

THE RELOCATION REPORT



AN INDEPENDENT NATIONAL NEWS SERVICE FOR RELOCATION PROFESSIONALS

Volume 31, Number 21

November 1, 2008

Cartus Launches New Short Sale Program

Corporate relocation volume is down, but Cartus' business is gearing up as the third party launches a new business unit, Cartus Asset Recovery, created to assist financial institutions, investors and mortgage insurers to come up with alternative solutions to foreclosure. Cartus may be the first relocation company to implement a system to manage short sale transactions.

Cartus said it will use its network of brokers to manage the short sales from start to finish.

A short sale occurs when the proceeds of a real estate sale fall short of the balance owed on the property. Many lenders will accept a short sale to avoid lengthy and costly foreclosure. Example: If the unpaid balance of a loan is \$100,000 and a property sells for \$90,000, the lender

might accept \$90,000 as payment in full.

Homeowners, sources say, do not have to be behind in mortgage payments to venture into the short sales market. They just have to show their homes can't be sold for what is owed on them. "There is a big market out there for the foreclosure and pre-foreclosure market," says a relocation expert. "A lot of banks are willing to consider short sales so they don't have to acquire through foreclosing a property."

Most short sale transactions are now conducted by real estate agents who, in many cases, are single-handedly negotiating with first lien holders, second lien holders and mortgage insurance companies. Cartus, sources say,

continued on page two

Clients Rethink Relocation Policy: What's Best for Transferee?

While some companies are cutting back on relocation benefits, others are upgrading their policies. A mining company, for instance, entered into a contract with AIG to provide financial services to employees relocating to the U.S. who don't have the required papers documenting their credit history.

Companies, said the relocation director at the mining company, were taking advantage of transferees' credit problems—charging up to 15% for a car loan. Through AIG, the company was able to offer transferees

continued on page two

IN THIS ISSUE

<i>Are Blogs Glorified Press Releases, or Just Diary Entries?</i>	3
<i>What Are Bloggers Blabbing About?</i>	3
<i>Independent Brokerage Network Unveils Member Blogs</i>	3
<i>Coldwell Banker Advertises 10% off Home Purchase Sale</i>	4
<i>Plaintiff Claims Appraisers Blacklisted by Countrywide</i>	4
<i>SIRVA Gets \$2.4 Million to Move to Fort Wayne, Indiana, Create 240 New Jobs</i>	5
<i>Should Transferees Rent Out Homes as Corporate Housing?</i>	6
<i>Economic Stimulus Impacts Corporate Transferees</i>	7
<i>Independent Brokerage Network Offers Members Video Program</i>	7
<i>Weichert Revamps Executive Team, Lays Off Workers</i>	7
<i>Who's Where</i>	8
<i>ERC Executive Board for 2009</i>	8

Clients Rethink Relocation Policy: What's Best for Transferee?

continued from page one

loans at much more reasonable rates.

The U.S. has access to the credit background of individuals from some countries. "We don't have problems with Australians because we can pull their credit history," says the corporate client. "But people coming from Indonesia or Peru or Ghana—we can't pull their credit history so they are at our mercy."

Her company moves between 150 to 200 people a year and the numbers will continue going up. "When the economy is bad," she says, "our business is good." Nearly 85% of the firm's business is international. The company has a presence in six continents.

Corporation Upgrades Relocation Policy

Another company redesigned its relocation program to take into account the changing real estate market and set new policies about exemptions. "We've been granting exceptions, exceptions, exception," says the relocation director of another company. "Finally, we said that we have to address this and built it (exceptions) into a policy. They (employees) shouldn't feel like they are begging."

If the basic relocation costs are covered, she says, "employees can be more engaged, focused on the job and the relocation becomes more seamless."

The company is willing to pay more to attract the best can-

didates. "We are an electronic retail," she says. "We have different skill sets for specialists for TV slots. We need somebody in merchandise, show hosts." Local talent is hard to come by, she adds. She works closely with the recruiting department to fill the positions. "We bumped up our relocation program," she says.

"Before," she continues, "we were offering benefits to vice presidents and those above them." Benefits are now extended to all mid-management employees. "These people are suffering," she says, "because they can't sell their houses. That needs to be addressed. We are already spending so much money to get them here."

Client Creates Two Policies—Rental and Homeowners

The company also created separate policies for homeowners and renters so the two groups don't "see what each other is getting," she says. "Renters don't get as much (benefits) and when they see what homeowners get, they start complaining. The homeowner policy gives sellers 60 days to sell their home, and we will pay for six months of temporary housing....Before we kept giving them extensions.

"We finally put a cap on it," she adds. "If the house is not sold by the end of the six months, we pay the third party for the closing costs ...and the

house comes out of the program."

Renters are in a different position, she adds. Getting a realtor to take a renter around is hard. The company does not have relationships with specific brokerages since employees can choose their own realtors. "We don't have anybody we are married to because they (employees) pick who they want," she says. "If you are not buying, they (realtors) won't take you."

Cartus Launches New Short Sale Program

continued from page one

can provide systems to manage the short sale process, modeled after the relocation programs.

Another advantage to short sales is that they generate buyers. Consumers believe that pre-foreclosure homes are a steal and search for such properties on the Internet, says Darryl Davis, a real estate expert who teaches agents to capitalize on short sales markets. Whether the home is listed below market value or not, the words "short sale" or "pre-foreclosure" make people feel they're getting a "great deal."

"Short sales present opportunities for increased commissions, added value and credibility to your real estate business, generation of leads and buyers, and an overall improvement for the real estate industry," Davis says.

Are Blogs Glorified Press Releases, or Just Diary Entries?

A blog is a website usually maintained by an individual with regular entries offering commentary, descriptions of events, or other materials such as graphics or video, according to communications experts. Some blogs function as more personal online diaries in which bloggers reflect on life or works of art.

Corporate or business blogs generally provide commentary or news on a particular subject. Corporate blogs are typically used for marketing, branding or public relations. Company employees, teams or spokespeople share their views. It also allows a window into the company culture and is often treated more informally than traditional press releases, though a corporate blog often tries to accomplish similar goals as press releases do.

In some corporate blogs, all posts go through a review before they're posted. Some corporate blogs, but not all, allow comments to be made to the posts.

What Are Bloggers Blabbing About?

The following real estate firms, members of the Leading Real Estate Companies of the World, were among the first to launch Propopoly's team blog. Some blogs are more personable than others, but all are aimed at informally reaching out to consumers.

- Halstead Property's blog starts out with a posting by Sharon Michnay describing why she loves New York City's transportation system. A post from Ed Herson follows with an article on the "men's health urbanization."
- The first entry in Dickens-Mitchener & Associates' blog is from Catharine Pappas, who is reporting on clean-up activities she and her three children participated in to prepare Eastover

Elementary School for Open House. She includes a link to "relocating to the Eastover School District," which takes readers to her site. Other entries include a report of the relocation departments' field outing, "where we tackled the roaring rapids in rafts."

- Rubloff's blog begins with an entry from Connie Engel about "Disney II Magnet Schools," and the importance of raising the bar for Chicago Elementary students.
- Peter Latham, from Jack Conway & Co., starts out with a story on "Waterfront Wonderland," a parcel of six acres of "pristine privacy" situated at the "Gateway to the Cape."

Independent Brokerage Network Unveils Member Blogs

Leading Real Estate Companies of the World unveiled Propopoly, a blogging platform that allows sales associates to submit blog posts by voicemail, SMS (text message) or email. The current "online marketplace makes being found over the clutter a serious challenge for a broker or agent starting a blog in their spare time," says Neil Elver, Propopoly's software developer. The software has no login requirements or the need for sales associates to be tethered to a desktop or laptop computer if they want to blog.

A "team blog" format is used to ease the pressure of blogging. "Yes, we know you're competitive when you're working the same zip code, neighborhood, or city as your colleagues," according to the website. "But you all work for the same broker and, similarly, you can 'team-up' on the blog. Why is this a good thing? Because when you're not blogging your team is, which keeps your blog fresh, relevant to consumers, and gives you a break when you need it."

Propopoly website templates, which will be customized for the marketplace they're in, showcase the local brokers' brands and expertise.

Coldwell Banker Advertises 10% off Home Purchase Sale

Thousands of the nation's home sellers reduced their listing price by up to 10% between October 10 to October 19.

Research and discussions with brokers and sales associates showed that in many markets sellers remain reluctant to list their homes at the proper prices necessary to attract buyers, said Jim Gillespie, president and chief executive officer, Coldwell Banker Real Estate.

Sellers participating in the 10-Day Sales Event received support from Coldwell Banker. The listings were promoted through national and local radio, print and Web advertising. The brand's flagship website, Coldwellbanker.com, featured participating listings. Home sellers have the option to maintain the reduced listing price for their properties following the 10-Day Sales Event.

A recent survey of 3,379 Coldwell Banker real estate professionals reveals the following:

- 56 percent said that listing prices in their market remain above where they need to be to attract qualified buyers.
- 77 percent agreed that the majority of sellers in their market still have unrealistic expectations regarding the initial listing price for their homes.
- 79 percent agreed that homes in their market that are priced appropriately are attracting more buyers and moving more quickly.

- 76 percent feel that a 10 percent or less reduction in listing prices in their area is all it will take to help push

these homes over the "tipping point" to a sale.

Plaintiff Claims Appraisers Blacklisted by Countrywide

Capital West Appraisers recently filed a class action lawsuit against Countrywide Financial in federal court, claiming the lender "engaged in a practice of pressuring and intimidating appraisers into using appraisal techniques that meet Countrywide's business objectives" even if they violate industry standards. The lawsuit was filed in U.S. District Court in Seattle.

"If appraisers fail to 'play ball' as Countrywide demands," the suit states, "Countrywide places the appraiser on a 'Field Review List' (which is)...tantamount to being 'blacklisted,' as Countrywide will no longer accept appraisals from persons and companies appearing on this list unless the appraisals are accompanied by an appraisal from another appraiser."

The suit states that loan mortgage brokers who hire appraisers won't pay for two appraisals, so being placed on the list means the "appraiser will no longer be retained to review properties on which Countrywide is the lender." Mortgage brokers don't know if Countrywide will be the eventual lender on a property, the suit states, so they "simply will not use blacklisted appraisers period."

Given Countrywide's "enormous size and clout in the mortgage market, appraisers appearing on the Field Review List lose substantial revenue," the suit states. It also says that Countrywide's conduct has caused "substantial damage" to hundreds if not thousands of appraisers in addition to distorting real estate prices in the market. Capital West's monthly revenues fell by \$8,000 as a result of being on the Field Review List.

As of Aug. 28, more than 2,000 appraisers were on the Field Review List and some have stayed on for more than four years, according to the complaint. The lawsuit alleges that any appraisal submitted to Countrywide from a Field Review List appraiser automatically went to Countrywide subsidiary LandSafe, which then "shoots holes" in the evaluation in order to further discredit the appraiser.

SIRVA Gets \$2.4 Million to Move to Fort Wayne, Indiana, Create 240 New Jobs

SIRVA will invest more than \$16 million to centralize its national headquarters for moving services in Fort Wayne, Indiana, creating 240 new jobs by 2011, according to the company. SIRVA will start hiring business staff in 2009, after it completes initial improvements to the Indiana facility.

“SIRVA continues to pursue initiatives that foster growth, create efficiencies and drive

maximum value for our customers, agents and company,” said Wes Lucas, president and CEO of SIRVA. “This decision further demonstrates our commitment to our moving services business.”

The Indiana Economic Development Corporation offered SIRVA up to \$2.4 million in incentives based on the company’s job creation and retention plans. The city of Fort

Wayne will consider property tax abatement and will provide SIRVA with a grant of up to \$366,000 over the next three years and up to \$634,000 in tax increment financing at the request of the Fort Wayne Allen County Alliance.

WorkOne Northeast will assist the company as they recruit, screen and train new and incumbent workers as part of the expansion. “Projects like this don’t come around very often, and when they do it takes teamwork to make them happen,” said Fort Wayne Mayor Tom Henry. “The state and local team have worked well together for the past several months to secure this project for Northeast Indiana. We’re pleased SIRVA made the decision to consolidate here and together we’ll do everything possible to keep and grow the company in Fort Wayne.”

SIRVA’s decision to consolidate its operations in Indiana is the latest in a series of companies choosing to centralize headquarters in the Hoosier state. Earlier this month, Italian gear maker Brevini announced plans to relocate its suburban Chicago headquarters to east central Indiana where it plans to construct its first North American wind turbine planetary gear box manufacturing center that will employ 455 associates.

Collecting Relocation Repayment Serves to Deter Others from Violating Contracts

Some companies are boosting their relocation benefits to attract the best candidates in their field, but many are also emphasizing relocation repayment policies to applicants to make sure the new hire sticks around for at least a year, usually two years. The relocation director at one company said her firm’s collection department handles repayment agreements.

“We have 100% (success) in collecting repayment,” she said. “Some (people) take a month or two” to refund expenses. Those going through financial hardships may take longer to repay. “You can give them reasonable time,” she said.

What is the likelihood that a company will pursue legal action to collect?

Some companies, she said, may not sue the former employee, but may tell them instead that this breach of agreement will be cited in future references. Others may opt to sue depending on the circumstances. “If it were just you,” she said, “the expense of litigation might not make it worthwhile to their employer.”

But if other similar agreements are in place, clients have to question the consequences of not pursuing legal action when a breach occurs. If she were in charge, the relocation director said, she would make sure her workers understood that those who violate employment contracts would be penalized.

Should Transferees Rent Out Homes as Corporate Housing?

Stuck with homes they can't sell, some sellers are taking their houses off the market and renting them as fully furnished corporate units to transferees and others seeking short-term living quarters. By offering short-term leases, rather than longer term rentals, homeowners have the flexibility to list the house at a moment's notice, when the economy improves.

Should third parties try to market their inventory properties as corporate housing?

Companies would certainly lose less money that way, said one company's relocation director who explains she has yet to sell 11 inventory homes. One of the properties has been on the market for two and a half years. "We tried lowering it," she said, "and we got to the point we are now losing 50% (of the purchase price)."

She is wary of any rentals. "There is so much risk involved," she said. "The home may get trashed and you'd be losing more money." What happens if the tenants refuse to pay rent? What if the house is sold but the tenant refuses to move out? The legal ramifications of renting out private homes can be daunting—and damaging if the transferee is handling the rentals without professional advice.

But others find this arrangement attractive. An Oct. 7 *USA Today* feature describes one transferee's experience. When Robert Sikellis, 42, accepted an assignment to move from Massachusetts to Germany, he talked to his brokers and realized it would be difficult to sell his home. He listed it on Craigslist and was contacted by an executive who was relocating to Boston. The tenant's rent was covered by the company.

CHBO Helps Property Owners Set Up Corporate Units

Corporate Housing by Owner (CHBO) is among a handful of websites that cropped up to connect property owners with the traveling public. The site has 14,500 registered corporate users in search of private home rentals. CHBO users include relocating professionals and their families, business travelers and visiting professors. Relocation companies also use this website along with others to find affordable apartments for transferees.

CHBO Helps Property Owners Upgrade Homes

CHBO helps property owners stay competitive by informing them how to turn their private home into a corporate rental. Guidelines are in place that set quality and comfort standards, describe how to manage utilities, and list types of communication outlets that should be made available such as Internet and television.

It also gives property owners tips on how to advertise their unit and make money. CHBO, for instance, has been fielding calls from customers inquiring about the availability of short-term stays during the February 2009 Super Bowl season. A CHBO source suggested that owners put in key words "Super Bowl" in their listing description.

Benefits of Turning Private Homes into Corporate Housing

Leasing out private homes as corporate units is catching on for the following reasons, according to an Oct. 7, 2008, *USA Today* story.

- People who paid up to \$500,000 for their homes found that typical renters couldn't cover monthly mortgage costs. Companies have bigger budgets.
- According to www.corporatehousingbyowner.com, the average rent in 2007 on a private home leased to companies topped \$3,600 for a three-bedroom apartment.
- Most rents are month to month, with an average three-month stay.
- Executives traveling or looking to relocate are often reliable, responsible renters.
- Landlords don't usually have to worry about unpaid rent.

continued on page seven

Should Transferees Rent Out Homes? *continued from page six*

“When potential tenants do a keyword search for Super Bowl,” CHBO states in its website, “they will be able to identify a property as being available for rental during the Super Bowl. CHBO property owners can also add special Super Bowl week pricing in addition to their regular pricing directly on their listing. Super Bowl XLIII will benefit property owners all over the Tampa Bay

area by bringing increased rental revenue during the week leading up to Super Bowl XLIII.”

In addition to fans attending the game, the site states, hundreds of security guards and press coordinators will all need a place to stay weeks before the game. Hotels are likely booked and “individual CHBO homeowners can help fill in where hotels leave off.”

Economic Stimulus Impacts Corporate Transferees

Employees who relocated in 2007 will get their refund next year, David Oltman, president and co-founder of Orion Mobility told nearly 100 relocation experts attending his company’s Global Relocation Conference. The Economic Stimulus law was passed Feb. 13, 2008 to boost the U.S. economy by providing tax rebates to low and middle income taxpayers.

In an interview with *Relocation Report*, Oltman said that most single individuals who earned less than \$75,000 will receive a \$600 rebate. Married couples who file joint income taxes and make under \$150,000 will receive \$1,200 and an additional \$300 for a child. Those who didn’t get the rebate or got only a portion of it will have a second chance to qualify for the benefit when they file their 2008 tax returns in 2009.

Although determinations are based on the 2007 tax year, the

rebate technically is an advance payment toward a 2008 tax reduction.

Transferees received a \$1,200 check from the IRS last May or June, and the same amount will be refunded next year. The economic stimulus package accelerates part of the 2008 tax year refund, Oltman explained. “Congress wanted to stimulate the current economy. So instead of most people having to wait until they file their 2008 tax returns to receive their extra \$1,200 tax refund, Congress gave it to taxpayers one year in advance.”

Oltman’s recommendation: “Companies should NOT give their 2007 transferees any extra monies at this time,” he said. “For a very select group of employees who truly may have lost their economic stimulus benefit due to their relocation, a tax year 2008 gross up audit will need to be completed.”

Independent Brokerage Network Offers Members Video Program

Realty Video just released a turnkey video content solution to help firms tap into the “power of online video.” Its Innovative VScreen products feature various broker branded video programs on a multi-channel widescreen player to help educate and inform clients, and show how they are different. Content includes regularly updated home design topics, buyer/ seller tips, industry news and virtual tours.

Weichert Revamps Executive Team

Jim Schneider will serve as executive vice president of consulting solutions and will oversee the Hong Kong and UK offices. Dave Bencivengo will be executive vice president of operations and will oversee the regional offices as well as expense management and client reporting departments. Steve Jones will be executive vice president of supplier solutions, risk management and legal. Joe Hajjar was newly hired to serve as senior vice president of finance.

ERC Executive Board for 2009

ERC's incoming officers in 2009 include:

President: Al Blumenberg

Vice President: Michael C. Washbourn, Pfizer Inc.

Secretary-Treasurer: Susan Schneider, Plus Relocation Services, Inc.

Chairman of the Board: Joseph V. Benevides, Jr., Paragon Global Resources

New Corporate Representatives for 2009:

- Cori L. Beaudet, SC Johnson – A Family Company
- Mario Ferraro, International SOS Pte Ltd.
- Joy Morrison, Inc.
- John Pfeiffer, Mustang Engineering, LP

Service Industry Representatives for 2009:

- William (Bill) Graebel, Graebel Relocation Services Worldwide
- Lars Lykke Iversen, Santa Fe Relocation Services
- Earl Lee, Prudential Relocation Inc.
- Pamela J. (Pam) O'Connor, Leading Real Estate Companies of the World

Who's Where

Luther Knife joins **Equus** as president and CEO, after working at EDS for over 20 years. He helped start **EDS' Systems Engineering and Corporate Methodologies** training for the Asia Pacific region.

Cartus wins **Green Circle Award** certificate from the Connecticut Department of Environmental Protection. The company was recognized for its corporate social responsibility to respect the environment, including commitment to ridesharing.

Tom Sims accepted a new position as senior vice president of international assignment operations at **Graebel Relocation**. Sims has been at Graebel for more than 30 years.

Zillow.com announced it was laying off 25 percent of its staff, downsizing as it prepares to tackle the difficult market ahead. CEO Rich Barton said advertising continues to grow steadily and the number of monthly visitors topped 5.4 million, but that isn't enough to maintain staff.

We'd like to hear from you ...

If you have any comments or questions, please contact Editor Marcela Kogan at marcykog1@aol.com or (301) 565-2623.

The Relocation Report is published twice each month by Federal News Services, Inc.

Publisher and Circulation:

The Federal News Services, Inc.
a division of PaperClip
Communications,
125 Paterson Ave., Suite 4
Little Falls, NJ 07424
Telephone (973) 256-1333
Fax (973) 256-8088
www.relocationreport.com

Editor:

Marcela Kogan
2810 Blaine Drive
Chevy Chase, MD 20815
Telephone (301) 565-2623
Fax (301) 587-9056
E-mail: marcykog1@aol.com

©Copyright 2008. ISSN 0275-7613
Published 24 times each year at an annual subscription rate of \$257.
Photocopy of or electronic reproduction of this newsletter in whole or in part is prohibited without written permission from the publisher.