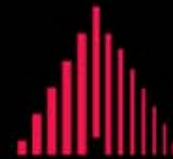


AI[®]

Annual Meeting, Aug. 15-17

Vegas 2011



Appraisal
Institute[®]

*Professionals Providing
Real Estate Solutions*



Appraisal
Institute®

*Professionals Providing
Real Estate Solutions*

A Glimpse inside the Relocation Industry



The Worldwide ERC Appraisal



**Appraisal
Institute®**

*Professionals Providing
Real Estate Solutions*



When an employee is transferred, a home buyout may be involved



Today over 80% of companies offer home sale assistance or home buy-out programs



Appraisals are needed to determine the buyout offer, but are also ordered for pre-decision and valuation on the destination side



The Market

- Since 1999, approximately 300,000 relocations annually
- 135,000 are homeowners (45%) – 25% receive buyouts
- Approximately 65,000 relocation appraisals
- Additional appraisal opportunity for home purchase and pre-decision
- Current real estate related concerns:
 - Ability to sell departure home
 - Loss on sale
 - Negative equity
 - Potential to overpay on destination home





**Appraisal
Institute®**

*Professionals Providing
Real Estate Solutions*

**Worldwide Employee
Relocation Council
(WERC) -
Industry Guidance**

**Relocation
Appraisers and
Consultants
(RAC) -
Industry
Consultation**

**Corporate or
Government Client**



Transferee



**Relocation
Management Company**



**Appraisal Management
Company**



Appraiser



**Facilitates the relocation
process including:**

- Policy Review
- Home Sale Assistance
- Home Buyout
- Home Finding
- Mortgage Lending
- Household Move
- Temporary Housing
- Storage
- Spousal Assistance
- Other



**Appraisal
Institute®**

*Professionals Providing
Real Estate Solutions*

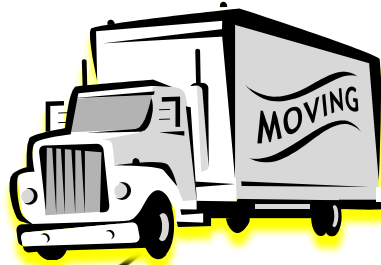


- **Primary objective of any relocation program is to keep the transferee whole - No interested party should experience significant loss or gain**
- **Transferees generally do not understand the forecasting component and feel that their values are lower than what they should be**
- **This perception is compounded in a down market**



**Appraisal
Institute®**

*Professionals Providing
Real Estate Solutions*



- The relocation is stressful on the employee and their family



- The appraiser plays an important role in the Transferee's decision to move



- The buyout is based on the appraisals - accuracy is paramount



**Appraisal
Institute®**

*Professionals Providing
Real Estate Solutions*



Users

- **Corporations**
- **Government**



Market

- **All of the U.S. and its territories**
- **Canada**



Opportunity

- **Estimated that fewer than 5% are experienced**
- **Demand exists in every market**
- **Rural / remote areas are especially lacking**

AI[®]

Annual Meeting, Aug. 15-17

Vegas 2011



Appraisal
Institute[®]

*Professionals Providing
Real Estate Solutions*

Observations



Too few experienced relocation appraisers



Aging Group



Too many don't understand how to appraise in a down market



The "Mortgage Mindset"

Advantages



Appraisal
Institute®

*Professionals Providing
Real Estate Solutions*



More Stable



Higher Fees



Relationship Based



Ability to Measure Accuracy



Less Competition



The Worldwide ERC Summary Appraisal Report

- Prior to 1985 the appraisal process was typically managed by the corporation
- Many forms with different requirements
- A standardized form with guidelines was adopted in 1985 by the Worldwide ERC, the form has since undergone 7 revisions
- The current form released in 2010 was in response to the changing needs of the industry and changes in the Uniform Standards of Professional Appraisal Practice (USPAP)



Appraisal
Institute®

Professionals Providing
Real Estate Solutions

Mortgage Appraisal

Value Opinion

- **Market Value:**
The most probable price which a property should bring in a competitive and open market

Analysis

- **Retrospective:**
Comprehensive analysis with some market trends analysis, no forecasting

Decision Making

- **Long term:**
Up to 30 years
Lower risk

Relocation Appraisal

Value Opinion

- **Anticipated Sales Price:**
The price at which a property is anticipated to sell in a competitive and open market

Analysis

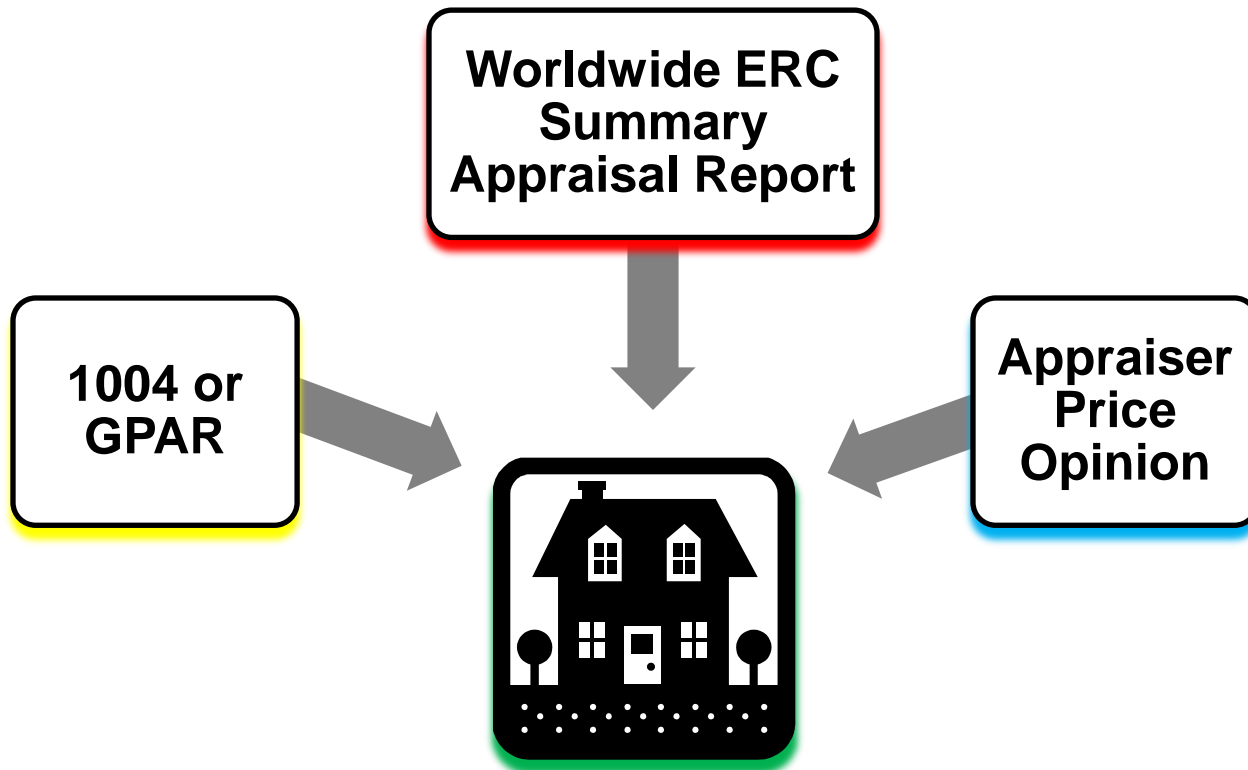
- **Prospective:**
Expanded analysis- including in-depth market trends and forecasting analysis

Decision Making

- **Short term:**
Up to 120 days
Higher risk



Commonly Used Products in Relocation Work

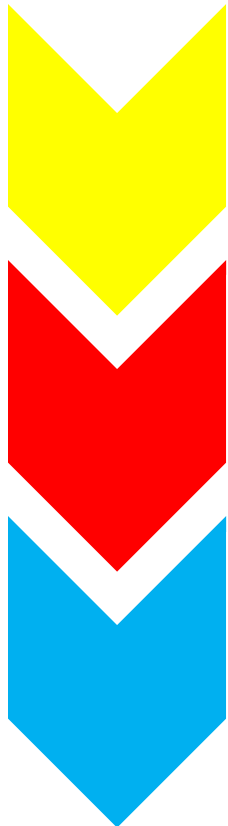




**Appraisal
Institute®**

*Professionals Providing
Real Estate Solutions*

Appraiser Selection Process



- A list of eligible appraisers is compiled
- Typically 3-5 are on a list
- Transferee selects the appraisers
- May interview each appraiser prior to choosing
- Appraisal provider verifies availability prior to ordering



Appraisal
Institute®

Professionals Providing
Real Estate Solutions

Appraisal Review

Remember the goal: Keep the Transferee whole



Transparency



Accuracy



Thirds



Buyout



Getting Started

- **Education**
 - Worldwide ERC's Relocation Appraisal Training Program
 - Appraisal Institute- Check with your local chapter
- **Get Approved**
 - Identify your market: Who is relocating employees in your area?
 - National Relocation AMC's: Dwellworks, LSI
- **Professional Organizations**
 - Worldwide ERC (WERC) www.worldwideerc.org
 - Relocation Appraisers and Consultants (RAC) www.rac.net