

MODEL LEASE CLAUSE

Specify Arbitration Organization in Lease

This Arbitration of Disputes provision creates mandatory contractual binding arbitration that's administered by the American Arbitration Association. The clause is provided by California attorney Arthur Mazirow, a real estate arbitrator, mediator, expert witness, and consultant to law firms concerning real estate disputes. Mazirow recommends using the arbitration clause for *only* CAM cost disputes.

Note that some states require a "Statutory Disclosure Concerning Arbitration" in the arbitration provisions. By signing the disclosure, the owner and tenant give up their judicial rights, including the right to have the dispute litigated in a court instead of by arbitration, and the right to appeal the arbitration award to the appellate court.

Do not use this clause without reviewing it first with your attorney.

ARBITRATION OF DISPUTES

1. Any controversy or claim arising out of or relating to this agreement, or the breach hereof that has not been settled by mediation, shall be settled by arbitration administered by the American Arbitration Association except as may be modified herein, and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.
2. The arbitration proceedings shall be conducted before a panel of three neutral arbitrators, all of whom shall have the following qualifications:
 - a. Be a practicing attorney in *[insert County, State]* for at least *[insert # of years]*; and
 - b. Have at least *[insert #]* years' experience as a practicing attorney primarily representing owners, buyers, sellers, lessors, lessees, and developers in real estate transactions involving the ownership, purchase, sale, leasing, financing, operation, and development of commercial, office, and industrial real estate.
3. The place of the arbitration shall take place in *[insert City, State]*.
4. The arbitrators shall award to the prevailing party, if any, as determined by the arbitrators, all of the prevailing party's Costs and Expenses. "Costs and Expenses" means all reasonable pre-award and post-award expenses of the arbitration, including reasonable attorneys' fees, the arbitrators' fees and disbursements, administrative fees, travel expenses, out-of-pocket expenses such as copying and telephone charges, court costs, witness fees, and the administrative fees of the American Arbitration Association.
5. Except as may be required by law or reasonably necessary to implement any award, no party nor any lawyer nor other representatives of any party nor any expert witness nor any witness nor any arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of all parties.