

the 6 big questions to ask about home sale programs

You're working with a relocation management company (RMC) — or considering it — and it's time to talk through the details of the home sale program for your company's relocating employees.

Maybe you've moved a time or two and think, "This will be a piece of cake — I know plenty about real estate. This will be just like the last time I sold my own home, right?"

Not so fast. It's great to have experience with buying and selling a home in everyday life, but corporate home sales are a bit of a different animal. There are unique processes, regulations and lingo that set these transactions apart from day-to-day real estate deals.

Sound daunting? It can be if you don't understand all the ins and outs. To help you get corporate home sales down like the back of your hand, here are six key questions to address, both within your team and with your RMC. You'll be a home sale hero in no time.

1 *What exactly is a corporate home sale program?*

You need to have the basics down first, so this is a good place to start. A corporate home sale program is a benefit companies offer their relocating employees to help them sell their homes before moving for work.

Companies work with RMCs like Plus to make these transactions happen without hitting their employees with a huge tax burden. To comply with IRS rules, the deal is actually split into two distinct sales — one between the employee and the RMC, and then a second between the RMC and a new buyer.

This is done in two main ways — the buyer-value option (BVO) or appraised-value option (AVO). In a BVO, the employee lists the home until an acceptable offer is received from an outside buyer. At that point, the employee sells the home to the RMC at that price, and then the RMC sells to the buyer.

An AVO is similar except that there is a guaranteed buyout added to the mix, which acts as a safety net of sorts for the employee. In an AVO, the employee will still seek an outside buyer, generally for a pre-determined amount of time such as 90 to 120 days. If a buyer isn't found within that time, the employee sells the home to the RMC at a price established by relocation-specific appraisals. The home then goes into inventory and the RMC will work to get it sold.

2 *What's the right program for my company?*

This really is a question of balancing employee experience and cost. An AVO generally provides the best experience to a relocating employee because of the guaranteed buyout — it provides some peace of mind if an outside buyer isn't found right away, and the employee can focus on getting comfortable in a new location and job.

Of course, the flip side is that if a home doesn't sell during an AVO's established marketing period, the property comes into inventory. This means that any costs associated with holding onto the home — think property taxes and upkeep — become the responsibility of your company until an outside buyer is found.

A BVO generally doesn't come with that risk to your company (unless a sale with an outside buyer falls through), but it does shift more risk onto the relocating employee — and this means a lot more stress if he or she is struggling to find a buyer. Remember that this is someone already dealing with the stress of moving and starting a new job — all at the same time, and possibly on a tight timeline. Adding a drawn-out home sale to their plate can cut into productivity.

Other home sale options include direct (and taxable) reimbursement to a relocating employee selling a home on their own or offering no home sale assistance at all. These options carry their own set of pros and cons.

3 *How are home sale agents selected? And why does it matter?*

Ooooh, two questions for the price of one! What a deal!

RMCs like Plus generally form partnerships at the brokerage level, not the agent level. Brokerages that employ a relocation director and a team of relocation-trained real estate agents make the best partners.

Relocation directors understand the ins and outs of corporate relocations and tax-sheltered home sale programs. Within brokerages, relocation directors are responsible for training and managing agents who work on corporate home sales. These teams often follow best practice guidelines of professional organizations like the Worldwide Employee Relocation Council, the Relocation Directors Council and LeadingRE.

Real estate partners with this kind of background are properly equipped to support your home sale program. Relocation-trained agents are savvy to the necessary steps and paperwork for a compliant, tax-sheltered home sale, easing the burden off your employees. And if issues ever arise, relocation directors are trusted contacts for RMCs to help manage the experience behind the scenes.

The benefits of these types of partners are two-fold. First, your company can trust the agent to work quickly and reduce the likelihood that a home comes into inventory (in an AVO). Second, your relocating employees can feel secure working with an agent who is skilled at marketing a home on a tight timeline while following all the IRS rules of a tax-sheltered sale.

4 *What if a relocating employee comes to me with their own real estate agent in mind?*

Real estate agents abound, but only some understand the nuances of a corporate home sale program. Because selling a home is such a big life event, RMCs like Plus partner with brokerages that have proven track records working with corporate home sales — ensuring relocating employees get the support they need during this critical time.

We've seen agents without relocation training who don't communicate important details, delay important paperwork and even have the wrong people sign an offer, which can negate the tax shelter altogether. Working with an RMC and their partners helps you

avoid these sticky situations.

We understand that people can feel strongly about agents they already have a relationship with, and this isn't meant to be finger-wagging at your relocating employees. Instead, keep in mind that your RMC's broker partners have been carefully vetted and approved to make corporate home sale programs run smoothly, both for your company and your relocating employees.

5 *How do I know if an RMC has the right partners in the right areas?*

This is a great question, and a fair one considering what we just told you about RMCs being selective with their broker partners.

You'll want to get a good sense of who your RMC partners with and whether there are any gaps in areas where you may have a high volume of home sale activity. Does your RMC have years of experience in the real estate industry or are they newbies? You'll be able to tell by the type of network and relationships they have. And if you're not getting straight answers here, that says something, too.

More food for thought: What's the RMC's process for adding new broker partners to the mix? And does the RMC have an affiliation or cross-ownership with a particular broker or closed network? Arrangements like this can be limiting when it comes to providing the best possible agents for your relocating employees. RMCs that remain independent from their broker partners are able to use supply chain best practices to ensure responsive and high-quality service.

6 *What else should I expect from my RMC when it comes to a home sale program?*

In a word: communication. Your RMC should be willing to provide regular updates on your program and the status of individual files. It's another reason RMCs partner with brokers that employ relocation directors — these partners know regular client updates are part



of the deal and will make sure their agents supply all the necessary info.

You also should expect expert-level guidance and support from your RMC, both for your mobility team and your relocating employees. An RMC should act as a true home sale partner, not a vendor you never hear from. Check to see if they have seasoned real estate pros on the team (they should) and then lean on them when it comes to your home sale program. As we said up front, corporate home sales can get confusing, but with an experienced RMC partner offering regular communication and support, you should be well on your way to running a world-class program.

Looking for more insight into home sale for relocation? Let us know — we'd love to talk! And check out the added value of the team at Plus Relocation Mortgage!

What about relocating employees who don't get home sale benefits? Our Plus REwards program has them covered, too.