HOME MARKETING ASSISTANCE PROCEDURES

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Home Marketing Assistance Overview

OBJECTIVE

To provide the participants with a clear understanding of Home Marketing Assistance and to define the needs and expectations of their role in working with Cartus to successfully generate transferee sales.

WHAT IS HOME MARKETING ASSISTANCE?

- The purpose of Home Marketing Assistance is to assist the transferee and the transferee’s listing agent in timely marketing of the transferee’s house in order to obtain the best possible sales price in the least amount of time.

WHERE DID THE AMENDED SALE COME FROM?

- Traditional home marketing assistance involves a buy-out offer that is typically based upon the average of two appraisals. Acceptance by the transferee of a buy-out results in a “regular” transaction (inventory).
- If the transferee sells the property and submits the closing costs to his/her employer for reimbursement, this type of transaction is called “Direct Reimbursement.”
- An Amended Sale Program includes a buy-out offer. If the property sells prior to the transferee accepting the buy-out, the transferee assigns that sale to a third party; this process avoids the direct reimbursement. In order for the transferee to avoid putting money out of pocket at closing, the third party invoices the employer for the costs. In most cases, the transferee never signs any document with the buyer.
- IRS 72-339 states the following: If, due to relocation, an employer reimburses an employee for expenses related to the sale of a property, that reimbursement constitutes taxable income to that employee.

The 11 Step Amended Sale Program details the requirements, as recommended by the Employee Relocation Council (ERC), to minimize income tax exposure for the transferee and the expense of the gross-up for the employer.

- There must be two distinct and separate transactions: Transferee to Cartus and Cartus to the outside buyer. The transferee may negotiate a sale with an outside buyer but s/he can not be named on or sign the sales contract. The transferee’s name cannot appear anywhere on the contract. Cartus contracts with the transferee based upon the price established by the sale. The outside buyer then contracts with Cartus “subject to becoming contractual owner” creating two distinct and separate transactions.
Since no commission is due and payable on the sale between the transferee and Cartus, there is no tax liability to the employee or the employer.

An assigned sale differs from the amended sale in that the transferee does execute the sales contract and “assigns” the sale to Cartus for closing. Equity is typically paid prior to closing with a second check subsequent to closing if needed. In actuality, this does not qualify for tax-exempt status even though some clients treat it as such.

WHAT ARE THE BENEFITS OF HOME MARKETING?

What are the benefits to the client?

- Higher transferee satisfaction when the house sells.
- Home Marketing encourages the transferee to become more actively involved in the marketing and disposition of the house.
- Home Marketing provides a clear alternative to a buy-out program while enhancing existing buy-out programs.
- There is a clear cost saving to the client for an amended/assigned sale versus inventory costs.

What are the benefits to the transferee?

- Transferees are confident that they received the best possible price from the open market.
- Transferees avoid the additional income taxes generated by direct reimbursement.
- Transferee does not need to be present at the closing.
- Transferee receives objective advocacy from an experienced Real Estate Specialist to ensure a consistent marketing effort from the listing agent.

What are the benefits to the listing agent?

- The Home Marketing Program provides a listing opportunity that the agent might not have otherwise had.
- Lower marketing costs to the listing broker versus carrying the house in inventory.
- An experienced relocation professional assists the agent through the nuances of a relocation transaction.
- The Real Estate Specialist will serve as a partner to the agent in advancing and supporting the agent’s marketing action plan to the transferee.
THE REAL ESTATE SPECIALIST AND THE REAL ESTATE AGENT:

Who will I be talking to at Cartus?

There are multiple methods of service delivery to the transferee for Home Marketing Assistance. In each case the goal is to help the transferee sell their home in the shortest period of time, avoiding the employee from having to take the corporate buyout and the home coming into inventory. In the two primary service delivery models, the CSC receives the marketing assistance recommendations from the RES and delivers them to the transferee, or the RES delivers the recommendations directly to the transferee. In each service delivery method the following roles at Cartus are involved in the process:

- The Welcome Center Specialist is the first point of contact for the transferee and is responsible for selling the value of the Cartus Broker Network, gathering Critical to Quality Data (CTQ) from the transferee, and placing referrals via Broker Center.

- The Client Services Consultant (CSC) is the primary service provider to the transferee for all Cartus services, and responsible for administering the policy components of the relocation program.

- The Real Estate Specialist (RES) works with the listing agent to monitor the success of the property marketing action plan, while the CSC helps position options and recommendations to the transferee.

- The Real Estate Specialist (RES) will contact the broker to confirm the order for the BMA and/or for a listing presentation.

- The Real Estate Specialist (RES) is the primary interface with the transferee’s listing agent, until an outside sale is accepted.

- In most cases at various points in the process, the agent will talk to the CSC, the CC, and/or the RES. Any client-specific processes will be spelled out in the initial conversation with Cartus.

- Once there is an accepted offer, the Contract Coordinator (CC) partners with the Consultant and the agent to obtain any missing required documents.

- Once the contract is signed by the Client Services Consultant (CSC) the file is transferred to the Regional Closing Office (RCO) who will be the main contact for the agent/Broker Relocation Department in the transaction until closing.
Home Marketing Assistance Process

The first step in the process is the initial call by Cartus’ Welcome Center. The Welcome Center is based out of the Irving, TX office and was established to ensure the customer is contacted within 24 hours of receiving the authorization from the client. If the customer is not listed, the Welcome Center will place the referral with the Network Broker.

The call from the Welcome Center covers the following:

- Is your house currently listed? With whom? For how long?
- Is your house listed at the recommended BMA list price?
- If you are not listed, may we recommend a qualified agent to you?
- When did you purchase your house? How much did you pay?
- Why did you purchase your house? Would you purchase it again?
- Have you had any showings? What was the feedback?
- What do you think a buyer will pay for your house?
- Tell me about your house.
- Are there any other houses like yours on the market? Any new construction competition?
- At what prices are these houses listed?

During the initial call to the transferee, the Client Service Consultant (CSC) also explains both client policy and Cartus’ role in the relocation process.

Client policy has a significant impact on the transferee’s motivation to participate in a Home Marketing Assistance program. Client policies vary greatly from one another with regard to the benefits offered to the transferee and some clients have tiered policies. Several possible policy items that will affect a transferee’s motivation level are:

- Sales incentive: when the employer provides a cash incentive to the transferee for selling the house prior to accepting a company buy-out offer.
- Mandatory listing period: when a transferee must actively market the house for “X” amount of time before s/he qualifies for a buy-out or other policy components.
List price limitations: when, in order to qualify for certain policy benefits, a transferee must list the property for a given period of time and set the list price inside a specified percentage of either the buy-out offer or the recommended list price from the BMA.

Temporary living: when the transferee has benefits that permit him/her to establish a temporary residence in the new location while his/her family remains in the old location. This allows the transferee to continue marketing the departure property while personally residing in the new location; this allows the transferee to be engaged and productive in her/his new job.

Duplicate housing: a policy benefit whereby, if a transferee purchases a house in the new location prior to selling the old house, the employer pays for carrying costs associated with the old location; this prevents the transferee from having duplicate expenses. Typically, this benefit is linked to a requirement that the transferee must continue to market the departure property.

Buyer Value Option: this is a program for which the transferee receives a buy-out only in conjunction with an outside sale. No appraisals are done to determine value. The buy-out offer price to the employee is equal to the negotiated sale amount.

Equity advance: this is a program that advances a specified percentage of the transferee’s equity, prior to selling the departure house, in order for the transferee to purchase a new house. Typically, this advance is either a low interest or no interest loan from the transferee’s employer.

The primary service offered is Home Marketing Assistance. Typically in years past, relocation came from a promotion. In today’s environment, a large percentage of the moves are lateral moves. In some cases, this will moderate what policy components the employer provides to the transferee. In some cases, if the move is requested by the transferee, the client may offer minimal assistance.

It is important to remember that either Cartus and/or the employee’s Human Resources department are the appropriate parties to review and explain the impact of the transferring employee’s policy provisions. The listing agent should avoid discussing these issues with the transferee. If questions arise, the listing agent is expected to refer the transferee back to the Client Services Consultant (CSC).

What is the Network broker required to do?

The Real Estate Specialist contacts the Relocation department through Broker Center and notifies the assigned broker of the client assignment parameters and BMA requirements. If a referral confirmation does not occur, a Cartus representative follows-up to attain this confirmation.

If the home is not yet listed, the RES asks the broker to complete a BMA which utilizes the following process:
SITUATION | ORDER BMA
--- | ---

If Home Marketing Assistance is **NOT** a service for this client:

a.) At the time of the initial call made by the CSC, the transferee is listed | No.
b.) At the time of the initial call made by the CSC the transferee is not listed | Yes, assuming there is a listing opportunity for the Network Broker.

If Home Marketing Assistance **IS** a service for this client:

a.) At the time of the initial call made by the CSC the transferee is listed | Yes. The Real Estate Specialist (RES) will order a BMA from the listing agent. No other BMAs will be ordered.
b.) At the time of the initial call made by the CSC, the transferee is not listed | Yes. The RES orders one BMA from the Network Broker. If the transferee has a specific broker in mind other than a Network Broker, the RES orders a BMA from the Network Broker and a BMA from the broker requested by the transferee.

*Please note if a client policy is different from the procedures outlined above, Cartus will follow the procedures as requested by the client*

**Which form should be used?**

🧠 The primary form to be completed for a BMA is the Cartus BMA form. A copy is included in this section as *Exhibit A: Broker Market Analysis*. The current form can also be located in the Forms Library section of Broker Center.

*Always consider that any BMA value represents both your agent’s and your company’s commitment to attain, on behalf of both the client and the transferee, the expected sales price in your marketplace for the home.*

🧠 If the property is not yet listed, two network brokers are given the opportunity to do a listing presentation to the transferee. Regardless of which broker procures the listing, the listing agreement between the broker and the transferee must include The Cartus Exclusion Clause.
Listing Exclusion Clause Sample:

1. The real estate agent/broker expressly acknowledges and agrees that the seller(s) hereby has the right:
   a. To sell the property to Cartus Services Corporation or any affiliate of Cartus Services Corporation (Cartus) at any time, and in such event, this Listing Agreement is deemed cancelled with no obligation for payment of a commission or continuance of the listing thereafter;
   b. To turn over or assign any acceptable written offer hereunder to Cartus for negotiation, completion and closing, with payment of commission being the obligation of Cartus.

No commission or compensation shall be earned by, or be due and payable to, the real estate agent/broker until a sale has been consummated, the deed delivered to the buyer(s), and the purchased price delivered to the seller(s)/owner(s) or to Cartus.

No monies above and beyond the percentage commission rated specified in the listing agreement will be paid to the real estate agent/broker for any reason.

2. The real estate agency and the Realtor understand, acknowledge and agree that a referral fee shall be due Cartus upon the closing of the sale of the subject property. The terms and conditions of the referral agreement are identified within your company Strategic Alliance Agreement and is placed by Cartus and confirmed by you Relocation Department in Broker Center.

Note: This clause must be incorporated into your listing agreement as part of the listing agreement contract, or incorporated as a named addendum to the listing agreement contract.

The listing exclusion clause must be signed and made part of the original listing agreement with the transferee. This allows the transferee to accept the buy-out offer (when available) without the expense of paying the commission.

When an amended (outside buyer) sale is achieved, the exclusion clause remains active. When the transferee accepts the buy-out offer, which is based upon the amended sale value, the old listing agreement becomes null and void. In order to receive a commission at closing, the listing agent then executes a new listing agreement with Cartus.

The next step in the process involves is the initial call from the /Real Estate Specialist to the transferee’s listing agent. The RES collects the following information:

- At what price is the property currently listed?
- When was it listed?
- What is the total commission? What is the commission split? Are both of these normal and customary percentages in this market area?
Is the current list price consistent with your recommended list price?

What comparable listings and sales did you use to establish the recommended list price and expected sales price?

How many listings are in direct competition?

How many sold in the last 30 days?

What was the average market time?

Are there any issues with the condition of the house?

How many showings occurred to date?

Who is the target buyer?

What is the market feedback from the showings?

The Real Estate Specialist asks the listing agent to provide a copy of the BMA completed for the transferee. If the listing agent did not use the Cartus BMA, the RES may request an updated BMA completed on this form. The RES will request interior & exterior photos, a copy of the MLS print out and advertising copy.

The Real Estate Specialist discusses the roles and responsibilities of everyone involved in the relocation process surrounding the sale of the departure home. In addition, the RES sets the following expectations with the agent:

Marketing updates are requested at a minimum of every 14-business days; the marketing updates may be event-driven instead. The updates should cover the following information:

- Results of the last 14 days marketing efforts
- Number of showings
- Number of second showings
- Feedback from the showings
- Current status of the comparable listings utilized in the original BMA
- Any new, significant comparable sales
- The reason why the other house(s) sold prior to ours
- Any significant changes in the market and the reasons for these changes
- The recommended marketing strategy for the next two weeks
- A description of what must be done to sell this house in 30 days

A Marketing Update form is provided in the initial broker package that comes from Cartus. In addition, this document is available in the Forms Library of Broker Center. This feedback should emailed into the Real Estate Specialist. The RES will call to discuss the information presented.
The listing agent must follow the amended sale procedures. This agent is expected to give special attention to this process in order to ensure that the transferee is neither listed as the seller nor signs the contract of sale.

Sell the house.

What is Cartus’ role?

The Real Estate Specialist reviews the BMA(s) with the agent(s). The RES discusses any available feedback from the transferee. The RES asks the agent to profile the prospective buyer and create a property action plan. The RES and the agent collaborate on any additional ideas.

The agent should consider the following key questions in order to develop this plan:

- What can I do to obtain the best possible sales price?
- What will Cartus do to help me sell this house?

When preparing to list the property, a successful real estate agent will have already asked the transferee these questions.

With the answers to these questions, the agent can focus on proper pricing and buyer targeting.

The answers to these questions help the transferee see his/her house from a buyer’s perspective.

The Real Estate Specialist and the Client Services Consultant work with and support the agent regarding the review with the transferee of the agent's recommended marketing strategy. It is important for Cartus and the agent to maintain mutual support between both parties; we partner with each other to accomplish our common goal: selling the house.

When the transferee accepts an offer, what is the process involved for Cartus to sign this offer?

- The contract must be properly and completely filled out.
  
  - Cartus Corporation must appear as the seller.
  
  - If applicable, the purchaser must execute the Cartus State Sales Contract
  
  - If there is no applicable Cartus State Sales Contract or if the prospective buyer erroneously uses the local contract, the buyer(s) must execute the Cartus Standard Addendum as part of the sales contract
  
  - All operative clauses in the contract should be completely filled out.
The inspection period should be within no more than 10 days of acceptance.

The loan approval period should be within 30 days.

The attorney review period, if applicable, should be within 3 days.

Personal property should be clearly and specifically itemized.

The transferee’s name should not appear anywhere on the contract of sale. Cross-outs during negotiations are acceptable as long as the buyers’ initials appear next to the cross out.

The transferee must never sign the contract of sale. Doing so ties the transferee to the outside sale, voiding compliance with the 11 Step Amended Sale process, and eliminating the tax protection status of the transferee’s sale to Cartus.

The buyer should have signed and initialed all operative clauses and changes. The goal is to have Cartus sign the contract as the final, necessary party that ratifies the accepted contract.

The buyer(s) must be pre-qualified or pre-approved and the letter included with the contract

Cartus does not agree to mediation or arbitration.

Cartus does not agree to any pro-rations or escrows that survive the closing

Cartus does not customarily agree to any contingent sale (sale based on the sale of the buyer’s home)

In order to accept a contingency on closing the property, Cartus must have and review all supporting sales documents including all buyers’ pre-qualification letters.

The closing date and the possession date shall be one and the same

The buyer must initial and sign, as appropriate, the Cartus Seller’s Real Estate Disclosure (SRED)

All contracts are negotiated subject to Cartus approval and subject to Cartus becoming the contractual owner of the property

- Cartus is selling a house we do not own
- Cartus could void the contract if the house cannot be purchased under the client’s policy (structural, environmental or title defect) based on that contingency
- A client may have a one or two deed process
♦ In the case of a one-deed process, Cartus will only go into title in the following cases:

1. The transferee is leaving the country
2. The property has been in inventory for a year
3. Certain divorce situations

♦ In the case of a two-deed process, Cartus will always go into title. However, in those cases where it is anticipated that the closing will occur within 30 days, in order to save recording or transfer fees charged in some states, the deed filing may be delayed.
Home Marketing, SWAT Calls, & "Team Pricing"

SUBJECT: PROCESS FOR MANAGING CARTUS CORPORATE AND GOVERNMENT HOME MARKETING FILES

The primary goal of Cartus Home Marketing Service is to reduce overall client program costs by increasing the number of homes sold to an outside buyer during the customer’s marketing period. The slowdown in most markets across the country has re-emphasized the importance of initial pricing and comprehensive marketing strategies throughout the listing period. Cartus recognizes the contribution our Network Brokers provide in achieving our mutual goals of driving amended sales and minimizing inventory impact to our clients. To that end, the following processes are to be utilized to increase the involvement of our Broker Network Relocation Departments throughout the Home Marketing Process.

Requirements:

1) Utilize Activity Reports for all Home Marketing files based on the events of:
   a. Initial Contact/Listing Presentation (to be completed by the Agent)
   b. BMA Review Report (to be completed by your Relocation Department)
   c. Bi-Weekly Activity Report Review (to be completed by your Relocation Department)

* Important: Agent should continue to send the Marketing Update Reports directly to their Cartus contact, and provide a copy to your Relocation Department for review and completion of the template. (Agent responsibilities are also noted on the attached Bi-Weekly Activity Report template).

2) Institute “Team Pricing” practice for listing presentations

   a. Branch or Assistant Manager or Relocation Director shall attend listing presentation with the Agent.
   b. Exception: Brokers meeting the 4% variance requirement for BMA results are exempt from this requirement

3) Conduct SWAT Marketing Call on “Cartus selected properties” at the 45 day marketing point.

   a. Purpose of the call is to reassess marketing efforts and set on-going strategies.
   b. Expected participants on the call will be: Relocation Director or Manager who attended the listing presentation, Cartus contact (which may include manager or senior), and Listing Agent.

The following process directions and training materials will help you to implement the above required strategies.

1) Home Marketing Activity Reports with directions * (see Exhibit D)

2) Process directions and pre-conference marketing questions for the 45 day SWAT Marketing Call (see Exhibit E)

*Activity Report masters & corresponding information can be found on www.Cartusnetworks.com, in the Broker Center Forms Library and for Relocation Specialist Software users of Relocation Specialist.

For questions on our new requirements and corresponding processes, please contact your Cartus Supply Chain Management Representative.
High-end Properties: Marketing Strategies and Agent Expectations

Effectively immediate, agents servicing high-end homes (i.e. greater than $1M) on behalf of our customers, clients, and Cartus must meet or exceed the following expectations:

Agent Criteria and Expectations:

- Minimum 2 years sales experience
- Written recommendation from Branch Manager
- Connected within community
- Connected within high end agent community
- Attends/receives high end networking opportunities, lunches, and communications.
- High-end agent versus A-Team agent.
- Assigned Relocation Assistant to coordinate and manage Cartus processes, and provide exceptional customer service to Cartus customers and Cartus staff.
  - Set expectations for the client and Cartus i.e. days on market for high end homes, advertising, customized marketing plan
  - Exceptional communication with Cartus staff and customers i.e. market trends, strategies, etc
  - Available and accommodating to client needs.

High End Property Marketing Expectations:

- Agent Bio
- Tailored marketing plan highlighting $1 Million - Plus Listings Sold and Closed in comparison to competing real estate firms.
- Previews International, Dream Homes International, and/or high-end/exclusive marking tools customized to property & market.
- Buyer incentives (county club membership, car, yachting club, etc.)
- By appointment invitations, note cards and brochures
- Mandatory Open House Tours (by appointment where applicable)
- Broker Open Houses - when given the listing and at every price reduction