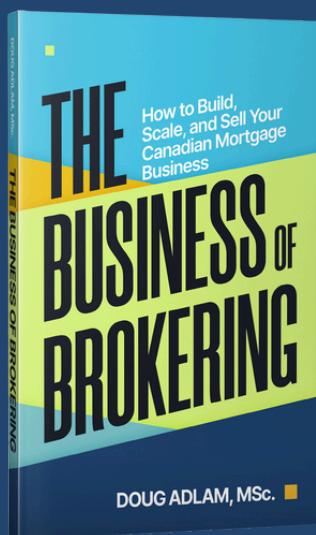


## *Chapter 18 – Worksheet*

# Risks, Liabilities, and Lawsuits



# 1) Quick Risk Pulse Check (2-minute scan)

Rate each area 1 (high risk) to 5 (excellent). Circle or type your score and jot one note.

Area	Score (1–5)	Top Gap / Concern	Immediate Next Step
Compliance & Licensing			
Client Documentation & Disclosures			
Broker/Team Agreements			
E&O Coverage & Insurance Fit			
SOPs & Process Consistency			
Data/CRM Hygiene & Audit Trail			
Private/Alt Lending Controls			
Training & Supervision			
Incident/Crisis Readiness			
Reputation & Public Reviews			

# 2) Risk Register (Working Log)

Capture known or suspected risks, their impact, and owners. Review weekly.

Risk / Scenario	Category (Legal/Reg/Operational/ Reputation)	Likelihood (L/M/H)	Impact (L/M/H)	Controls in Place	Mitigation / Action	Owner & Due Date

### 3) Compliance Foundations Checklist

Mark ✓ when complete; add notes where gaps exist.

- Up-to-date licensing for all brokers/assistants; roles aligned to license scope
- Policies & Procedures Manual current, acknowledged, and accessible
- Client-facing Agreement of Understanding in use on every file
- Product-specific disclosures tailored to file (not generic) and filed in CRM
- Broker audit trail (notes, call summaries, key emails) captured in CRM
- Pre-funding compliance review completed on every file
- Complaint-handling policy + log maintained; escalations defined
- Regulatory updates tracked and communicated; SOPs updated accordingly

### 4) E&O Coverage Self-Audit

Confirm the policy matches your actual activities and that team understands boundaries.

- Policy explicitly covers all activities (private/alt/commercial, broker-led underwriting where applicable)
- Exclusions reviewed; high-risk activities mapped to SOPs or prohibited
- Deductibles and claim process documented; who reports, to whom, and when
- Brokers trained on how deviations from SOPs may jeopardize coverage
- Annual broker attestation that they understand policy scope and SOPs

## 5) SOP Maturity Scan (Core Workflows)

Score 0–3 (0 = none, 3 = documented, trained, audited). Note last audit date.

Workflow	Score (0–3)	Link/Location	Last Audit (Date)	Gap / Next Action
Client onboarding & KYC				
Document collection & verification				
Product recommendation & disclosures				
Application submission & notes				
Conditions & pre-funding review				
Closing & post-close communication				
File storage & retention				
Referral ask & review capture				
Private/Alt lending additional controls				

## 6) Documentation Audit (Sample 5–10 recent files)

Spot-check files and record findings.

File ID	Agreement of Understanding	Tailored Disclosures Present	CRM Notes (Key Advice)	Pre-funding Check Complete	Issues / Remediation

## 7) Training & Supervision Log

Record cadence, topics, attendance, and follow-ups.

## 8) Crisis Response Playbook (Print & Post)

Who does what in the first 24 hours? Fill this with names and contacts.

Incident Lead (internal)	
Client Communications Lead	
Regulator/Lender Liaison	
Documentation Lead (CRM/legal hold)	
External Counsel (name/phone/email)	
E&O Claims Contact (policy #)	

## Initial Steps Checklist:

- Pause outbound statements; gather facts and timeline
- Lock file & preserve records (legal hold)
- Notify leadership, counsel, compliance, and E&O (as advised)
- Prepare neutral client acknowledgment; avoid admissions until counsel review
- Draft corrective action plan and internal memo

## 9) Red Flags Watchlist (Investigate immediately)

- Unsigned or outdated client agreements
- Missing or generic disclosures on non-standard products
- Brokers operating outside license scope or SOP
- Duplicate lender submissions / unclear client commitments
- Inconsistent CRM notes; important advice not documented
- Complaints trend on the same step (e.g., penalties, timelines)
- Private deals with vague terms or informal paperwork

## 10) 90-Day Risk Reduction Plan (Top 5 Initiatives)

Initiative	Why it Matters (Risk Reduced)	Milestones	Owner	Deadline	Status

## 11) Leadership Attestations

Complete quarterly. Sign to confirm review and action.

- I reviewed the Risk Register and prioritized mitigation actions.
- I verified E&O coverage scope aligns with current activities.
- I spot-audited at least 5 files for documentation quality.
- I confirmed SOPs exist for all core workflows and set audit dates.
- I scheduled/held compliance training and logged attendance.
- I verified the Crisis Response Playbook is current and posted.

• Signed: \_\_\_\_\_ Date: \_\_\_\_\_