AAR Risk Management Committee
2017 Business Plan

FROM: **Risk Management Committee (RMC)**
Chairman: **Evan Fuchs**
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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 – 8/18/17
- **Enhance dispute resolution services**
  - Administer the Buyer/Seller Dispute Resolution Program
  - Administer the Mediation and Ombudsman Programs
  - Professional Standards Workshop held on 2/8/17
  - Professional Standards Policy & Training Workgroup met on 6/29/16
- **Forms**
  - Draft Solar Lease / Solar Loan Assumption Addendum
  - Revise Residential Seller's Property Disclosure Statement
  - Revise Additional Clause Addendum
  - Revise On-Site Wastewater Treatment Facility Addendum
- **Legal Hotline Support**
  - Continue promotion efforts
- **Regulatory Issues**
  - Continue to work with ADRE
  - ADRE Advisory Board meetings - met on 8/23/17
  - ADRE TRID Partner's meetings – met on 8/9/17
  - ADRE unlicensed assistants meeting – met on 1/19/17
  - ADRE agent safety meeting – met on 2/15/17
  - ADRE Mobile/Manufactured Homes meeting – met on 8/15/17
- **Risk management education and information**
  - AZ REALTOR® Voice articles
  - AAR website articles and blogs
  - Scams & Frauds, Short Sales
  - Arizona Broker/Manager Quarterly – 9/1/17
  - Update Advisories – Revised Buyer Advisory – 8/17

RECOMMENDATIONS

None

PROFESSIONAL STANDARDS

Professional Standards Administration is the 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 Goals:

Measurable objectives	Status
• GVC: Prompt review of complaints	**- 2nd Quarter 2017 Filings** **Ethics = 31** **Arbitration = 11**
• PSC: Complete ethics cases promptly	**- 2nd Quarter 2017 Ethics** **Held = 11**
• PSC: Complete arbitrations promptly	**- 2nd Quarter 2017 Arbitrations** **Held = 3**
• Update PS policy adaptations as necessary	**- On-Going**
• Reinforce, on a continuing basis, AAR PS benefits and results	**- On-Going**

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

Measurable objectives	Status
• Facilitate mediation requests on a timely basis	**- 2nd Quarter 2017 Mediations** **Requested = 20** **Held = 14** **Successful = 6**
• Receive positive feedback from mediation evaluations	**- On-Going**
• Maintain list of qualified mediators	**- 17 mediators for 2017 Q2**
• Update mediation policies and procedures as necessary	**- On-Going**

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

Measurable objectives	Status
• Facilitate ombudsman requests on a timely basis	**- 2nd Quarter 2017 Ombudsman requests** **Filed = 21** **Out of Scope = 2** **Unsuccessful = 5** **Successful = 14**
• Receive positive feedback from ombudsman evaluations	**- On-Going**
• Maintain list of qualified ombudsmen	**- 13 Ombudsman for 2017 Q2**

• Update PS policy adaptations as necessary	**- On-Going**

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
• Offer PS Training for GVC and PS Committee	**- Professional Standards Workshop held on February 8, 2017**
• PS Policy & Training Workgroup meeting	**- June 29, 2016**
• Offer Mediator training	**- October 25, 2017**
• Offer Ombudsman training	**- October 25, 2017**
• Publish PS, Mediation and Ombudsman information	**- Quarterly Newsletter August 18, 2017**
• PS outreach to members	**- On-Going**

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
• Offer an effective Buyer-Seller Dispute Resolution program	**- On-Going**
• Recruit effective Buyer-Seller Dispute Resolution providers	**- On-Going**
• Ensure compliance of Buyer-Seller Dispute providers with program's directives	**- On-Going**
• Receive positive feedback from Buyer-Seller Dispute Resolution program evaluations	**- On-Going**

RISK MANAGEMENT

Forms Development This program involves:

Creation of workgroups
Drafting - Draft new forms as needed and revise current forms
Education - Forms information updates on website, emails and other communication vehicles.

Measurable objectives	Status
• Workgroups formed as necessary	**- Solar Lease/Loan Workgroup** **- On-Site Waste Water Treatment Facility Addendum Workgroup**
• Protect our forms copyright	**- On-Going**
• Forms drafted or revised for introduction in October 2017	**- Residential Seller's Property Disclosure Statement** **- Additional Clause Addendum** **- Solar Lease / Solar Loan Assumption Addendum**

• Deliver timely forms information/education	**- Post articles on aaronline.com, AAR blog and AZR Voice** **- Maintain Short Sale webpage** **- Maintain Scams and Frauds webpage**
• Develop an educational kit for teams on best practices and guidelines	**- Completed**
• Develop a customizable broker tool kit for management of teams	**- Completed**
• Promote and update a webpage that includes safety education, incident recordation and contemporaneous incident notification via a REALTOR® text alert system	**- Completed**

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

- Program maintenance and monitoring
- Review of letters of opinion/articles for publication

Measurable objectives	Status
• Promote Hotline usage	**- On-Going**
• Hotline to prepare ten Q&As on current issues/current "hot topics" six times per year for the Arizona REALTOR® Voice and AAR website	**- On-Going**
• Hotline to maintain statistics on number and types of calls in cooperation with AAR staff	**- On-Going**
• Hotline attorney to attend AAR Risk Management Committee or Workgroup meetings as requested	**- On-Going**
• Hotline attorney to review new or revised AAR forms and notify AAR of any legal concerns or recommendations	**- On-Going**
• Hotline attorney to consult with AAR General Counsel on legal issues as requested	**- On-Going**
• Evaluate Hotline program by surveying members	**- To be performed in 2018**
• Form Hotline Workgroup to evaluate program	**- Completed**

Industry Issues This program involves addressing current industry issues.

Measurable objectives	Status
• Maintain claims statistics to identify liability trends	**- On-Going**
• Foster alliances with defense attorneys and E&O carriers and mediators	**- On-Going**
• Monitor medical marijuana legal conflicts and keep members informed as the issue evolves	**- On-Going**

• Educate agents on potential ethical and legal liabilities associated with off-market listings and private listing clubs	**- Completed**
• Share with agents the dangers posed by social media	**- Completed**
• Increase promotion and education of RESPA-TILA changes; respond to changes and monitor	**- On-Going**
• Monitor cyber-fraud and cyber-security issues and keep members informed of risks, as well as policies and procedures members can implement to mitigate those risks	**- On-Going** **- Cyber Security Task Force formed**
• Monitor the Americans with Disabilities Act website accessibility issues and keep members informed as the issue evolves	**- On-Going**
• Collaborate with local associations, regional vice presidents and multiple listing services to identify risk management needs for members, associations and regions	**- On-Going** **- Event held March 30, 2017** **- Event held July 6, 2017**

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
• Distribution of time sensitive legal and risk management information and articles	**Articles published on:** **- Mobile/Manufactured Homes Law Changes and New Forms** **- Solar Lease / Solar Loan Assumption Addendum** **- Changes to the SPDS** **- Changes to the Additional Clause Addendum** **- Lis Pendens** **- Community Facilities Districts** **- Hackers Forwarding Emails** **- Broker Claims Survey Results** **- CFPB TRID Updates** **- Medical Marijuana and Tenant Leases** **- Copyright Law FAQs**

	- How Air Bases Affect Property Use **- Commercial Marijuana Dispensary Leases**
• Deliver Arizona Broker/Manager Quarterly	**- September 1, 2017**
• Maintain advisories as necessary: Buyer Advisory, Short Sale Seller Advisory, Lease Owners Advisory, Tenant Advisory	**- On-Going**
• Maintain and update legal, risk management, fair housing, and international real estate content on AAR website as necessary	**- On-Going**
• Update written publications as necessary	**- On-Going**
• Promote use of legal & industry publications	**- On-Going**
• Promote and continue to develop resources that assist brokers in operating a brokerage that is of value to the public, agents, and the real estate industry (i.e. risk management, legal hotline, etc.)	**- On-Going**
• Direct agents to their brokers	**- On-Going**

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
• Participation in legal and legislative programs	**- On-Going**

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
• Successful outcome in legislation supported and successful defeat of legislation opposed	**- Advise on sign law legislation** **- Advise on unlicensed assistant legislation** **- Advise on legislation pertaining to the sale of new mobile/manufactured homes by real estate licensees** **- Advise on anti-deficiency statute legislation**

	- Advise on legislation pertaining to the use of mandatory eviction action forms **- Advise on potential HOA licensing and related HOA legislation**
• Promote laws (legislative and case law), regulations, and standards of practice that reduce member liability	**- On-Going**

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

Measurable objectives	Status
• Negotiation of reasonable regulatory rules and policies that are acceptable to AAR members and do not hinder their success	**- Attended ADRE Unlicensed Assistants legislation meeting on January 19, 2017** **- Attended ADRE agent safety meeting on February 15, 2017** **- Attended ADRE TRID Partner's meeting on August 9, 2017** **- Attended ADRE mobile/manufactured homes meeting on August 15, 2017** **- Submitted letter to State Bar regarding Petition to Amend Rules 5(a), 5(b)(6), 5(b)(7) and add rules 13(h) and 20 of the Rules of Procedure for Eviction Actions on September 20, 2016**
• Maintain contact with ADRE Advisory Board	**- Met on August 23, 2017**

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

Measurable objectives	Status
• All tasks assigned by the Committee are completed, updates and information provided to members after Professional Standards,	**- On-Going**

continuing legal education class or industry meetings. General printing/postage/supply funds provide the tools to accomplish the area's PPSAs	

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

Measurable objectives	Status
• CEO, state leadership, committees, and local association executives are informed on legal issues and questions satisfactorily answered.	**- On-Going**

Litigation Support Related activities without direct committee oversight:

- Draft 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

Measurable objectives	Status
• Successful outcome in litigation and dispute resolution.	**- On-Going**