

109TH CONGRESS
1ST SESSION

H. R. 4037

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.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 2005

Mr. GONZALEZ introduced the following bill; which was referred to the
Committee on Financial Services

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.