

AAR Risk Management Committee 2018 Business Plan

FROM: Risk Management Committee (RMC)
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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 – 12/29/17
- **Enhance dispute resolution services**
 - Administer the Buyer/Seller Dispute Resolution Program
 - Administer the Mediation and Ombudsman Programs
 - Professional Standards Workshop - 2/7/18
 - Professional Standards Mediator and Ombudsman training - 10/25/17
- **Forms**
 - Revise On-Site Wastewater Treatment Facility Addendum
 - Revise Commercial Real Estate Purchase Contract
- **Legal Hotline Support**
 - Continue promotion efforts
- **Regulatory Issues**
 - Continue to work with ADRE
 - ADRE Advisory Board meetings - met on 1/24/18
 - ADRE TRID Partner's meetings – met on 8/9/17
- **Risk management education and information**
 - AZ REALTOR® Voice articles
 - AAR website articles and blogs
 - Scams & Frauds, Short Sales
 - Arizona Broker/Manager Quarterly – 11/30/17
 - Update Advisories – Revised Buyer Advisory – 2/18

RECOMMENDATIONS

- **Approve for release in June 2018 a revised On-Site Wastewater Treatment Facility Addendum**

GROUPS CURRENTLY FORMED

- **Cyber-Security Taskforce**
- **On-Site Wastewater Treatment Facility Addendum Workgroup**
- **Commercial Real Estate Purchase Contract Workgroup**

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
<ul style="list-style-type: none"> • GVC: Prompt review of complaints 	4th Quarter 2018 Filings Ethics = 28 Arbitration = 8
<ul style="list-style-type: none"> • PSC: Complete ethics cases promptly 	4th Quarter 2018 Ethics Hearings Held = 7
<ul style="list-style-type: none"> • PSC: Complete arbitrations promptly 	4th Quarter 2018 Arbitrations Held = 1
<ul style="list-style-type: none"> • Update PS policy adaptations as necessary 	On-Going
<ul style="list-style-type: none"> • 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 Goals:

Measurable objectives	Status
<ul style="list-style-type: none"> • Facilitate mediation requests on a timely basis 	4th Quarter 2018 Mediations Requested = 14 Held = 6 Successful = 5
<ul style="list-style-type: none"> • Receive positive feedback from mediation evaluations 	On-Going
<ul style="list-style-type: none"> • Maintain list of qualified mediators 	17 mediators for 4th Quarter 2018
<ul style="list-style-type: none"> • 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 Goals:

Measurable objectives	Status
<ul style="list-style-type: none"> • Facilitate ombudsman requests on a timely basis 	4th Quarter 2018 Ombudsman requests Filed = 15 Out of Scope = 2 Unsuccessful = 5 Successful = 8
<ul style="list-style-type: none"> • Receive positive feedback from ombudsman evaluations 	On-Going

<ul style="list-style-type: none"> Maintain list of qualified ombudsmen 	15 Ombudsman for 4th Quarter 2018
<ul style="list-style-type: none"> 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 Goals:

Measurable objectives	Status
<ul style="list-style-type: none"> Offer PS Training for GVC and PS Committee 	Professional Standards Workshop held on February 7, 2018
<ul style="list-style-type: none"> PS Policy & Training Workgroup meeting 	Held when needed
<ul style="list-style-type: none"> Offer Mediator training 	October 25, 2017
<ul style="list-style-type: none"> Offer Ombudsman training 	October 25, 2017
<ul style="list-style-type: none"> Offer hearing panel chair training 	To be scheduled
<ul style="list-style-type: none"> Publish PS, Mediation and Ombudsman information 	Quarterly Newsletter sent December 29, 2017
<ul style="list-style-type: none"> 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 Goals:

Measurable objectives	Status
<ul style="list-style-type: none"> Offer an effective Buyer-Seller Dispute Resolution program 	On-Going
<ul style="list-style-type: none"> Recruit effective Buyer-Seller Dispute Resolution providers 	On-Going
<ul style="list-style-type: none"> Ensure compliance of Buyer-Seller Dispute providers with program's directives 	On-Going
<ul style="list-style-type: none"> 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 Goals:

Measurable objectives	Status
<ul style="list-style-type: none"> Workgroups formed as necessary 	<ul style="list-style-type: none"> On-Site Waste Water Treatment Facility Addendum Workgroup Commercial Purchase Contract Workgroup Cyber Security Task Force
<ul style="list-style-type: none"> Protect our forms copyright 	On-Going

<ul style="list-style-type: none"> Forms drafted or revised for introduction in February and June 2018 	<ul style="list-style-type: none"> Residential Lease Owner's Property Disclosure Statement 2/18 Additional Clause Addendum 2/18 On-Site Wastewater Treatment Facility Addendum 6/18
<ul style="list-style-type: none"> Deliver timely forms information/education 	<ul style="list-style-type: none"> Post articles on aaronline.com, AAR Blog and The Voice Maintain Short Sale webpage Maintain Scams and Frauds webpage
<ul style="list-style-type: none"> Promote and update the educational tool kit for teams and brokers on best practices and guidelines for management of teams 	On-Going
<ul style="list-style-type: none"> Promote and update a webpage that includes safety education, incident recordation and contemporaneous incident notification via a REALTOR® text alert system (ASAP) 	On-Going

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 Goals:

Measurable objectives	Status
<ul style="list-style-type: none"> Promote Hotline usage 	On-Going
<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> Hotline to maintain statistics on number and types of calls in cooperation with AAR staff 	On-Going
<ul style="list-style-type: none"> Hotline attorney to attend AAR Risk Management Committee or Workgroup meetings as requested 	On-Going
<ul style="list-style-type: none"> Hotline attorney to review new or revised AAR forms and notify AAR of any legal concerns or recommendations 	On-Going
<ul style="list-style-type: none"> Hotline attorney to consult with AAR General Counsel on legal issues as requested 	On-Going
<ul style="list-style-type: none"> Evaluate Hotline program by surveying members 	To be performed in 2018
<ul style="list-style-type: none"> Form Hotline Workgroup to evaluate program 	To be performed in 2018

Industry Issues This program involves addressing current industry issues.

Measurable Goals:

Measurable objectives	Status
<ul style="list-style-type: none"> Maintain claims statistics to identify liability trends 	On-Going
<ul style="list-style-type: none"> Foster alliances with defense attorneys and E&O carriers and mediators 	On-Going
<ul style="list-style-type: none"> As of 2018, monitor marijuana legal conflicts, solar, marketing service agreements, and comfort animals - Keep members informed as these issues evolve 	On-Going
<ul style="list-style-type: none"> Educate agents on potential ethical and legal liabilities associated with off-market listings 	On-Going
<ul style="list-style-type: none"> Share with agents the dangers posed by social media 	On-Going
<ul style="list-style-type: none"> Increase promotion and education of federal regulatory changes and enforcement; respond to changes and monitor 	On-Going
<ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> - Cyber Security Task Force formed - Wire Fraud Advisory drafted and released - Cyber Security Broker Policies and Procedures drafted and released - A flyer on steps to take if a victim of wire transfer fraud drafted and released
<ul style="list-style-type: none"> Monitor the Americans with Disabilities Act website accessibility issues and keep members informed as the issue evolves 	On-Going
<ul style="list-style-type: none"> Collaborate with local associations, regional vice presidents and multiple listing services to identify risk management needs for members, associations and regions 	On-Going <ul style="list-style-type: none"> - Events held on March 30, 2017 and July 6, 2017 - RVPs contacted on February 8, 2018

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 Goals:

Measurable objectives	Status
<ul style="list-style-type: none"> Distribution of time sensitive legal and risk management information and articles 	Articles recently published on: <ul style="list-style-type: none"> The Use of SWIFT Codes in wire transactions February 1, 2018 Forms Release National Risk Management Issues Fair Housing Anniversary
<ul style="list-style-type: none"> Deliver Arizona Broker/Manager Quarterly 	On-Going
<ul style="list-style-type: none"> Maintain advisories as necessary: Buyer Advisory, Short Sale Seller Advisory, Lease Owners Advisory, Tenant Advisory 	On-Going
<ul style="list-style-type: none"> Maintain and update legal, risk management, fair housing, and international real estate content on AAR’s website and in publications, as necessary 	On-Going
<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> Direct agents to their brokers 	On-Going
<ul style="list-style-type: none"> Direct members to AARonline.com for relevant risk management resources 	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 Goals:

Measurable objectives	Status
<ul style="list-style-type: none"> 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 Goals:

Measurable objectives	Status
<ul style="list-style-type: none"> Successful outcome in legislation supported and successful defeat of legislation opposed 	Advise on legislation pertaining to: <ul style="list-style-type: none"> Sign ordinances

	<ul style="list-style-type: none"> - The sale of new mobile/manufactured home by real estate licensees - Sober living facilities - The use of mandatory eviction action forms - HOA licensing and related HOA issues - Awarding attorneys' fees in construction defect cases
<ul style="list-style-type: none"> • 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 Goals:

Measurable objectives	Status
<ul style="list-style-type: none"> • Negotiation of reasonable regulatory rules and policies that are acceptable to AAR members and do not hinder their success 	- Request made to assist ADRE in drafting Substantive Policy Statement on Teams
<ul style="list-style-type: none"> • Maintain contact with ADRE Advisory Board 	Met on January 24, 2018

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 Goals:

Measurable objectives	Status
<ul style="list-style-type: none"> • 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 	On-Going

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 inquiries as appropriate

Measurable Goals:

Measurable objectives	Status
<ul style="list-style-type: none">• 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 Goals:

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