranty Arbitration". They must file a separate request for arbitration to CDRS following the General Arbitration Rules and Procedures and pay the related standard arbitration costs.

#### **RULE-WA5 CLAIMS AND COUNTERCLAIMS**

Only the claims filed by the Claimant through the Home Warranty Company will be addressed by the arbitration process. The Claimant must specify the claim and the applicable section of the warranty booklet at the time of filing for arbitration.

- (a) The initial filing of claims during the applicable filing period does not extend the coverage period as specified by the Home Warranty Company to file new claims.
- (b) Should a claimant wish to add new claims prior to or at the arbitration hearing, they may be added only if the date of the arbitration hearing is within the allowable time to file for arbitration as specified in the home warranty booklet. If time permits, those new claims should be submitted to the Home Warranty Company who will forward those claims to CDRS. The arbitrator must agree to add those new claims.
- (c) The sole purpose of a first home warranty arbitration is to address coverage issued related to construction defects. No counterclaims may be introduced to

the coverage arbitration. Counterclaims must be submitted to CDRS as a separate arbitration as per WA3(i) above.

- (d) The claims of a compliance arbitration must directly relate to the covered claims of a prior issued arbitration award or written agreement between the parties as allowed by the Home Warranty Company.
- (e) Should there exist a "Certificate of Participation", "Certificate of Warranty Coverage", "Application for Enrollment" or any other document that specifies the sale price of the home that is utilized for the purchase of the warranty and there exists change orders or other documents adding to the sale price of the home after the Warranty has been obtained, claims related to the additional items above the sale price of the home shall not be considered as the warranty coverage was obtained only for the amount established at the time of purchase of the warranty. A Home Warranty Company may authorize that the arbitration process address additional claims for workmanship above the contracted for price when the warranty was obtained.

### **WA7 – GENERAL COMMUNICATIONS**

All communications from the parties to CDRS shall be via email. All communications submitted by the parties for arbitrator review must be copied to the opposing party. The CDRS case administrator may allow hard copy submittals.

- (a) If a party does not have email capability, the CDRS case manager shall decide the appropriate method of communications.
- (b) Parties may communicate with CDRS via phone call if appropriate. No information that should be shared with the arbitrator can be introduced to the arbitration process via phone call.

### **RULE-WA8 APPOINTMENT OF ARBITRATOR**

There shall be one arbitrator assigned to the case by the CDRS case manager. The CDRS case manager 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 and appointing the arbitrator to handle the dispute. Neither the Claimant nor Respondent or their representatives or attorneys shall participate in the selection of the arbitrator although CDRS will try to accommodate a specific request for an arbitrator if that arbitrator is mutually agreed to by the parties prior to filing for arbitration, agreeable to the CDRS case manager and is available to conduct the arbitration. If applicable, there may be additional arbitrator fees required by the specified arbitrator requested.

- (a) The CDRS case manager may find it necessary to appoint a different arbitrator during the arbitration process for any reason such as illness, conflict of interest, unavailability of the arbitrator, resignation of the arbitrator, etc. Should a new arbitrator be appointed, the prior arbitrator shall be compensated for his/her time expended prior to the change in arbitrators and as such, is chargeable to the parties as is appropriate to be determined by the CDRS case manager.
- (b) If an arbitrator becomes ill, resigns or is unable to continue with the arbitration for any reason, a new arbitrator shall be appointed according to RULE-WA8.
- (c) If a consolidated arbitration is requested, the CDRS case manager may allow the parties to participate in the selection of the arbitrator for the consolidated arbitration.

### **RULE-WA9 ARBITRATOR DISCLOSURE AND DISQUALIFICATION**

- (a) CDRS will confirm with the arbitrator that they have no conflicts with any of the parties or their representatives or attorneys prior to appointing the arbitrator.

- (b) Should an arbitrator, subsequent to being appointed as the arbitrator by CDRS, determine that they may have a perceived conflict with one of the parties, their attorney(s), witnesses or experts, etc., the arbitrator shall fill out an “Arbitrator’s Disclosure Statement” and forward it to the case manager to be handled as appropriate.
- (c) Although it is not mandatory, the parties will be requested to notify CDRS and the opposing party of who they might have attend or participate in the arbitration hearing prior to the hearing to allow the arbitrator to do a preliminary conflict check.
- (d) If the arbitrator is dismissed, a new arbitrator shall be appointed according to RULE-WA8.

**RULE-WA10 LOCATION OF ARBITRATION HEARING**

The arbitration hearing, shall be held at the residence of the claimant that is the subject residence of the arbitration that is covered by the warranty unless both the claimant and respondent and the arbitrator agree to hold the arbitration at a different location. Should an alternate location be selected to hold the arbitration hearing, the arbitrator may request a jobsite visit prior to or subsequent to the arbitration hearing.

- (a) Should the non-warranty compliance arbitration not be held at the same date as the warranty arbitration hearing, the location of the non-warranty arbitration may be held at a location agreeable to both parties and the arbitrator. If the parties do not agree to the alternate location, the arbitrator shall specify the location of the hearing.

**RULE-WA11 DATE(S) AND COMMENCEMENT TIME OF ARBITRATION HEARING**

CDRS and the appointed arbitrator shall select and specify the date(s) and commencement time of the arbitration hearing. CDRS shall make every effort to accommodate the requests of the parties as to a convenient date(s) and time to conduct the arbitration hearing with the concurrence of the arbitrator.

- (a) The CDRS case manager or the arbitrator shall determine if the scheduling of the arbitration hearing should be delayed due to good cause such as conditions created by a medical condition of one of the parties, a family matter, a scheduled vacation, the unavailability of a party or prime expert, attorney, or witness, a pandemic, etc.
- (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 manager 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 manager and/or by the arbitrator, the case manager 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. See WA26(m) for possible postponement fees.
- (d) The arbitration hearing must be held within one year from the date the case was received by CDRS from the Home Warranty Company unless there is good cause for a postponement beyond the one year period, to be determined by the arbitrator or CDRS case manager. CDRS shall establish the date the case was received. The CDRS case manager or arbitrator shall determine if the date of the arbitration hearing should be extended beyond the one year time. Should an

arbitration hearing not be held within one year of the date of filing for arbitration with CDRS, unless a delay or continuance has been granted by the arbitrator or case manager as per WA11 (a) – (c) above, the case will be considered closed by CDRS and all claims will be denied.

- (e) After the arbitration process has commenced, if the CDRS case manager or the arbitrator determines that a case needs to be postponed due to an illness or injury to one of the parties, their attorney, 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 manager or arbitrator decides that a postponement is necessary, the CDRS case manager will notify the parties as soon as practicable as to the postponement and the date(s) of the rescheduled arbitration hearing. The CDRS case manager 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. (See Rule WA26(m) for possible postponement fees.
- (f) 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.
- (g) Should a compliance arbitration, method of repair arbitration, determination of costs arbitration, etc., be requested subsequent to the conclusion of the previous arbitration hearing, the one year requirements mentioned above shall be in effect from the date of the filing for the new arbitration. The CDRS case manager and/or arbitrator may modify the one-year rule as they deem to be appropriate.

#### **RULE-WA14 PRE-HEARING ARBITRATOR'S OR ADMINISTRATOR'S CONFERENCE**

If the arbitrator or CDRS case manager determines that it is necessary or if a request is submitted to CDRS by either party and approved by the CDRS case manager, a pre-hearing arbitrator's conference shall be held between the arbitrator and all of the parties or their representatives to the arbitration prior to the arbitration hearing. The conference may be held in person or may be held by teleconference phone call or other method of call, such as Zoom, at the discretion of the arbitrator or case manager. Items to be discussed shall include but not be limited to the following: claims and counterclaims, opening statements, closing statements, witnesses, depositions, the issuance of subpoenas, rules and procedures to be followed during the hearing, dates and location for the hearing, arbitrator disclosure information, and other related items at the discretion of the arbitrator or at the request of the parties. The arbitrator shall be empowered to schedule additional pre-hearing arbitrator conferences if deemed necessary by the arbitrator or requested by one or more of the parties, with the approval of the arbitrator. At the conclusion of the pre-hearing conference, if applicable, one of the parties or the CDRS case manager shall issue to the parties, an *Arbitration Pre-Hearing Order* specifying the particulars of the arbitration as agreed to by the parties or as specified by the arbitrator. The time expended by the arbitrator in preparation for the conference call and his/her time expended during the call or in any follow-up actions required of the arbitrator is chargeable time to the parties as is appropriate.

- (a) An Administrator's conference with the CDRS case manager can be arranged between the parties and the case manager if requested by either party if approved by the case manager



## **RULE-WA16 PARTY REPRESENTATION**

A party to an arbitration may be represented by themselves, their attorney(s), or any individual(s) that the party designates to be their representative(s). The party must notify the CDRS case manager, and the other named parties to the arbitration, if they are to have any other individual serve as their representative. The representative's name, address, phone number, fax number, e-mail and any pertinent information about the representative must be supplied in writing to the CDRS case manager and to the other named parties to the arbitration, as soon as possible. Parties who choose to not represent themselves and/or will utilize the assistance of an attorney or other person, must notify CDRS, and the other named parties to the arbitration, of the name, address, telephone number, and e-mail address of the attorney or other representative at the time of submission of the request for arbitration to the Home Warranty Company. If a decision to utilize the services of an attorney or other person is made after the submission of the request for arbitration has been filed with CDRS, the parties must notify CDRS, the Home Warranty Company, and the other named parties to the arbitration, your attorney's or representative's information, as stipulated above, as soon as the decision has been made to utilize the services of an attorney or someone else.

- (a) CDRS will send all emails only to the attorney or other person representing a party unless CDRS receives a request from the attorney or other representative requesting additional parties to be copied.

## **RULE-WA20 THE ARBITRATION AWARD OR ARBITRATION ORDER**

- (a) The arbitrator shall render an Arbitration Award or Arbitration Order in which one party completely prevails over the other party should the facts so warrant. The arbitrator may choose to make a final Arbitration Award or Arbitration Order that represents a compromise between the parties if the facts and evidence so warrant. All covered warranty claims shall be addressed by the builder within 60 days of the issuance of the Arbitration Award by CDRS unless otherwise stated in the Arbitration Award. Any monies owed to either party shall be paid by the other party no later than 60 days from the date that the Arbitration Award is issued by CDRS unless otherwise stated in the Arbitration Award.
- (b) Should the repair of any covered claim require the moving, removal or handling of any personal property of the homeowner, etc., such as a table and chairs, hutch, sideboard, buffet, bed, dresser, bookcase or any other furniture. or rugs, etc., the removal and replacement of the personal property of the homeowner shall be the responsibility of the homeowner.
- (c) Should the homeowner purchase and have installed any materials such as tile, flooring, lighting, appliances, electronics, rugs, or other items that are purchased by the homeowner that are not included in the purchase price of the home related to obtaining the warranty, should the repair of any covered claim require the removal and re-installing of the items purchased by the homeowner, the homeowner shall have the responsibility to remove and replace those items prior to the covered claims being addressed by the builder or the Home Warranty Company as appropriate unless the warranty and/or local or state laws require the builder or Home Warranty Company to remove and replace these items..

- (d) For a compliance arbitration, the arbitrator shall issue the award specifying the compliance award options as specified in the home warranty booklet or as the arbitrator deems to be appropriate. The compliance arbitrator shall render his/her determination according to but not limited to the options specified below.
1. The builder/remodeler/warranty company has properly addressed the covered claims from the prior arbitration and that claim is dismissed.
  2. The builder/remodeler/warranty company has not properly addressed the covered claims from the prior arbitration and the builder/remodeler/warranty company is in default
  3. The builder/remodeler/warranty company has not properly addressed the covered claims from the prior arbitration and the builder/remodeler/warranty company shall be granted an additional period of time to properly address the prior claims.
  4. The homeowner has been uncooperative with the efforts of the builder/remodeler/warranty company to address the covered claims and the claim is dismissed.
  5. The homeowner has been uncooperative with the efforts of the builder to address the covered claims and the builder/remodeler/warranty company will be granted an additional time to address the covered claims with the mutual agreement of the homeowner and builder/remodeler/warranty company as appropriate.
- (e) Should an arbitration hearing not be held as scheduled, the arbitrator may issue an Arbitration Award or Arbitration Order as the arbitrator decides is appropriate.
- (f) Should the arbitrator, as the result of a cost-settlement arbitration, award any amount of monies to either party, should a party not pay the amount specified by the arbitrator, in a timely manner as specified by the arbitrator, the home warranty company shall not be liable to pay that amount of monies specified in the cost-settlement arbitration award.

**RULE-WA24 CORRECTION, CLARIFICATION OR ADDITIONAL REASONING OF THE AWARD OR ORDER**

In addition to the correction and/or modification of the award as addressed by CDRS General Arbitration Rule A-24, for home warranty cases only, CDRS will allow for the following clarification or additional reasoning of the arbitration award or order.

- (a) Should a party or the Home Warranty Company request a further explanation of the reasoning of how the arbitrator rendered his/her award or order, a request for clarification or additional reasoning can be submitted to the warranty company within 60 days of the issuance of the arbitration award from CDRS.
- (b) The request must be filed by the requesting party with the Home Warranty Company who will forward the request to CDRS.
- (c) The CDRS case manager shall determine if the request shall be honored after discussion with the arbitrator.
- (d) If CDRS decides to address the request, depending on the complexity of the request, the CDRS case manager will determine the fees to be paid to CDRS prior to the request being forwarded to the arbitrator for his/her response.
- (e) The response of the arbitrator to the request shall be final. There can be no additional request for further clarification or reasoning, unless a further response is deemed appropriate by the CDRS case manager.

## **RULE-WA26 FEES, COSTS AND EXPENSES**

- (a) All fees, costs and expenses of the arbitration process should be specified in the CDRS or Home Warranty Company documents related to the arbitration. If there is no formal document specifying the fees and costs of the arbitration process, the CDRS case administrator will specify the fees and costs as is appropriate. RULE-A26 of the CDRS General Arbitration Rules and Procedures shall be in effect except as stipulated in RULE-WA26 herein.
- (b) The cost of the arbitration, as to which party(s) is responsible to pay the initial costs of the arbitration, should be as specified in the appropriate home warranty company document or as specified by state law, regulation, act, etc. Should the warranty not specify who is to pay for the arbitration process, CDRS costs and fees shall be shared equally by both parties.
- (c) There shall be a \$450.00 (\$600.00 in California and Maryland) non-refundable case filing fee that is payable to CDRS.
- (d) The CDRS minimum non-refundable arbitration fee for the arbitrator shall be \$600.00 for up to the first two hours of the arbitrator's time. Each additional hour expended by the arbitrator shall be billed at the rate of \$300.00/hour. This \$600.00 arbitration fee that covers up to two hours of arbitrator time and the CDRS case filing fee is due to CDRS along with the Home Warranty Request for Arbitration Services or shortly thereafter as specified by the CDRS case administrator. Note that these fees may be collected by a Home Warranty Company and paid to CDRS in any manner that they deem appropriate and as agreed to by CDRS. Arbitrator time includes travel time to and from the arbitration hearing in excess of 45 minutes each way, time expended on the telephone reviewing the case with CDRS, reviewing the documents and paperwork submitted by the Home Warranty Company, submittals by the parties, reviewing the applicable warranty booklet related to the claims, conducting the hearing, reviewing post-arbitration submissions (if applicable), writing the arbitration award, and any other time expended by the arbitrator related to the case. Travel time is billable at \$150.00/hour. Other reimbursable direct out of pocket expenses are specified in the "Fees and Costs" section of the CDRS website.
  - 1. Should a new arbitration request be received by CDRS via email related to the same arbitration, CDRS can either commence the case at that time or has the option to wait for the paperwork and required deposit to be received at CDRS.
- (e) Should CDRS determine that the arbitrator will be expending in excess of the standard two hours paid by the initial arbitration deposit, the CDRS case administrator shall have the option to invoice the appropriate party(s) in advance of the arbitration hearing for the expected arbitration time in excess of the standard two hours. Should a party(s) not pay the requested additional deposit by the date specified by CDRS, the CDRS Senior case administrator shall have the authority to postpone or cancel the arbitration process. The Home Warranty Company shall not be liable for these extra fees invoiced prior to the arbitration hearing. Should the arbitrator expend in addition to the standard two hours related to the arbitration, CDRS shall invoice the appropriate party for the extra hours expended by the arbitrator. Note that the arbitrator may specify to CDRS who should be invoiced for the additional time expended by the arbitrator

regardless of state regulations or rules pertaining to the costs of the arbitration such as in New Jersey where the builder is responsible for the costs of the arbitration hearing. Should a party(s) not pay the requested additional payment within 60 days of the specified due date by CDRS, the Home Warranty company shall be responsible for any unpaid fees related to the excess arbitrator time expended by the arbitrator.

- (f) If there is any claim that can't be addressed by the arbitrator at the time of the arbitration hearing such as a heating claim or air conditioning claim that will need to be addressed in the next heating or cooling season, there will be an additional \$450.00 fee due to CDRS payable in advance by the party responsible for the payment. This rule also covers issues such as snow on a roof, lack of rain when the claims involves drainage issues, etc. where the arbitrator might need to revisit the homeowner's residence in the future. Should travel time be in excess of 45 minutes each way, there may be additional travel time invoiced to the appropriate party prior to CDRS scheduling the arbitrator to revisit the homeowner's residence.
- (g) After the arbitration hearing has been held and the arbitrator has written and issued the arbitration award to CDRS, should an arbitrator have expended additional time beyond the two-hours covered by the minimum arbitration fee or the additional pre-arbitration fee requested by CDRS, CDRS will invoice the party(s) responsible for the additional fees as specified by the Home Warranty Company which shall be due and payable to CDRS prior to the issuance of the arbitration award by CDRS. Note that the arbitrator will specify to CDRS who should be invoiced for the additional time expended regardless of state regulations or rules pertaining to the costs of the arbitration. Should a party not make the requested additional fee within 60 days of the request from CDRS, the warranty company shall be responsible to make the payment to CDRS.
- (h) If the parties agree to hold the arbitration hearing at a location other than at the residence covered by the Home Warranty policy and there is a need for a jobsite visit after the arbitration hearing, 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 may be invoiced at the conclusion of the arbitration hearing. Failure to pay when due may delay the issuance of the arbitration award from CDRS.
- (i) If specified and allowed in the appropriate Home Warranty, the arbitrator shall, as part of the arbitration award, stipulate and allocate as to which party is responsible to pay the CDRS costs related to the arbitration process. The arbitrator may allocate the costs of the CDRS arbitration process to the parties as he/she deems it to be appropriate in accordance with the Home Warranty Booklet. Should the arbitrator not address the reimbursement of the parties for their CDRS expenses related to the arbitration process, the payments will remain as paid to CDRS by the parties or the home warranty company. If one of the parties submits a large volume of documents, emails, text messages, reports, requests for information, etc. as pre-arbitration submittals for the arbitrator to review prior to the arbitration hearing or they introduce any information at the hearing that requires additional billing of arbitrator time, the arbitrator may allocate those additional costs to the party(s) regardless of the laws, terms or conditions of the home warranty.
- (j) Should a party require the CDRS case administrator to expend in excess of the normal time that should be expended on a case, to be determined by the

administrator, the party requiring the excess time of the administrator may be invoiced by CDRS for the excess time required by that party. That fee will be assessed to the one party without the other party being responsible for any of the excess fee invoice regardless of any state law or regulation.

- (k) The fees for a clarification or additional reasoning of an arbitration award shall be determined by the CDRS case manager as specified in Rule WA24.
- (l) The fees for a compliance arbitration shall be paid by the party requesting the compliance arbitration and may be reimbursed to the requesting party as determined by the arbitrator.
- (m) Should a party to the arbitration determine that they need to file a "Method of Addressing the Covered Items" or "Cost Settlement" or a "Quality of Corrective Action" arbitration as specified on the CDRS website in the "Home Warranty Arbitration Procedures" section, the party requesting the arbitration shall be responsible to pay all up-front costs of the arbitration hearing which may be reimbursed to the requesting party as determined by the arbitrator.
- (n) Should an arbitration hearing be postponed or cancelled within 72 hours of a scheduled arbitration hearing, the party responsible for the cancellation shall pay a \$300.00 cancellation fee to CDRS, regardless of any state or local rule or regulation, unless the CDRS case manager determines that there is good cause for the postponement or cancellation of the arbitration hearing. This fee must be paid to CDRS prior to holding the arbitration hearing as determined by the CDRS case manager.
- (o) CDRS general administration fees are incorporated in the fees of the arbitrator. Should a case manager determine that they have expended administrative time above the standard administrative time typically expended, the case administrator can invoice the party responsible for the excess administrative time expended. The payment must be made prior to the issuance of the arbitration award by CDRS.
- (p) Should any party attempt to overturn any arbitration award or arbitration order issued by CDRS, Should the courts not overturn the award or order, CDRS will be entitled to be reimbursed their legal fees and costs related to the attempt to overturn the arbitration award or arbitration order.
- (q) Note that CDRS accepts checks or money orders only for any payment due to CDRS. No credit or debit cards, PayPal, or any other method of payment is allowed.