

Mortgage Bankers Association Legal Issues

DISASTERS: PREPARED FOR DISASTER ISSUES?

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What Kind of Disasters are Usually Contemplated?

- Limited in time
- Limited in scope/geography
- Limited in cost
- Limited in disruption

But the REAL DISASTER that few prepare for involves

- Not a building
- Not even the blocks around a building
- But rather an **entire city**

In La., an area seven times the size of Manhattan flooded



But hurricanes
are NOT the only disasters
that can shut down a city for
more than a few days

- Pandemics
- Massive and sustained power outages
- Earthquakes

A TRUE STORY

- Our firm has 250 employees in New Orleans
- As a result of the hurricane:
 - 1/3 lost everything
 - 1/3 had "minor" damage
 - A foot or two of water from the levee breaks
 - A tree through the roof with water pouring down
 - 1/3 relatively intact
- EVERYONE:
 - Had family members who lost everything
 - Left New Orleans with 1-3 days worth of clothing
 - Did not bring with them any personal papers
 - Insurance
 - Prescriptions
 - Financial info
 - Had no electricity in their homes for 3-12 weeks!!!

A TRUE STORY

- **Friday, August 26**
 - Secure New Orleans office and protect all electronics
- **Saturday, August 27**
 - Mandatory Evacuation ordered
 - Put deposits down on 70 apartments
 - Shift of IT department to Dallas
 - Activate computer back-up plans
- **Sunday, August 28**
 - Start attempts to locate employees
 - Lease of additional 14,000 square feet
- **Monday, August 29: HURRICANE HITS**
 - Levees break

A TRUE STORY

- **Tuesday, August 30**
 - No computers available from Texas to Florida
 - No hotel rooms available throughout LA or MS
 - We put 2 college students on a plane to Chicago
- **Wednesday, August 31**
 - Health/Mental services counselors brought in
 - Clothing drive for those with nothing
 - Banks contacted for lines of credit for employees who might need it
 - Computers set up
 - Temporary Offices set up
 - Email Activated
 - All electronic documents available
 - New Orleans attorneys up and running
 - Clients are contacted
- **Monday, September 5**
 - Two buses sent with armed guards
 - Critical physical files obtained

Questions:



- What is your **firm's** Disaster Plan
- What are the Disaster Plans of each of your **clients**?

AUTHORITY

- outside area of threat
- "no time for committees"
- team's mood is critical
 - upbeat, positive, optimistic, confident
- demand confidence

PEOPLE

- take care of your people
 - living arrangements
 - support for your people
 - "store"
 - hugs

CLIENTS

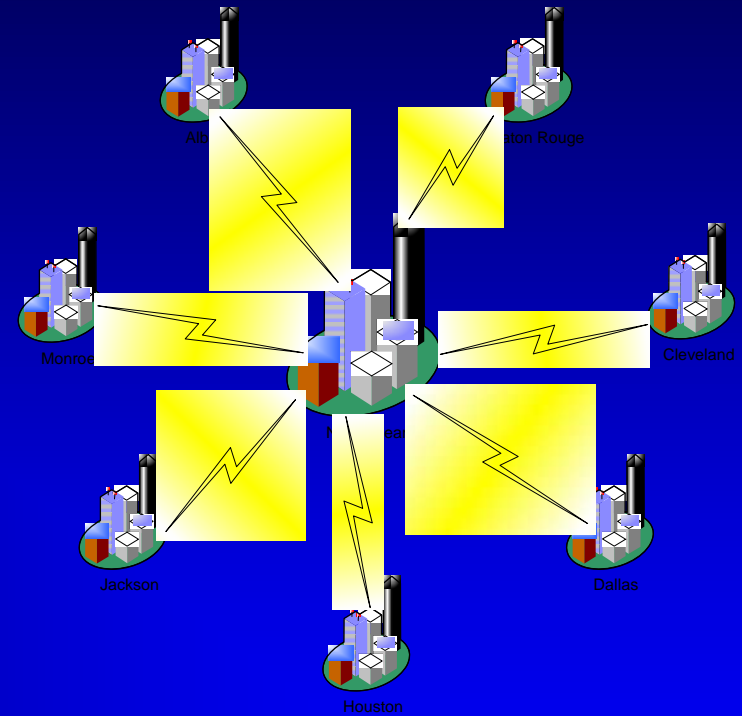
- call them
- media coverage vs. ads
- mail
- true partners in business

OPERATIONS

- premises
- technology
- physical documents

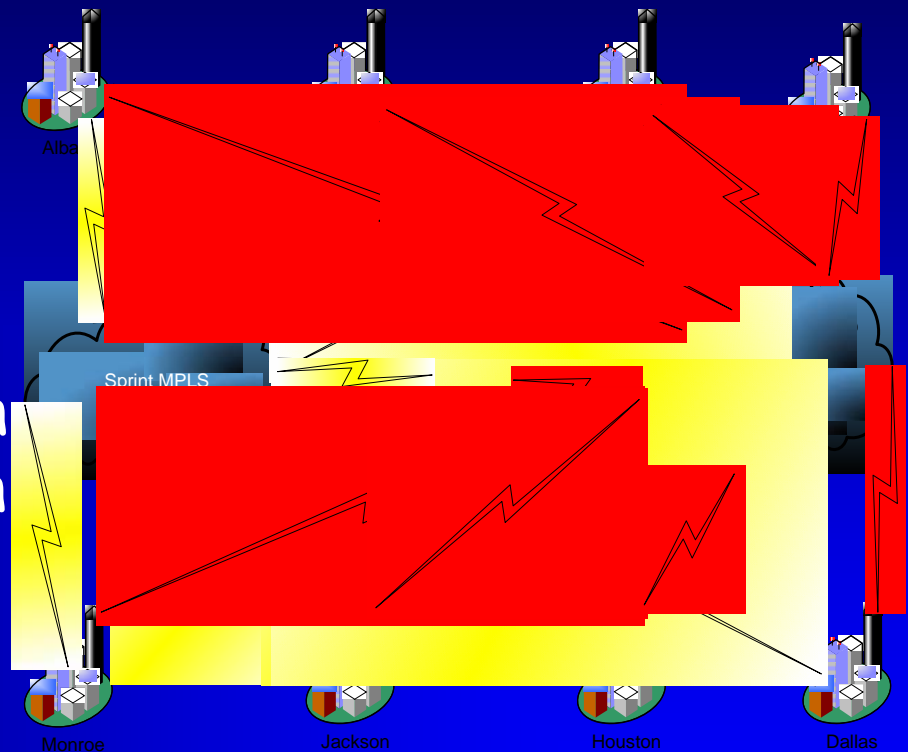
Original Configuration

- WAN configured with "hub and spoke" design with New Orleans as the center
- If New Orleans was down, all interoffice communications were down



Current WAN Configuration

- Dual MPLS networks
- Allows office to continue functioning even when primary link is down
- Add co-location facility



VENDORS

- true partners in business

FINANCE

- extra costs for employees
- bank relationships
- insurance
 - business interruption
 - outside claims consultants
 - point person
- costs/revenue

COMMUNICATION

- to your people
- to your clients
- to your vendors
- to your banks
- to your families
- one voice/one message

RETURN

- in teams when ready
- orderly
- people who go anyway

POST STORMS

- diversified
- mobility
- continual support
- disaster planning implementation
- trauma lingers

GOOD THINGS

- stronger relationships internally/externally
- battle tested tough
- confidence in firm