

<b>AAR Risk Management Committee 2015 Business Plan</b>
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**FROM:** Risk Management Committee (RMC)  
**Chair:** Martha Appel  
**Staff Liaison:** Scott M. Drucker  
**DATE:** June 13, 2015

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The following are programs, products, services and activities (PPSA's) with Risk Management Committee oversight.

### **CURRENT TOP PRIORITIES**

- **Continue Grievance Committee and Professional Standards support**
  - Maintain and enhance Ethics hearing and Arbitration hearing process
  - Quarterly Professional Standards Newsletter, 4/2/15
- **Enhance dispute resolution services**
  - Administer the Buyer/Seller Dispute Resolution Program
  - Administer the Mediation and Ombudsman Programs
  - Professional Standards Workshop held on 1/21/15
  - Professional Standards Policy & Training Workgroup met on 2/19/15
- **Forms**
  - Revise existing forms to ensure compliance with August 2015 RESPA-TILA rules
  - H.O.A. Condominium/Planned Community Addendum 02/15
- **Legal Hotline Support**
  - Continue promotion efforts
  - Legal Hotline Workgroup
- **Regulatory Issues**
  - Continue to work with ADRE
  - Attend ADRE Advisory Board meetings - met on 4/8/15
  - Regulatory Agency Workgroup meetings – met on 4/7/15
- **Risk management education and information**
  - AZ REALTOR® Voice articles
  - AAR Website articles and blogs
  - Scams & Frauds, Short Sale
  - Arizona Broker/Manager Quarterly, 1st Quarter 02/13/15
  - Advisories, Revised Lease Owners and Buyer Advisory, 12/14

### **RECOMMENDATIONS**

- Approval of revisions to the Pre-Qualification Form, Loan Status Update, and Residential Resale Real Estate Purchase Contract to ensure compliance with TILA-RESPA Integrated Disclosure rules.

## GROUPS FORMED

- Grievance Committee
- Professional Standards Committee
- Professional Standards Policy & Training workgroup
- Property Management forms workgroup
- Legal Hotline Workgroup
- Regulatory Agency Workgroup
- RMC ADRE Workgroup
- Pre-Qual / LSU Forms Workgroup

## PROFESSIONAL STANDARDS

### Professional Standards Administration

Processing of ethics complaints and arbitration requests. This program involves:

- **Grievance Committee (GVC):** Process complaints/monthly meetings
- **Professional Standards Committee (PSC):** Schedule and staff hearings
- **Professional Standards Policy and Training Workgroup:** Reviews policies and implements training
- **Mediation Program**
- **Ombudsman Program**

Measurable objectives	Status
<ul style="list-style-type: none"> <li>• GVC: Prompt review of complaints</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> Quarter 2015 Filings</b> Ethics = 17 Arbitration = 4</li> </ul>
<ul style="list-style-type: none"> <li>• PSC: Complete ethics cases promptly</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> Quarter 2015 Ethics</b> Filed = 17 Held = 11</li> </ul>
<ul style="list-style-type: none"> <li>• PSC: Complete arbitrations promptly</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> Quarter 2015 Arbitrations</b> Filed = 4 Held = 1</li> </ul>
<ul style="list-style-type: none"> <li>• Update PS policy adaptations as necessary</li> </ul>	<ul style="list-style-type: none"> <li>• <b>On-going</b></li> </ul>

### Mediation Program

This program involves facilitating mediations to resolve ethics complaints and arbitration requests.

Measurable objectives	Status
<ul style="list-style-type: none"> <li>• Facilitate mediation requests on a timely basis</li> </ul>	<ul style="list-style-type: none"> <li>• <b>1<sup>st</sup> Quarter 2015 Mediations</b> Filed = 9 Held = 3</li> </ul>
<ul style="list-style-type: none"> <li>• Receive positive feedback from mediation evaluations</li> </ul>	<ul style="list-style-type: none"> <li>• <b>On-going</b></li> </ul>
<ul style="list-style-type: none"> <li>• Maintain list of qualified mediators</li> </ul>	<ul style="list-style-type: none"> <li>• <b>19 Mediators for 2015</b></li> </ul>

<ul style="list-style-type: none"> <li>Update mediation policies and procedures as necessary</li> </ul>	<ul style="list-style-type: none"> <li><b>Policy Workgroup met on 12/9/14 and 2/19/15</b></li> </ul>
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### Ombudsman Program

This program involves taking complaint calls/emails and facilitating Ombudsman contact to attempt resolution.

Measurable objectives	Status
<ul style="list-style-type: none"> <li>Facilitate ombudsman requests on a timely basis</li> </ul>	<ul style="list-style-type: none"> <li><b>1<sup>st</sup> Quarter 2015</b> <b>Ombudsmen requests:</b> <b>Filed = 16</b> <b>Out of scope = 4</b> <b>In process = 0</b> <b>Successful = 12</b></li> </ul>
<ul style="list-style-type: none"> <li>Receive positive feedback from ombudsman evaluations</li> </ul>	<ul style="list-style-type: none"> <li><b>On-going</b></li> </ul>
<ul style="list-style-type: none"> <li>Maintain list of qualified ombudsmen</li> </ul>	<ul style="list-style-type: none"> <li><b>17 Ombudsmen for 2015</b></li> </ul>
<ul style="list-style-type: none"> <li>Update PS policy adaptations as necessary</li> </ul>	<ul style="list-style-type: none"> <li><b>Policy Workgroup met on 12/9/14 and 2/19/15</b></li> </ul>

### Professional Standards, Mediation, and Ombudsman Education and Training

This program includes training for members of Grievance and Professional Standards Committees and AAR Mediators and Ombudsmen.

Measurable objectives	Status
<ul style="list-style-type: none"> <li>Offer PS Training for GVC and PS Committee</li> </ul>	<ul style="list-style-type: none"> <li><b>Professional Standards Workshop Training - January 21, 2015</b></li> </ul>
<ul style="list-style-type: none"> <li>PS Policy &amp; Training Workgroup meeting</li> </ul>	<ul style="list-style-type: none"> <li>February 19, 2015</li> </ul>
<ul style="list-style-type: none"> <li>Offer Mediator training</li> </ul>	<ul style="list-style-type: none"> <li>October 2015</li> </ul>
<ul style="list-style-type: none"> <li>Offer Ombudsman training</li> </ul>	<ul style="list-style-type: none"> <li><b>SEVRAR</b> February 9, 2015</li> <li><b>AAR</b> - October 2015</li> </ul>
<ul style="list-style-type: none"> <li>Offer hearing panel chair training</li> </ul>	<ul style="list-style-type: none"> <li>June 2015</li> </ul>
<ul style="list-style-type: none"> <li>Publish PS, Mediation and Ombudsman information</li> </ul>	<ul style="list-style-type: none"> <li><b>Quarterly Newsletter, 4/2/15</b></li> </ul>
<ul style="list-style-type: none"> <li>PS outreach to members</li> </ul>	<ul style="list-style-type: none"> <li><b>On-going</b></li> </ul>

### Buyer-Seller Dispute Resolution

This program provides alternative dispute resolution options (mediation or arbitration) for buyers and sellers to resolve disputes or claims arising out of the AAR purchase contract.

Measurable objectives	Status
<ul style="list-style-type: none"> <li>Offer an effective Buyer-Seller Dispute Resolution program</li> </ul>	<ul style="list-style-type: none"> <li><b>On-going</b></li> </ul>
<ul style="list-style-type: none"> <li>Recruit effective Buyer-Seller Dispute Resolution providers</li> </ul>	<ul style="list-style-type: none"> <li><b>On-going</b></li> </ul>

<ul style="list-style-type: none"> <li>• Ensure compliance of Buyer-Seller Dispute providers with program's directives</li> </ul>	<ul style="list-style-type: none"> <li>• <b>On-going</b></li> </ul>
<ul style="list-style-type: none"> <li>• Receive positive feedback from Buyer-Seller Dispute Resolution program evaluations</li> </ul>	<ul style="list-style-type: none"> <li>• <b>On-going</b></li> </ul>

## **RISK MANAGEMENT**

### **Forms Development**

This program involves:

**Creation of workgroups**

**Drafting** - Draft new forms as needed and revise current forms as needed

**Education** - Forms information updates on website, emails and other communication vehicles.

<b>Measurable objectives</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>• Workgroups formed as necessary</li> </ul>	<ul style="list-style-type: none"> <li>• <b>On-going</b></li> </ul>
<ul style="list-style-type: none"> <li>• Forms drafted or revised for introduction in February, June and October 2015</li> </ul>	<ul style="list-style-type: none"> <li>• <b>H.O.A. Condominium/Planned Community Addendum 2/15</b></li> <li>• <b>Pre-Qualification Form 7/15</b></li> <li>• <b>Loan Status Update 7/15</b></li> <li>• <b>Residential Purchase Contract 7/15</b></li> </ul>
<ul style="list-style-type: none"> <li>• Deliver timely forms information/education</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Post articles on aarononline.com, AAR blog and AZR Voice</b></li> <li>• <b>Maintain Short Sale webpage</b></li> <li>• <b>Maintain Scams and Frauds web page</b></li> <li>• <b>HOA Webinar 1/28/15</b></li> <li>• <b>Flood Insurance Webinar 5/5/15</b></li> </ul>
<ul style="list-style-type: none"> <li>• Forms/Risk Management Staff Outreach</li> </ul>	<ul style="list-style-type: none"> <li>• <b>On-going</b></li> </ul>

### **Legal Hotline**

This program allows designated brokers/managers to call the Hotline attorneys for answers to real estate-related legal questions, and includes:

- Program maintenance and monitoring
- Review of letters of opinion/Q&As for publication

<b>Measurable objectives</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>• Promote Hotline usage</li> </ul>	<ul style="list-style-type: none"> <li>• <b>On-going</b></li> </ul>
<ul style="list-style-type: none"> <li>• Hotline to prepare ten Q&amp;As on current issues/current "hot topics" six times per year for the Arizona REALTOR® Voice and AAR website</li> </ul>	<ul style="list-style-type: none"> <li>• <b>On-going</b></li> </ul>

<ul style="list-style-type: none"> <li>Hotline to maintain statistics on number and types of calls in cooperation with AAR staff</li> </ul>	<ul style="list-style-type: none"> <li><b>On-going</b></li> </ul>
<ul style="list-style-type: none"> <li>Hotline attorney to attend AAR Risk Management Committee or Workgroup meetings as requested</li> </ul>	<ul style="list-style-type: none"> <li><b>On-going</b></li> </ul>
<ul style="list-style-type: none"> <li>Hotline attorney to review new or revised AAR forms and notify AAR of any legal concerns or recommendations</li> </ul>	<ul style="list-style-type: none"> <li><b>On-going</b></li> </ul>
<ul style="list-style-type: none"> <li>Hotline attorney to consult with AAR General Counsel on legal issues as requested</li> </ul>	<ul style="list-style-type: none"> <li><b>On-going</b></li> </ul>
<ul style="list-style-type: none"> <li>Evaluate Hotline program by surveying members</li> </ul>	
<ul style="list-style-type: none"> <li>Form Hotline Workgroup to evaluate program</li> </ul>	<ul style="list-style-type: none"> <li><b>Completed</b></li> </ul>

### Industry Issues

This program involves addressing current industry issues.

Measurable objectives	Status
<ul style="list-style-type: none"> <li>Develop system to maintain claims statistics to identify liability trends</li> </ul>	
<ul style="list-style-type: none"> <li>Foster alliances with defense attorneys and E&amp;O carriers and mediators</li> </ul>	<ul style="list-style-type: none"> <li><b>On-going</b></li> </ul>

### Legal & Industry Publications

This program includes:

- Risk Management articles for AAR publications, ASREB Journal and other publications
- Articles on emerging legal issues for AAR publications, ASREB Journal and other publications
- Arizona Real Estate: A Professional's Guide to Law and Practice*
- AZ Broker/Manager Quarterly
- Buyer Advisory
- Short Sale Seller Advisory
- Lease Owner's Advisory
- Tenant Advisory
- Legal information and risk management information on website (Short Sales blog, Scams & Frauds webpage)
- Spanish translations
- Risk Management brochures

Measurable objectives	Status
<ul style="list-style-type: none"> <li>Distribution of time sensitive legal and risk management information and articles</li> </ul>	<p style="text-align: center;"><b>Articles published on:</b></p> <ul style="list-style-type: none"> <li><b>Mueller Decision Overruled (Anti-Deficiency)</b></li> </ul>

	<ul style="list-style-type: none"> <li>• South Mountain Freeway</li> <li>• TILA-RESPA FAQs</li> <li>• Wire Fraud</li> <li>• Drone Updates</li> <li>• Expiration of Protecting Tenants at Foreclosure Act</li> </ul>
<ul style="list-style-type: none"> <li>• Deliver Arizona Broker/Manager Quarterly</li> </ul>	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> Qtr BMQ 02/13/15</li> </ul>
<ul style="list-style-type: none"> <li>• Maintain advisories as necessary : <b>Buyer Advisory, Short Sale Seller Advisory, Lease Owners Advisory, Tenant Advisory</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Revisions: Lease Owners Advisory 12/14, Buyer Advisory 12/14</b></li> </ul>
<ul style="list-style-type: none"> <li>• Maintain and update legal, risk management, fair housing, and international real estate content on AAR website as necessary</li> </ul>	<ul style="list-style-type: none"> <li>• <b>On-going</b></li> </ul>
<ul style="list-style-type: none"> <li>• Update written publications as necessary</li> </ul>	<ul style="list-style-type: none"> <li>• <b>On-going</b></li> </ul>
<ul style="list-style-type: none"> <li>• Promote use of legal &amp; industry publications</li> </ul>	<ul style="list-style-type: none"> <li>• <b>On-going</b></li> </ul>

### **Legal and Legislative Outreach and Education**

This program includes:

- Speaking/teaching at local associations and member firms on legal issues and new legislation.
- Program participant in legal components of Winter Conference, Broker University, Partners Conference, Leadership Conference, educational outreach and other association programs.

Measurable objectives	Status
<ul style="list-style-type: none"> <li>• Participation in legal and legislative programs</li> </ul>	<ul style="list-style-type: none"> <li>• <b>On-going</b></li> </ul>

### **Legislative Support**

This program includes:

- Provide input on industry issues
- Assist AAR lobbyist in drafting legislation
- Promote laws that reduce member liability
- Testify at the legislature as needed on legislative issues
- Inform members of legislative issues and changes in conjunction with the Legislative and Political Affairs Committee.

Measurable objectives	Status
<ul style="list-style-type: none"> <li>• Successful outcome in legislation supported and successful defeat of legislation opposed</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Advise on HB 2578 regarding construction defect litigation</b></li> <li>• <b>Advise on potential Independent Contractor legislation</b></li> </ul>

## **REGULATORY ISSUES**

This plan includes:

- Communicate with ADRE and other administrative agencies such as ADEQ, ADWR, DFI, and BTR on regulatory issues
- Review and make recommendations on proposed administrative rules or policy changes
- Serve on ADRE or other state agency committees, when available and appropriate
- Assist AAR CEO and lobbyist in drafting and testifying on proposed rules

<b>Measurable objectives</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>• Negotiation of reasonable regulatory rules and policies that are acceptable to AAR members and do not hinder their success</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Submitted letter to Commissioner Lowe on 4/22/15 regarding revisions to SPSs</b></li> <li>• <b>Submitted letter to State Bar regarding proposed unauthorized practice of law rule change on 4/28/15</b></li> </ul>
<ul style="list-style-type: none"> <li>• Maintain contact with ADRE Advisory Board</li> </ul>	<ul style="list-style-type: none"> <li>• <b>On-going</b></li> </ul>
<ul style="list-style-type: none"> <li>• Establish a regulatory agency workgroup</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Completed</b></li> </ul>
<ul style="list-style-type: none"> <li>• Establish an RMC ADRE Workgroup for the drafting and publication of joint articles</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Completed – Met on 4/7/15</b></li> </ul>

## **GENERAL PROGRAMS**

### **Support**

This program includes support programs including:

- Continuing education
- State and County Bar dues
- Resource subscriptions
- Staff attendance at legal, legislative and industry meetings
- Copying and postage

<b>Measurable objectives</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>• All tasks assigned by the Committee are completed, updates and information provided to members after Professional Standards, continuing legal education class or industry meetings. General printing/postage/supply funds provide the tools to accomplish the area's PPSAs.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>On-going</b></li> </ul>

**RELATED ACTIVITIES WITHOUT DIRECT COMMITTEE OVERSIGHT**

**Legal Counsel**

- Provide guidance to leadership and CEO on association legal concerns
- Review and advise on building/tenant issues and related contracts
- Review and advise on affinity agreements
- Prepare memoranda on legal issues as they arise
- Provide limited advice and guidance to local associations
- Respond to member inquires as appropriate

<b>Measurable objectives</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>• CEO, state leadership, committees and local association executives are informed on legal issues and questions satisfactorily answered.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>On-going</b></li> </ul>

**Litigation Support**

Related activities without direct committee oversight:

- Draft or coordinate the drafting of Amicus Briefs and monitor litigation and potential litigation or disputes in which AAR has an interest
- Legal research and evaluation of claims or issues
- Preparation of pleadings, memos and correspondence relating to claims or issues
- Coordinate with outside counsel in the representation of AAR on any claims or issues

<b>Measurable objectives</b>	<b>Status</b>
<ul style="list-style-type: none"> <li>• Successful outcome in litigation and dispute resolution.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>On-going</b></li> </ul>