When Disaster Strikes: How to Prepare your Association

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BY THE NUMBERS – NATURAL DISASTERS

20% $91B

Business owners affected by natural disaster* The cost of natural disasters in the US in 2018**

* Nationwide Mutual Insurance Company’s 2018 annual survey of 1,000 business owners.
** National Oceanic and Atmospheric Administration Annual Report
BY THE NUMBERS – CYBER-SECURITY

$3.92M
Average cost of cyber-security breach in 2019*

*Ponemon Institute study, analyzing 507 breaches across 16 regions and 17 industries.

BY THE NUMBERS - SUCCESSION

$1,000,000
Estimated cost of replacing an executive during the first year after replacement.*

*Study conducted by Softscape, a maker of human capital management software.
BY THE NUMBERS

23% Business owners with a preparedness plan*

*B Nationwide Mutual Insurance Company’s 2018 annual survey of 1,000 business owners.

BENEFITS

- Business Continuity
- Faster Recovery
- Ensure Safety of Staff and Members
BEFORE THE DISASTER

Identify Risks and Mitigation Strategies

Specific Geographic and Personal Risks

COMMON RISKS AND MITIGATION STRATEGIES

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<th>RISK</th>
<th>STRATEGY</th>
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<td>Emergency Supplies</td>
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<td>Damage to Space</td>
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### COMMON RISKS AND MITIGATION STRATEGIES

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<td>Loss of Systems</td>
<td>Develop Business Continuity Plan</td>
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<td>Implement 3-2-1 Backup Plan</td>
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<td>Discuss Backup Options with Utility Companies</td>
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<tr>
<td>Financial Obligations</td>
<td>Establish Emergency Reserve</td>
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<tr>
<td>Loss of Suppliers</td>
<td>Identify Backups Now</td>
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<tr>
<td>Loss of or Injury to Executives</td>
<td>Include Succession Plan</td>
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Excerpt from 2019 Legal Education Seminar

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BEFORE THE DISASTER

Outline Processes and Policies

Put It in Writing

BEFORE THE DISASTER

Distribute Plan & Provide Training
**CRUCIAL ELEMENTS OF A DISASTER PREPAREDNESS PLAN**

- Inventory of Assets and Resources
- Analysis of Risks and Mitigation Strategies
- Detailed Processes and Policies to Follow in Event of Disaster
- Restoration Plan Following a Disaster
- Training Protocol and Routine Testing Procedure

**WHEN DISASTER STRIKES**

- Follow your plan
- Provide relevant and up-to-date information
- Communicate safety check protocol for staff and members
AFTER THE DISASTER

Help

AFTER THE DISASTER

Ways your Association can help – All Disasters:

- Request Assistance from Suppliers
- Request Dues Waiver from NAR
- Inform Members about Extensions to Licensing Deadlines
- Provide Information about Helpful Resources
AFTER THE DISASTER

Additional ways your Association can help – Natural Disasters:

✓ Partner with Relief Organizations
✓ Educate Members on Natural Disaster’s Effect on Transactions

EDUCATE MEMBERS ON NATURAL DISASTER’S EFFECT ON TRANSACTIONS

✓ Re-establish communications with clients
✓ Review Contract
✓ Review State Law
✓ File Homeowners’ Insurance Claims
✓ Communicate Issues with Lenders
NEXT STEPS

1. ACT NOW

2. DEVELOP PLAN AND PUT IT IN WRITING

SAMPLE PLANS AND CHECKLISTS

READY.GOV
Natural disasters

FLORIDA REALTORS®
Hurricane Preparation and Recovery Plan

NORTH CAROLINA REALTORS®
Planning for a Disaster
SAMPLE PLANS AND CHECKLISTS

SBA.GOV
Cyber-Security plan and Checklists for other disasters

EXECUTIVE TRANSITIONS
Succession plans

NEXT STEPS

6
INTEGRATE PLAN

7
SCHEDULE A CHECK-IN
NAR RESOURCES

CA Association of REALTORS® Disaster Relief - https://www.car.org/difference/realtorscare


Natural Disaster Insurance - https://www.nar.realtor/natural-disaster-insurance

Disaster Preparation Resources - https://www.nar.realtor/disaster-preparation-resources

REALTORS® Relief Foundation - https://www.nar.realtor/about-nar/grants-and-funding/realtors-relief-foundation


OTHER RESOURCES


American Red Cross Risk Assessment – https://www.readyrating.org/How-It-Works/5EssentialStepstoPreparedness

THANK YOU.

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CALL ME
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Transaction Guidance After Natural Disaster

August 30, 2017
Being an Agent, Working With Buyers, Working With Sellers, Closing

When disaster strikes a property during a pending real estate transaction, there are many important issues that must be addressed. The health and safety of everyone involved is of the utmost concern.

Be aware of these five issues so you can help your clients navigate their way through this difficult time.

1. Clients

   - Speak with your clients as soon as possible. Keep everyone advised as much as possible, both as to what is known and what is not known.
   - Don't panic, be patient, and try to encourage clients and customers to do the same. Many people are involved in this difficult situation, and you'll all need to work together to figure it out.

2. Contracts
Review the purchase agreement as most have provisions addressing damages that occur to the property prior to closing, and whether such damage occurs “in the ordinary course” or due to dramatic events like those you are now experiencing.

Contracts also ordinarily contain provisions addressing what happens when one or both parties cannot perform for reasons beyond his or her control. Typically the provision holds that such non-performance is not a default. This provision is sometimes called “Force Majeure” or an “Acts of God” clause.

The purchase agreement may also address under what circumstances a buyer or seller may change the closing date.

The seller and buyer are always free to work together to amend the contract and obligations thereunder based on any new circumstances.

3. Law

Apart from contractual provisions regarding loss or damage to property, state law may dictate which party – seller or buyer – bears the risk of loss during the pendency of a transaction. Check your state law (sometimes referred to as the Uniform Vendors and Purchasers Risk Act).

Consult an attorney if there is any ambiguity as to interpretation of the purchase agreement, compliance with the purchase agreement given the change in conditions, a desire to amend the existing agreement, or a question about compliance with state law.

4. Insurance

Advise your client to file a homeowners insurance claim, or at least notify the carrier of the claim, as soon as possible.

Document and inventory all damages in writing, photos, and video.

Keep records of everything you spend on repairs and replacements.

Helpful insurance filing tips are included in this article: "After Hurricane Harvey: Tips for filing an insurance claim" -- Paul Davidson, USA Today

For details on the National Flood Insurance Program (NFIP) claims process, visit File Your Claim on www.fema.gov.

5. Lending

Buyers should check with the lenders to determine how they will handle re-inspections or re-appraisals that may be required.

Sellers should notify their lender and inquire about fee waivers and deferment options.

Both parties should ask lenders about additional costs and or timeframes caused by the disaster, even if the property is not in a designated FEMA disaster area.

Additional Resources

NAR has compiled the list below of federal government resources to assist members when natural disaster strikes.

Additional Resources from the Federal Government on Natural Disasters