

Adventures in Home Arbitration

Termite wings, bat guano, snakes — Stanford Hill comes prepared for anything

By **Stanford Hill**

Photography by *Larry Marcus*

Bug dope? Check. Rain gear? Check. Winter survival kit? Check. Snack bars, aspirin and boots? Check, check, check. And most important, clean, matching, hole-free socks? Check.

I'm not packing for a long vacation — that's just my field kit as a home buyer/home seller arbitrator.

When people buy and sell homes in Minnesota, most real estate brokers present the parties with an optional arbitration agreement. If everyone accepts it, they bypass the court system and arbitrate any disputes about the physical condition of the property. The agreement typically designates an arbitration provider, which maintains a stable of arbitrators familiar with the construction and real estate industries and a set of rules governing the procedure. To initiate the process, the buyer simply files a demand for arbitration with the provider, which then notifies the seller (and sometimes the real estate brokers) and circulates calendars and a list of potential arbitrators. The parties then agree on an arbitrator who, once appointed, schedules a hearing at the house. This is where the whole thing gets interesting.

I have conducted hearings in \$10 million homes overlooking Lake Minnetonka. I did one in a converted horse stable on East River Road. I've boiled in double-wides and frozen in summer cabins. I've gone from 30th-floor condos to underground earth homes. I've heard cases in International Falls, Grand Marais, Windom, Worthington and Winona. I have been from Apple Valley to Zumbrota.

And talk about variety. I have been outraged, heartbroken, stunned, shocked and amused.

Here is outrage. After their basement flooded, a couple in Edina filed for arbitration against their seller. The seller denied that he had ever experienced any-



Stanford Hill with his arbitration field kit.

thing of the sort. I did not know how to decide that case until a neighbor arrived and testified that water had filled the basement and two feet of the main floor of the home after the storm of the century on July 23, 1987. When the seller still denied any flooding, the neighbor walked over to the door in the kitchen — where the family had marked and dated their children's heights each year — and pointed to the dated high-water mark the seller had forgotten to erase.

Bats are always fun. A group of us once stood in the second floor of a south Minneapolis home beneath the trapdoor to the attic while the buyers' exterminator explained that at least 100 bats had lived in the attic for years. The seller demanded a look-see and stood on a chair to reach the trapdoor.

As he began to push it upward, I heard the exterminator softly mutter, "I don't think I'd do that." Undeterred, the seller pushed the trapdoor open and was showered with several pounds of bat guano.

Why bring bug dope, boots, warm clothes and rain gear? Well, many of the problems arbitrators look at are outdoors, and business suits just don't cut it when you are trudging through three feet of snow or rain or mud to check out a problem with the chimney. Why bring food? Simple. When you are 40 miles from the nearest town, and the hearing lasts longer than expected, it just isn't feasible to break for lunch.

In the cases I see now, some people don't even have furniture. With the great housing bubble of the last 10 years, the industry has seen a large number of DINKs (double income, no kids) buy as much housing as possible with the expectation that the property will double or triple in value during their ownership and fund their retirement. This means that a lot of 20- and 30-somethings own \$1 million behemoths spread out all over the third-tier suburbs. Then they move in without a penny to spare, sleep on mattresses on the floor, and eat off card tables.

Unfortunately, these are the very houses that are subject to the emerging water intrusion crisis. Many homes built in the last 20 years, because of energy conservation, modern construction materials, bad design and bad workmanship, are rotting

from the inside out. The costs to repair these problems are horrendous and are not always covered by insurance. So there we sit, on folding chairs with these young couples mortgaged to the hilt, looking at a \$500,000 repair bill and a seller who simply had no idea of the cancer within. Those are the tough and sad cases.

I have arbitrated approximately 200 cases and, for the most part, it's very rewarding. You really do get to see how people live. The strangest part is that I'll be driving around and get a strange sense of déjà vu only to look up and see "the snake house" or "the haunted house" or "the termite house."

The termite house was the worst. It was dark. It had low ceilings. It felt like a cave. Why, I wondered, did the buyers have the floors covered with plastic wrap? Then I noticed that it wasn't plastic wrap — it was a carpet of termite wings, which crunched when you walked on them.

In a termite-infested house, the winged termites all hatch at the same time and come pouring out of the walls. Then they fly a short distance before landing and losing their wings. They find wood, burrow in and start a new colony.

The buyers thought it would add a nice dramatic touch to leave the wings where they had fallen as evidence. They were right.

The seller denied any knowledge of termites. Oops. Maybe he forgot about all of Orkin's records of previous visits to the property. The buyers tracked them down. Every visit was for termites. Can you say "rescission"?

I took my clothes off in the driveway when I got home and put them in a plastic garbage bag and headed straight to the dry cleaners. And I still think about all those wings. Crunch. Crunch.

So why are clean, matching, hole-free socks the most important item? Because it just won't do to have your big toe sticking out when you arrive at the scene of your next arbitration and are asked politely by your hostess to remove your shoes at the front door. **L&P**

—Stanford Hill is a trial lawyer and shareholder with Bassford Remele. He is a Top 40 ADR Super Lawyer and a qualified neutral arbitrator and mediator.