

When Disaster Strikes: How to Prepare your Association

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BY THE NUMBERS – NATURAL DISASTERS

20%

Business owners
affected by natural
disaster*

\$91B

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*



12%

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

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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

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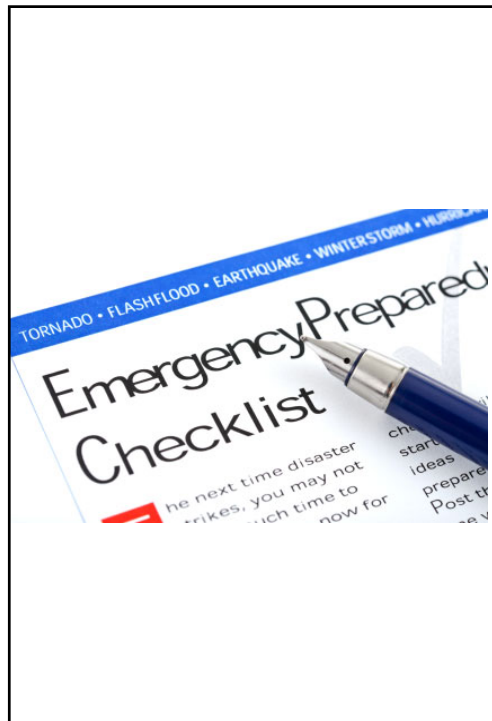
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BY THE NUMBERS

23%

Business owners with a preparedness plan*

* 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

RISK

STRATEGY

Safety of Members



Emergency Supplies

Check-in Policy

Damage to Space



Policy for Working Remotely



COMMON RISKS AND MITIGATION STRATEGIES

RISK

STRATEGY

Loss of Systems



Develop Business Continuity Plan

Implement 3-2-1 Backup Plan

Discuss Backup Options with Utility Companies



COMMON RISKS AND MITIGATION STRATEGIES

RISK

STRATEGY

Financial Obligations



Establish Emergency Reserve

Loss of Suppliers



Identify Backups Now

Loss of or Injury to Executives



Include Succession Plan



BEFORE THE DISASTER

Outline Processes and Policies

Put It in Writing



BEFORE THE DISASTER

Distribute Plan & Provide Training



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>

NC REALTORS® Planning for a Disaster - <https://www.nar.realtor/sites/default/files/documents/planning-for-a-disaster-nc-realtors.pdf>

FL REALTORS® Hurricane Preparation and Recovery Plan - <https://www2.floridarealtors.org/tools-research/hurricane-preparation-guide>

Transaction Guidance After Natural Disaster- <https://www.nar.realtor/transaction-guidance-after-natural-disaster>

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>

REALTOR® Safety Network Policy - <https://www.nar.realtor/safety/realtor-safety-network-policy>



OTHER RESOURCES

Sample Natural Disaster Plans – Ready.gov:

https://www.ready.gov/sites/default/files/documents/files/EmergencyResponsePlan_Oct2012.pdf

Sample Cyber-Security Plan – Sba.gov: <https://www.sba.gov/business-guide/manage-your-business/prepare-emergencies>

Sample Succession Plan – CompassPoint Executive Transitions:

https://www.compasspoint.org/sites/default/files/documents/520_emergencysuccessionplanmo.pdf

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

Ready Business Program Helpful Videos – <https://www.ready.gov/business>



THANK YOU.

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Citysqwirl/iStock / Getty Images Plus / Getty Images

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](#)