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Short Title: Mediated Settlement Conferences.

(Public)

Sponsors:

Referred to:

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A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE MEDIATED SETTLEMENT CONFERENCES IN CIVIL ACTIONS IN SUPERIOR COURT AND IN PRELITIGATION FARM NUISANCE DISPUTES.

The General Assembly of North Carolina enacts:

Section 1. Chapter 7A of the General Statutes is amended by adding the following new sections to read:

**"§ 7A-38.1. Mediated settlement conferences in superior court civil actions.**

(a) Purpose. The General Assembly finds that a system of court-ordered mediated settlement conferences should be established to facilitate the settlement of superior court civil actions and to make civil litigation more economical, efficient, and satisfactory to litigants and the State. Therefore, this section is enacted to require parties to superior court civil actions and their representatives to attend a pretrial, mediated settlement

1 conference conducted pursuant to this section and pursuant to rules of the Supreme Court  
2 adopted to implement this section.

3 (b) Definitions. As used in this section:

4 (1) 'Mediated settlement conference' means a pretrial, court-ordered  
5 conference of the parties to a civil action and their representatives  
6 conducted by a mediator.

7 (2) 'Mediation' means an informal process conducted by a mediator with the  
8 objective of helping parties voluntarily settle their dispute.

9 (3) 'Mediator' means a neutral person who acts to encourage and facilitate a  
10 resolution of a pending civil action. A mediator does not make an  
11 award or render a judgment as to the merits of the action.

12 (c) Rules of procedure. The Supreme Court may adopt rules to implement this  
13 section.

14 (d) Statewide implementation. Mediated settlement conferences authorized by this  
15 section shall be implemented in all judicial districts as soon as practicable, as determined  
16 by the Director of the Administrative Office of the Courts.

17 (e) Cases selected for mediated settlement conferences. The senior resident  
18 superior court judge of any participating district may order a mediated settlement  
19 conference for any superior court civil action pending in the district. The senior resident  
20 superior court judge may by local rule order all cases, not otherwise exempted by the  
21 Supreme Court rule, to mediated settlement conference.

22 (f) Attendance of parties. The parties to a superior court civil action in which a  
23 mediated settlement conference is ordered, their attorneys and other persons or entities  
24 with authority, by law or by contract, to settle the parties' claims shall attend the mediated  
25 settlement conference unless excused by rules of the Supreme Court or by order of the  
26 senior resident superior court judge. Nothing in this section shall require any party or  
27 other participant in the conference to make a settlement offer or demand which it deems  
28 is contrary to its best interests.

29 (g) Sanctions. Any person required to attend a mediated settlement conference  
30 who, without good cause, fails to attend in compliance with this section and the rules  
31 adopted under this section, shall be subject to any appropriate monetary sanction imposed  
32 by a resident or presiding superior court judge, including the payment of attorneys' fees,  
33 mediator fees, and expenses incurred in attending the conference. If the court imposes  
34 sanctions, it shall do so, after notice and a hearing, in a written order, making findings of  
35 fact and conclusions of law. An order imposing sanctions shall be reviewable upon  
36 appeal where the entire record as submitted shall be reviewed to determine whether the  
37 order is supported by substantial evidence.

38 (h) Selection of mediator. The parties to a superior court civil action in which a  
39 mediated settlement conference is to be held pursuant to this section shall have the right  
40 to designate a mediator. Upon failure of the parties to designate a mediator within the  
41 time established by the rules of the Supreme Court, a mediator shall be appointed by the  
42 senior resident superior court judge.

1 (i) Promotion of other settlement procedures. Nothing in this section is intended  
2 to preclude the use of other dispute resolution methods within the superior court. Parties  
3 to a superior court civil action are encouraged to select other available dispute resolution  
4 methods. The senior resident superior court judge, at the request of and with the consent  
5 of the parties, may order the parties to attend and participate in any other settlement  
6 procedure authorized by rules of the Supreme Court or by the local superior court rules,  
7 in lieu of attending a mediated settlement conference. Neutral third parties acting  
8 pursuant to this section shall be selected and compensated in accordance with such rules  
9 or pursuant to agreement of the parties. Nothing in this section shall prohibit the parties  
10 from participating in, or the court from ordering, other dispute resolution procedures,  
11 including arbitration to the extent authorized under State or federal law.

12 (j) Immunity. Mediator and other neutrals acting pursuant to this section shall  
13 have judicial immunity in the same manner and to the same extent as a judge of the  
14 General Court of Justice, except that mediators and other neutrals may be disciplined in  
15 accordance with enforcement procedures adopted by the Supreme Court pursuant to G.S.  
16 7A-38.2.

17 (k) Costs of mediated settlement conference. Costs of mediated settlement  
18 conferences shall be borne by the parties. Unless otherwise ordered by the court or  
19 agreed to by the parties, the mediator's fees shall be paid in equal shares by the parties.  
20 For purposes of this section, multiple parties shall be considered one party when they are  
21 represented by the same counsel. The rules adopted by the Supreme Court implementing  
22 this section shall set out a method whereby parties found by the court to be unable to pay  
23 the costs of the mediated settlement conference are afforded an opportunity to participate  
24 without cost. The rules adopted by the Supreme Court shall set the fees to be paid a  
25 mediator appointed by a judge upon the failure of the parties to designate a mediator.

26 (l) Inadmissibility of negotiations. Evidence of statements made and conduct  
27 occurring in a mediated settlement conference shall not be subject to discovery and shall  
28 be inadmissible in any proceeding in the action or other actions on the same claim.  
29 However, no evidence otherwise discoverable shall be inadmissible merely because it is  
30 presented or discussed in a mediated settlement conference.

31 No mediator shall be compelled to testify or produce evidence concerning statements  
32 made and conduct occurring in a mediated settlement conference in any civil proceeding  
33 for any purpose, except proceedings for sanctions under this section, disciplinary  
34 hearings before the State Bar or any agency established to enforce standards of conduct  
35 for mediators, and proceedings to enforce laws concerning juvenile or elder abuse.

36 (m) Right to jury trial. Nothing in this section or the rules adopted by the Supreme  
37 Court implementing this section shall restrict the right to jury trial.

38 **§ 7A-38.2. Regulation of mediators.**

39 (a) The Supreme Court is authorized to adopt standards for the certification and  
40 conduct of mediators who participate in the mediated settlement conference program  
41 established pursuant to G.S. 7A-38.1. The standards may also regulate mediator training  
42 programs. The Supreme Court may adopt procedures for the enforcement of those  
43 standards.

1       (b) The administration of mediator certification, regulation of mediator conduct,  
2 and decertification shall be conducted through the Dispute Resolution Commission,  
3 established under the Judicial Department. The rules and regulations governing the  
4 operation of the Commission shall be adopted by the Supreme Court. The Commission  
5 shall be administered under the direction and supervision of the Director of the  
6 Administrative Office of the Courts. The Commission shall exercise all of its duties  
7 independently of the Director, except all management functions shall be performed under  
8 the direction and supervision of the Director.

9       (c) The Dispute Resolution Commission shall consist of nine members: two  
10 judges appointed by the Chief Justice of the Supreme Court; two mediators certified to  
11 conduct mediated settlement conferences appointed by the Chief Justice of the Supreme  
12 Court; two practicing attorneys who are not certified as mediators appointed by the  
13 President of the North Carolina State Bar; and three citizens knowledgeable about  
14 mediation, one of whom shall be appointed by the Governor, one by the General  
15 Assembly upon the recommendation of the Speaker of the House of Representatives in  
16 accordance with G.S. 120-121, and one by the General Assembly upon the  
17 recommendation of the President Pro Tempore of the Senate in accordance with G.S.  
18 120-121. Members shall serve four-year terms, except that one judge, one mediator, one  
19 attorney, and the citizen member appointed by the Governor, shall be appointed for an  
20 initial term of two years. Members may serve no more than two consecutive terms. The  
21 Chief Justice shall designate one of the judge members to serve as chair for a two-year  
22 term. Members of the Commission shall be compensated pursuant to G.S. 138-5.

23       (d) An administrative fee, not to exceed two hundred dollars (\$200.00), may be  
24 charged by the Administrative Office of the Courts to applicants for certification and  
25 annual renewal of certification for mediators and mediation training programs operation  
26 under this Article. The fees collected may be used by the Director of the Administrative  
27 Office of the Courts to establish and maintain the operations of the Commission and its  
28 staff.

29 **"§ 7A-38.3. Prelitigation mediation of farm nuisance disputes.**

30       (a) Definitions. – As used in this section:

- 31       (1) 'Farm nuisance dispute' means a claim that the farming activity of a  
32 farm resident constitutes a nuisance.
- 33       (2) 'Farm resident' means a person holding an interest in fee, under a real  
34 estate contract, or under a lease, in land used for farming activity when  
35 that person manages the operations on the land.
- 36       (3) 'Farming activity' means the cultivation of farmland for the production  
37 of crops, fruits, vegetables, ornamental and flowering plants, and the  
38 utilization of farmland for the production of dairy, livestock, poultry,  
39 and all other forms of agricultural products having a domestic or foreign  
40 market.
- 41       (4) 'Mediator' means a neutral person who acts to encourage and facilitate a  
42 resolution of a farm nuisance dispute.

1           (5) 'Nuisance' means an action that is injurious to health, indecent, offensive  
2 to the senses, or an obstruction to the free use of property.

3           (6) 'Party' means any person having a dispute with a farm resident.

4           (7) 'Person' means a natural person, or any corporation, trust, or limited  
5 partnership as defined in G.S. 59-102.

6       (b) Voluntary Mediation. – The parties to a farm nuisance dispute may agree at  
7 any time to mediation of the dispute under the provisions of this section.

8       (c) Mandatory Mediation. – Prior to bringing a civil action involving a farm  
9 nuisance dispute, a farm resident or any other party shall initiate mediation pursuant to  
10 this section. If a farm resident or any other party brings an action involving a farm  
11 nuisance dispute, this action shall, upon the motion of any party prior to trial, be  
12 dismissed without prejudice by the court unless any one or more of the following apply:

13           (1) The dispute involves a claim that has been brought as a class action.

14           (2) The nonmoving party has satisfied the requirements of this section and  
15 such is indicated in a mediator's certification issued under subsection (g)  
16 of this section.

17           (3) The court finds that a mediator improperly failed to issue a certification  
18 indicating that the nonmoving party satisfied the requirements of this  
19 section.

20           (4) The court finds good cause for a failure to attempt mediation. Good  
21 cause includes, but is not limited to, a determination that the time delay  
22 required for mediation would likely result in irreparable harm or that  
23 injunctive relief is otherwise warranted.

24       (d) Initiation of Mediation. – Prelitigation mediation of a farm nuisance dispute  
25 shall be initiated by filing a request for mediation with the clerk of superior court in a  
26 county in which the action may be brought. The Administrative Office of the Courts  
27 shall prescribe a request for mediation form. The party filing the request for mediation  
28 also shall mail a copy of the request by certified mail, return receipt requested, to each  
29 party to the dispute. The clerk shall provide each party with a list of mediators certified  
30 by the Dispute Resolution Commission. If the parties agree in writing to the selection of  
31 a mediator from that list, the clerk shall appoint that mediator selected by the parties. If  
32 the parties do not agree on the selection of a mediator, the party filing the request for  
33 mediation shall bring the matter to the attention of the clerk, and a mediator shall be  
34 appointed by the senior resident superior court judge. The clerk shall notify the mediator  
35 and the parties of the appointment of the mediator.

36       (e) Mediation Procedure. – Except as otherwise expressly provided in this section,  
37 mediation under this section shall be conducted in accordance with the provisions for  
38 mediated settlement of civil cases in G.S. 7A-38.1 and G.S. 7A-38.2 and rules and  
39 standards adopted pursuant to those sections. The Supreme Court may adopt additional  
40 rules and standards to implement this section, including an exemption from the  
41 provisions of G.S. 7A-38.1 for cases in which mediation was attempted under this  
42 section.

1       (f) Waiver of Mediation. – The parties to the dispute may waive the mediation  
2 required by this section by informing the mediator of their waiver in writing. No costs  
3 shall be assessed to any party if all parties waive mediation prior to the occurrence of an  
4 initial mediation meeting.

5       (g) Certification That Mediation Concluded. – Immediately upon a waiver of  
6 mediation under subsection (f) of this section or upon the conclusion of mediation, the  
7 mediator shall prepare a certification stating the date on which the mediation was  
8 concluded and the general results of the mediation, including, as applicable, that the  
9 parties waived the mediation, that an agreement was reached, that mediation was  
10 attempted but an agreement was not reached, or that one or more parties, to be specified  
11 in the certification, failed or refused without good cause to attend one or more mediation  
12 meetings or otherwise participate in the mediation. The mediator shall file the original of  
13 the certification with the clerk and provide a copy to each party. Each party to the  
14 mediation has satisfied the requirements of this section upon the filing of the certification,  
15 except any party specified in the certification as having failed or refused to attend one or  
16 more mediation meetings or otherwise participate. The sanctions in G.S. 7A-38.1(g) do  
17 not apply to prelitigation mediation conducted under this section.

18       (h) Time Periods Tolled. – Time periods relating to the filing of a claim or the  
19 taking of other action with respect to a farm nuisance dispute, including any applicable  
20 statutes of limitations, shall be tolled upon the filing of a request for mediation under this  
21 section, until 30 days after the date on which the mediation is concluded as set forth in  
22 the mediator's certification, or if the mediator fails to set forth such date, until 30 days  
23 after the filing of the certification under subsection (g) of this section."

24       Sec. 2. G.S. 7A-38(o) reads as rewritten:

25       ~~"(o) Report on pilot program. The Administrative Office of the Courts shall file a~~  
26 ~~written report with the General Assembly on the evaluation of the pilot program on or~~  
27 ~~before May 1, 1995. The pilot program shall terminate on June 30, 1995. Continuation~~  
28 ~~and funding of the pilot program. Notwithstanding the above, the termination date of the~~  
29 ~~pilot program is extended to October 1, 1995. The Administrative Office of the Courts is~~  
30 ~~authorized to use funds available to the Judicial Department from July 1, 1995, to~~  
31 ~~October 1, 1995, for the purpose of operating the program."~~

32       Sec. 3. Effective October 1, 1995, G.S. 7A-38 is repealed.

33       Sec. 4. House Bill 913 of the 1995 Session of the General Assembly, if  
34 enacted, is repealed.

35       Sec. 5. The provisions of this act are severable. If any provision of this act is  
36 held invalid by a court of competent jurisdiction, the invalidity does not affect other  
37 provisions of this act that can be given effect without the invalid provision.

38       Sec. 6. Section 2 and Section 4 of this act are effective upon ratification. The  
39 remainder of this act becomes effective October 1, 1995, and shall apply, after the  
40 Supreme Court has adopted rules implementing this act, to all superior court civil actions  
41 filed in any county after the date this program is implemented in that county. This act  
42 also applies to all previously filed actions which are or have been specifically ordered to

- 1 a mediated settlement conference by a senior resident superior court judge under G.S.
- 2 7A-38 prior to its repeal.