

Welcome to *Policy Matters*, an engaging and informative monthly e-newsletter featuring expert insight and analysis on emerging relocation products, policies and services that can provide immediate benefit to your organization.

Home-Sale Solutions to Reduce Risk and Lower Costs

Today's real estate market is unpredictable and risky, two situations most companies try to avoid. Complicating matters is the impact poor home-sale performance has on a company's bottom line; it could mean millions in losses.

If a transferee's home doesn't sell, many employers have home-sale plans that require them to purchase the home and take the home into inventory. Employers are then on the hook for carrying costs (mortgage, taxes, insurance, maintenance and closing costs), which continue to accumulate the longer the home doesn't sell while in inventory. Not only are these costs expensive, but they also add to the likely loss on the re-sale of the property—namely, the difference between the acquisition price paid to the employee and the price paid by the eventual buyer. When the final accounting is complete, the total loss on sale to the company is almost always greater than anticipated.

These variables create unpredictability and volatility for human resource departments, department managers and procurement—all trying to maintain transferee satisfaction while reining in spending, accurately budgeting for future relocations and effectively positioning employees to meet company objectives.

There isn't much companies can do about the real estate market, but they can reduce real estate risk with the right home-sale program. Every company has different relocation goals, risk tolerance levels, budgets and expectations. Consequently, it can be challenging for companies to find a home-sale program that meets all of their unique objectives. That's why SIRVA offers various options for home-sale solutions, in both cost-plus and fixed-fee models, so companies can select the plan that best meets their relocation needs and financial goals.

Selecting the Right Home-Sale Program

Based on a variety of benchmarks, SIRVA's policy team can help companies determine the home-sale plan that will best fit their company culture and drive the desired results.

Whether opting for a cost-plus or fixed-fee model, companies should consider several factors when choosing a home-sale program. These factors include their aversion to risk, cost-containment needs, transferee volume and corporate culture, among others.

After evaluating these factors, the first step a company should take in order to select a home-sale plan is to determine whether they want to offer transferees a guaranteed buyout option. Next, companies need to decide if a single home-sale program will be offered to all employees, or if the policy will be tiered for different employees. From here, SIRVA can customize various components of the home-sale program, including listing price caps, marketing assistance, marketing time and inspections.

Unique Process Reduces Home-Sale Risk Regardless of Program

Some companies prefer a cost-plus home-sale program, and others are drawn to a fixed-fee program. Regardless of which program a company incorporates, SIRVA's risk management processes help sell homes faster, accelerating the relocation process. Transferees get to their destination location, corporate objectives are met and homes don't become an economic burden.

Due to years of experience and a vested financial interest in selling inventory homes, we have expertly honed our approach to home sales. SIRVA has achieved an amended sales rate more than 20 percent above the industry average, while increasing transferee satisfaction scores, which in turn has lowered clients' unsold home inventory by 50 percent. SIRVA's risk management approach includes the following steps:

Risk engineering: With all of the elements that must be managed, home sales are complex. The first critical component to a successful home sale is evaluating the risk factors. By conducting this analysis, SIRVA can more accurately predict total home-sale costs and make selling a home less stressful.

In order to identify home-sale risk, we have established dedicated risk management teams. By focusing on risk throughout the entire home-sale process, these teams can identify risks and adapt home-sale marketing strategies to mitigate risk before it impacts the sale.

Proactive process management: SIRVA is actively involved in the home-sale process, from initiation to sale. Our reporting capabilities enable both SIRVA and the client to review properties in real time and see a snapshot of every home on the market. Teams can determine what marketing strategies are working and what might need to be changed. They can also view and discuss reports on similar properties in the area to refine marketing strategies based on other home-sale performance.

Since SIRVA's home-sale teams are proactively reviewing homes, they can adapt and react to local market influences and buying trends quickly, which ultimately expedites the home-sale process.

Profiling homes: SIRVA profiles homes to determine those properties that might be at a higher risk of not selling (for example, homes that are priced too high, need significant repairs or are located in economically depressed areas). Having this information can help our clients address issues early on in the process before they escalate.

We profile properties on the first day of listing and throughout the process to monitor any change in risk. For example, a property might be accurately priced when it initially went on the market, but if the market changes abruptly, the property could become significantly overpriced a month later.

Continually profiling homes to evaluate risk factors is critical in a fluctuating and highly competitive real estate environment. Staying on top of and correcting risk factors can mean the difference between selling a transferee's home or losing potential buyers to other properties.

Standardized process: We have developed a unique catalog of best practices around every aspect of the home-sale process, and these best practices form the core of our home-sale approach. SIRVA's focus on our proven home-sale approach to managing real estate risk—which

we apply to both cost-plus and fixed-fee models—has helped the company improve home sales and decrease loss-on-sale rates by 5 percent.

SIRVA's RiskGuardSM Programs

Often companies have to compromise on one or more areas and settle for programs that meet some but not all of their goals. SIRVA is committed to finding our clients the right home-sale solution to fit their needs. That's why we created our unique RiskGuard programs:

RiskGuard AVX: SIRVA RiskGuard AVX products offer the stability of fixed-fee pricing, which simplifies the budgeting process and makes relocation costs more predictable. Whether the home value is established by an appraisal or a buyer's offer, SIRVA agrees to buy the transferee's home by a specified date.

RiskGuard BVX: With RiskGuard BVX, the value of the transferee's home is established when a buyer makes an acceptable offer. SIRVA then buys the transferee's home for the accepted price and sells it to the new buyer. This eliminates sale fall-through risk for the client, as we take on the risk in the case that a sale falls through.

New Flexible Products That Meet Varying Needs

Always focused on continually improving our customer's experience, SIRVA recognized the need for additional home-sale structures in order to deliver on companies' varying relocation objectives. In order to meet this need, we launched four new RiskGuard AVX products—CoreGuard^{AV}, SecureGuard^{AV}, SelectGuard^{AV} and FlexGuard^{AV}—that offer companies even more home-sale program options.

- **CoreGuard^{AV}:** SIRVA's basic RiskGuard solution, CoreGuard^{AV} is ideal for companies that currently manage their home-sale program in-house, or for companies facing loss-on-resale issues due to their current cost-plus program.
- **SecureGuard^{AV}:** SecureGuard^{AV} is perfect for companies looking for more home-sale flexibility than CoreGuard^{AV} provides. SecureGuard^{AV} balances our proprietary risk-management best practices with enhanced flexibility for transferees during the home-sale process.
- **SelectGuard^{AV}:** For companies that require a relocation program with expanded transferee eligibility, SelectGuard^{AV} offers the benefits of a fixed-fee home-sale solution to the widest range of transferees.
- **FlexGuard^{AV}:** Offering RiskGuard protection with maximum flexibility during the home-sale process, FlexGuard^{AV} is designed to accommodate the unique requirements and concerns surrounding each transferee's home sale.

Product	Program Goals	Flex Score
Core Guard ^{AV}	Low Price, Standard Flexibility	Eligibility: medium Marketing: lower
Secure Guard ^{AV}	Low Price, Enhanced Flexibility	Eligibility: medium Marketing: medium
Select Guard ^{AV}	Higher Price, Higher Flexibility	Eligibility: high Marketing: medium
Flex Guard ^{AV}	Higher Price, Elite Flexibility	Eligibility: lower Marketing: high

**AV in the product name indicates Amended Value (denotes buyout)*

- *Eligibility: Measures the flexibility in program qualification criteria*
- *Marketing: Measures the program flexibility for key marketing criteria such as: listing price caps and guaranteed purchase offer (GPO) list-reduction requirements*

These new AVX products incorporate feedback SIRVA has received from customers using its RiskGuard AVX program. These customers wanted more program options; thus, SIRVA designed the four new products as a part of continued efforts to align client objectives with service delivery in order to successfully navigate the unpredictable real estate market.

Conclusion

Ensuring employees are placed in the most strategic roles through a successful relocation translates into greater productivity for the company.

SIRVA helps companies achieve their relocation goals by offering home-sale solutions that reduce costs, simplify budgeting, increase cost predictability and mitigate the risks of a volatile real estate market.

For more information call 1-800-341-5648.

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The foregoing is intended as general information only. SIRVA suggests that decisions as to your specific situation should be made only after full evaluation of your circumstances with your company leadership, tax and legal advisors, and HR personnel.

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