

108TH CONGRESS  
1ST SESSION

# H. R. 3414

To prohibit offering homebuilding purchase contracts that contain in a single document both a mandatory arbitration agreement and other contract provisions, and to prohibit requiring purchasers to consent to a mandatory arbitration agreement as a condition precedent to entering into a homebuilding purchase contract.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 30, 2003

Mr. GONZALEZ (for himself and Mr. RODRIGUEZ) introduced the following bill;  
which was referred to the Committee on Financial Services

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## A BILL

To prohibit offering homebuilding purchase contracts that contain in a single document both a mandatory arbitration agreement and other contract provisions, and to prohibit requiring purchasers to consent to a mandatory arbitration agreement as a condition precedent to entering into a homebuilding purchase contract.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “American Homebuyers  
5       Protection Act”.

1 **SEC. 2. MANDATORY ARBITRATION AGREEMENTS.**

2 (a) IN GENERAL.—No person engaged in the con-  
3 struction of new houses may require a purchaser to enter  
4 into a mandatory arbitration agreement as a condition  
5 precedent to entering into a contract for the purchase of  
6 a new house.

7 (b) SEPARATE DOCUMENTS REQUIRED.—No person  
8 engaged in the construction of new houses may offer a  
9 purchaser a contract for the purchase of a new house  
10 which includes an agreement on mandatory arbitration  
11 unless such agreement is a separate document which con-  
12 tains only language pertaining to the mandatory arbitra-  
13 tion agreement. The separate document containing the  
14 mandatory arbitration agreement shall also contain the  
15 following statement: “By Agreeing to Binding Arbitration  
16 You Are Giving Up Your Right To Go To Court”.

17 (c) ARBITRATOR.—The mandatory arbitration agree-  
18 ment shall not name an independent arbitrator and shall  
19 contain a procedure that adequately guarantees the pur-  
20 chaser an opportunity to participate in the selection of an  
21 arbitrator which shall occur only after a dispute regarding  
22 the homebuilding contract has arisen.

23 (d) ENFORCEMENT.—If any person violates sub-  
24 section (a), (b), or (c), the agreement on mandatory arbi-  
25 tration will be of no effect.