

ExpressOffers



Questions & Answers

Express Offers

Questions and Answers

1. What is an “iBuyer”?

An “iBuyer” is generally known in the real estate industry as a real estate investment company that uses an automated valuation model and other technology to identify, and then purchase, homes like yours that meet its purchasing investment criteria. After identifying homes that meet its investment criteria, an iBuyer may provide homeowners with written offers to purchase their homes (what we refer to as “Express Offers” in our Express Offers program), often on terms that may be favorable to a homeowner in certain circumstances, as described below in [Question 2](#). A homeowner is never obligated to accept an iBuyer’s offer. If a homeowner accepts an iBuyer’s offer, then the homeowner and iBuyer enter into a purchase contract for the sale of the homeowners home to the iBuyer.

After an iBuyer purchases a home, it may make improvements and/or repairs to the home, and/or shortly thereafter resell the home to a third-party buyer for a profit, or rent the home to tenants. It is our experience that most iBuyers choose to resell the homes they purchase to third-parties for a profit, while only some choose to rent the home to tenants.

2. What are the benefits to a homeowner for selling to an iBuyer?

Before an iBuyer submits an Express Offer to a homeowner, it may first notify the homeowner

of its proposed purchase price, estimated closing date, and other important purchase terms. These terms will be contained in a document referred to as a Letter of Intent. The homeowner will have the freedom of conveniently accepting or rejecting (and in some instances, countering) the iBuyer’s proposed terms. If the homeowner approves of the iBuyer’s proposed sale terms, then the iBuyer and homeowner will enter into a written purchase agreement. If the homeowner counters the iBuyer’s proposed terms and the iBuyer accepts, then the iBuyer and homeowner will enter into a written purchase agreement based on the homeowner’s counter-offered terms.

Oftentimes, an Express Offer is presented to a homeowner without the iBuyer ever walking through the home it wants to purchase. Removing that step in the process avoids many “staging” and other inconveniences such as having potential buyers frequenting the home to view it, and the homeowner having to hastily clean up and leave their home when potential buyers come to see it. An Express Offer provides other conveniences to a homeowner, such as reducing logistical issues involved with coordinating the timing of the closing on the sale of their current home with the closing on the purchase of their new home, and/or coordinating the time of their move, that are often experienced by homeowners in the traditional home selling process.

In addition, an Express Offer will often provide

for a quicker than typical closing time frame, a sale of the home in its as-is condition (meaning the homeowner does not have to make any repairs or improvements to the home before the iBuyer will agree to buy the home), a waiver of some or all of the iBuyer's rights to cancel the purchase contract for reasons relating to the condition of your home and/or the neighborhood that your home is situated in, and an all cash offer (meaning, the iBuyer does not have to wait to get approved for a mortgage loan from a lending institution that may also require an appraisal and/or termite inspection, etc.). These are each additional risks that the iBuyer is willing to accept, and there is a certain monetary value to the iBuyer for accepting these risks that the iBuyer attempts to make up for by offering to pay an amount of money for a home that some homeowners might consider to be less than the fair market value for that home. The benefit to a homeowner is that a purchase offer from an iBuyer typically makes it much less likely for the sale to fall apart (resulting in a waste of a homeowner's time, money, and disappointment) due to a buyer's dissatisfaction with the condition of the home, or inability to qualify for financing.

It is our experience that homeowners find that selling to an iBuyer eliminates their risks of uncertainty due to fluctuations in real estate markets and interest rates. We also find that because these transactions are less likely to fall out of escrow, there is less of an adverse emotional impact on homeowners resulting from transactions that fall apart. In addition, we find that a sale to an iBuyer is ideal for a risk-averse





homeowner, a homeowner needing to quickly relocate for career purposes, an authorized executor desiring to quickly sell the former home of a deceased homeowner as part of liquidating a deceased person's estate, or a homeowner that simply wishes to sell their home quickly without the emotional wait-and-see rollercoaster that is often associated with the traditional sales and negotiating model. This option gives sellers a greater degree of certainty, convenience and sense of control over their home selling transaction.

3. How does eXp Realty's Express Offers work?

First, we enter into written contracts with our iBuyers establishing the terms under which the iBuyer may use our proprietary Express Offers web platform. Then, an iBuyer will send us its home buying investment criteria through our web platform where our agents will be able to view it. Our agents will then endeavor

to locate homes that meet the iBuyer's investment criteria that are or may soon become available for sale.

After locating suitable homes, one of our agents will approach a homeowner¹ whose home has been identified, introduce him/herself and make the homeowner aware of our Express Offers program. If the homeowner is interested, our agent will provide the homeowner with this *Express Offers Questions and Answers, and Agreement to Introduce Potential iBuyers and Participate in eXp Realty's Express Offers*, located below.

In addition, and if the homeowners state laws allow it, our agent will also ask the homeowner to allow eXp Realty to represent them as a dual agent², since the iBuyer will also be represented by the same agent in the transaction. This type of representation is typically referred to as dual representation, or limited dual agency, and is further described

in [Question 5](#). below. Our agent then provides the homeowner with a real estate listing agreement, dual agency disclosure forms, standard agency disclosure forms, and any other required forms.

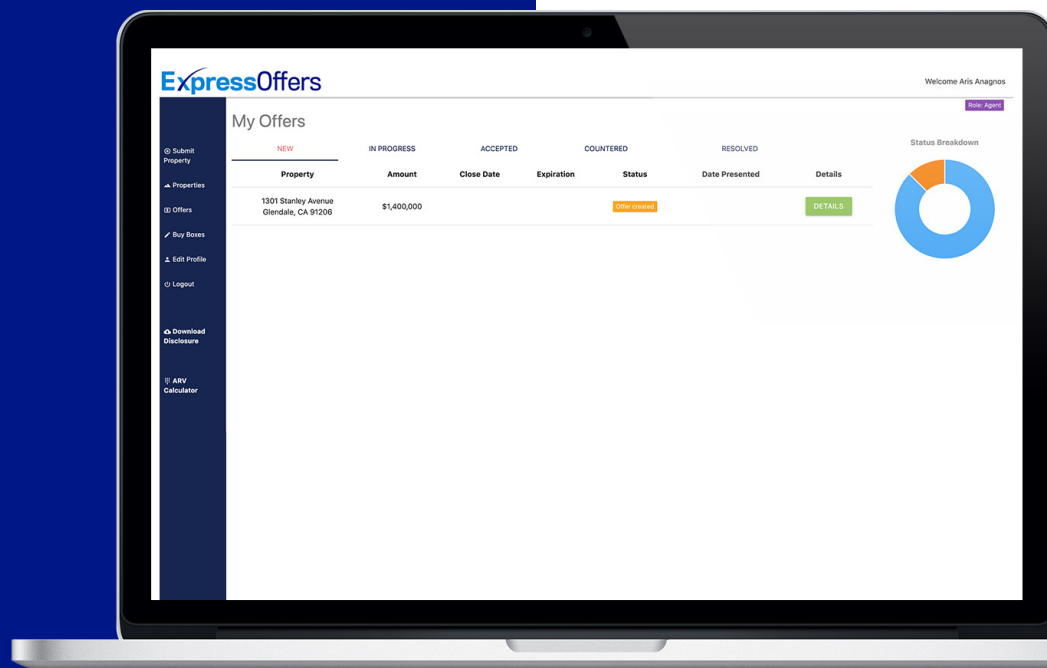
However, if state laws preclude dual agency or if the homeowner prefers to be unrepresented, then our agent will not provide the homeowner with our listing agreement and dual agency disclosure forms, but will instead provide the homeowner with our unrepresented seller form. Our unrepresented seller form states that we do not represent the homeowner and that the homeowner has no representation in the transaction, and also defines the terms under which the homeowner agrees to compensate us for the closing of the transaction; the homeowner would become obligated to pay us a commission solely in our capacity as the iBuyer's real estate agent, much like a finder's fee for finding a buyer to purchase the homeowner's home.

receive the information provided by our agent and be informed that the home is available to purchase.

Our iBuyers may submit a non-legally binding Letter of Intent with the terms that they would be willing to purchase the home. These proposed terms will typically include a purchase price, estimated closing date, and any other important terms that, if accepted, will become the terms presented in the formal written purchase offer, that is, an Express Offer.

After receiving the iBuyer's Letter of Intent, our agent will present it to the homeowner for their consideration. If the terms proposed in the Letter of Intent are acceptable to the homeowner, our agent will notify the iBuyer and the iBuyer will have our agent prepare an Express Offer based on those terms. Alternatively, if the terms proposed in the

The homeowner will review the provided forms, and if acceptable and they are interested in our Express Offers program, then they will sign the forms and return them to our agent. After our agent receives all of the homeowner's signed forms, he will gather basic information about the home and submit it to our iBuyers through our web platform; any of our iBuyers that are looking for homes like the homeowner's will



¹ Our agent will not approach any homeowner whose home is already listed with a real estate brokerage firm.

² Neither we nor our agent will ask to serve as a dual agent for the homeowner if the home is already listed with a real estate brokerage firm.

iBuyer's Letter of Intent are not acceptable to the homeowner, then the homeowner may either reject the iBuyer's proposed terms and proceed to locate another buyer for their home, or, where allowed by an iBuyer, the homeowner may present a counter-offer that our agent will relay to the iBuyer through our web platform. If the iBuyer accepts the counter-offer, then our agent will notify the homeowner that their counter-offer has been accepted. (Note that, in situations where a homeowner has elected to be an unrepresented seller, just because one of our agents relays a homeowner's counter-offer to the iBuyer, doing so does not make us that homeowner's agent, and we are not that homeowner's agent unless/until a formal dual agency relationship is established, as discussed below.)

After our agent notifies the iBuyer that the homeowner accepts the proposed terms, or alternatively, the iBuyer accepts the proposed terms in the homeowner's counter-offer, our agent will draft a purchase agreement for the sale of the homeowner's home at the agreed upon purchase price and terms. The homeowner and iBuyer will sign and exchange that agreement.

At the closing, the iBuyer will pay eXp Realty a transaction fee (as described in [Question 6](#), below). The homeowner will pay the amount of commission that was agreed upon between our agent and the homeowner, as was specified in either the listing agreement or unrepresented seller form, as applicable. After the closing, the homeowner will have successfully sold their home to an iBuyer.

After the closing, the iBuyer may make some improvements to the home, and then rent it out or list it for sale for a higher price (with the

intent of selling the home for a quick profit) using eXp Realty and the very same eXp agent that represented the iBuyer in the purchase of the home. In instances where the home is listed for sale, the iBuyer may have pre-negotiated paying a lower commission rate for listing the home for sale through eXp Realty.

4. How much will using your Express Offers program cost me?

There is no charge to you solely for using Express Offers. While our agreements with our iBuyers require them to pay us a transaction fee for using our Express Offers web platform, you do not pay this transaction fee and it is not a fee that is passed along to you; the iBuyer pays it at closing (see [Question 6](#), below). It is a fee that the iBuyer is contractually obligated to pay to us each time it purchases a home that was introduced to it through our Express Offers web platform.

However, by entering into our listing agreement or unrepresented seller form, you would be agreeing to pay a commission to us and our agent (see [Question 6](#), below). But, in no event will you have to pay us a full commission for the work of two agents as in a traditional home purchase transaction; it will be one or the other, but not both, if you sell your home to one of our iBuyers.

5. Who represents me in an Express Offers transaction?

We will always represent and work on behalf of our iBuyer. However, if you have not engaged a real estate brokerage firm, then we will endeavor to obtain your permission to represent you as well, if allowed in your



state. This type of representation is typically referred to as dual representation or limited dual agency. Not all states allow dual representation, and if dual representation is not allowed in your state then we will continue to represent the iBuyer exclusively. If you allow us to represent you as a dual agent, assuming it's allowed in your state, then we will provide you with a real estate listing agreement, dual agency disclosure forms, and other required forms. **NOTE - WE DO NOT REPRESENT YOU UNTIL SUCH TIME AS ALL OF OUR REQUIRED SELLER-REPRESENTATION FORMS ARE SIGNED AND EXCHANGED BETWEEN YOU AND US. MERELY RELAYING YOUR PROPOSED COUNTER-OFFER TERMS TO THE IBUYER DOES NOT AND WILL NOT BE CONSTRUED TO CONSTITUTE OUR REPRESENTATION OF YOU.**

6. How does eXp Realty benefit from Express Offers?

Your use of our Express Offers would financially benefit us in a number of ways.

Transaction Fee

First, we charge a transaction fee to the iBuyer for each home it purchases that was introduced to them through our Express Offers web platform. The transaction fees that we charge may vary from iBuyer to iBuyer and is subject to the terms of a separate agreement we have directly with our iBuyers. This transaction fee is paid by our iBuyer, to us, through closing and will be disclosed on your closing settlement statement as a cost to the iBuyer. The transaction fee is not split with any of our agents, and is paid only to eXp Realty. The transaction fee is a fee separate and apart from any other commission that you would pay, and is paid in addition to any other commission that eXp Realty and/or our agent(s) are to receive.

Real Estate Commission for Listing Your Home

If you agree to allow us to represent you as a dual agent (meaning we will represent both you and the iBuyer in the same transaction), then we will ask to receive a commission for our services. The amount of commission

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that you and our agent agree upon for our services will be stated in our written listing agreement with you. When you allow us to serve as a dual agent, you will not have to pay us a commission for both our seller and buyer-representation services and that could be a significant savings for you. However, this would only apply if you are selling your home to one of our iBuyers.

Buyer-Representation When You Are Unrepresented.

If state law precludes us from representing you as a dual agent, or if you do not allow us to represent you as a dual agent and you choose to represent yourself, then we will ask you to sign an unrepresented seller form that outlines that you, the seller, have no representation in the transaction, and also defines the terms under which you agree to pay us a commission for bringing you a buyer who purchases your home. The amount of commission that you and our agent agree upon for bringing you a

buyer that buys your home would be stated in our written unrepresented seller form. When you sign the unrepresented seller form, you are only obligated to pay us a commission for our buyer-representation services, not for any seller-representation services, because we are not representing you or providing you with any seller-representation services.

iBuyer Real Estate Commission for Resale Listing of Your Home.

Some of our iBuyers have agreed to give us the right of first refusal to list for resale any home they learned of through our Express Offers web platform and then purchased. This may include your home if you sold it to one of our iBuyers. In exchange for our iBuyer giving us the right of first refusal to list the home for resale, the iBuyer may pay a reduced listing commission. In addition, the iBuyer may

also have agreed to first consider listing the home through the very same eXp agent that assisted you and/or the iBuyer in the sale of your home to the iBuyer. As a result, we and our agent would also earn a commission from the iBuyer for our seller-representation services relating to the subsequent resale of your home.

EXAMPLES

The following examples are intended to illustrate how we could earn compensation relating to Express Offers, but keep in mind that while these are the two most common scenarios, they do not include all possible scenarios. (Please Note: The property values and commission rates stated in these examples are being used only for purposes of simplifying the math in the examples and do not reflect the actual property values or commission rates that may be reflected in your listing agreement.

Example 1:

The as-is, fair market value of your home is in the range of \$1,200,000 - \$1,300,000. One of our agents (let's call him, Agent Alan) discovers that you are selling your home as a "for sale by owner" and that your home meets one of our iBuyer's investment criteria.

Agent Alan approaches you, introduces himself and tells you about our Express Offers program. You are interested, and Agent Alan provides you with this *Express Offers Question and Answers, and Agreement to Introduce Potential iBuyers and Participate in eXp Realty's Express Offers*. In addition, assuming state laws allow it, Agent Alan also asks to represent you. If you agree, he would be representing you as a dual agent since he would then be representing both you and the iBuyer in the same transaction.

Agent Alan then gives you our real estate listing agreement, dual agency disclosure forms, standard agency disclosure forms, and any other required forms. In this example, our listing agreement provides that we will list your home for a total commission of [X]%, when your home is sold to one of our iBuyers. That [X]% will be payable to eXp Realty as the listing real estate brokerage firm and split with Agent Alan.

You review each of the forms provided by Agent Alan at your leisure, find all of the terms acceptable, and decide that you are interested in our Express Offers program and in having us represent you, through Agent Alan, as a dual agent. You then sign and return all of the forms to Agent Alan.

After Agent Alan receives your signed forms, he enters information about your home into our web platform so that our iBuyers that are looking for homes like your home may be notified that you are interested in selling your home. One of our iBuyers learns of your home through our web platform, and submits its Letter of Intent for your review.

Agent Alan then presents the iBuyer's Letter of Intent to you. The terms in the Letter of Intent are as follows: purchase price of \$1,000,000, 10-day closing from the date that the purchase agreement is mutually signed and exchanged, and iBuyer waives its rights to cancel the purchase contract for certain due-diligence/property inspection related reasons. You like the iBuyer's proposed terms and tell Agent Alan to let the iBuyer know you accept.

Agent Alan notifies the iBuyer through the web platform that you have accepted and then proceeds to draft a purchase agreement for the sale of your home at a final purchase price of \$1,000,000 and inclusive of the other agreed upon terms. You and the iBuyer sign

and exchange that agreement. The sale closes escrow 10 days after you sign the agreement. Congratulations, you have just sold your home!

Through the closing process, the iBuyer pays eXp Realty their agreed upon transaction fee for using our Express Offers web platform. eXp Realty retains the transaction fee in its entirety, it is not split with Agent Alan. From your sale proceeds, you pay a commission to eXp Realty for the listing services provided (which is split it with Agent Alan) in an amount that is equal to the final purchase price of \$1,000,000 multiplied by the commission rate of [X]%. So, if the commission rate is 2%, then the amount of commission you pay is \$20,000 (or \$1,000,000 X 2%); if the commission rate is 10%, then the amount of commission you pay is \$100,000 (or \$1,000,000 X 10%), and so forth. The commission rate, whatever it may be, is the amount that you and Agent Alan previously agreed on and was written in your listing agreement.

After closing, the iBuyer makes some improvements to your former home and then lists the property for sale with eXp Realty through Agent Alan. The iBuyer agrees to pay a total commission of [C]%, of which [A]% will be paid to eXp Realty (and split with Agent Alan), and [B]% will be paid to the new buyer's real estate brokerage firm. (For purposes of this example, [A]% + [B]% = [C]%. In addition, the iBuyer will have pre-negotiated paying a lower commission rate for listing the home with eXp Realty.)

The iBuyer lists your former home for sale for \$1,200,000. A third-party buyer named Buyer Bob is presented to us through his non-eXp agent, Agent Olivia. Our iBuyer (who is now the seller and represented by Agent Alan) and

Buyer Bob enter into a contract for the resale of your former home and that transaction closes escrow at the full listing price. At closing, eXp Realty will receive a listing commission equal to \$1,200,000 X [A]%, which we will split with Agent Alan. Agent Olivia's brokerage company will receive a cooperating broker commission equal to \$1,200,000 X [B]%, which will be split between Agent Olivia and her brokerage company. The commission to be paid to us, and the additional commission to be paid to Agent Olivia's brokerage firm, whatever those amounts may be, will be determined in accordance with the terms of the listing agreement between us and the iBuyer, and/or in any other agreements between us and Agent Olivia's brokerage company.

Example 2:

Similar to Example 1, the as-is, fair market value of your home is in the range of



\$1,200,000 - \$1,300,000, Agent Alan has approached you and explained our Express Offers program to you, and asked if you would allow him to represent you as a dual agent. However, in this example you do not wish to be represented by eXp Realty or any other real estate brokerage firm, and instead of providing you with a real estate listing agreement and dual agency disclosure form, Agent Alan provides you with our unrepresented seller form, which you have signed and returned.

Included in the unrepresented seller form is your agreement to pay eXp Realty a commission at the rate of [M]% for bringing a buyer to you. This [M]% will be paid to and split between eXp Realty and Agent Alan at closing. This unrepresented seller form, however, does not constitute an agreement to provide you with representation; in other words, Agent Alan is not required to keep your confidential information confidential nor will he advocate on your behalf, and you will continue to proceed through your transaction unrepresented by a real estate agent.

You and the iBuyer enter into a purchase contract for the sale of your home at a final purchase price of \$1,000,000, with a 10-day closing and iBuyer's waiver of its rights to cancel the purchase agreement for certain due-diligence/property inspection related reasons. The transaction closes, and at closing the iBuyer pays eXp Realty their agreed upon transaction fee for using our Express Offers web platform. eXp Realty retains the transaction fee in its entirety; it is not split with Agent Alan. From your sale proceeds, you pay a commission to eXp Realty for bringing a buyer that purchases your home, much like a finder's fee. The amount of commission that we receive is equal to the final purchase price of \$1,000,000 multiplied by the commission rate of [M]%. So, if the commission rate is 2%, then the amount of commission you pay is \$20,000 (or \$1,000,000 X 2%); if the commission rate is 10%, then the amount of

commission you pay is \$100,000 (or \$1,000,000 X 10%), and so forth. The commission rate, whatever it may be, is the amount that you and Agent Alan previously agreed on and was written in your unrepresented seller form.

After closing, the iBuyer makes some improvements to your former home, and then lists the property for sale with eXp Realty through Agent Alan. The iBuyer agrees to pay a total commission of [5]%, of which [0]% will be paid to eXp Realty (and split with Agent Alan), and [R]% which will be paid to the new buyer's real estate brokerage firm. (For purposes of this example, [0]% + [R]% = [5]%. In addition, the iBuyer will have pre-negotiated paying a lower commission rate for listing the home with eXp Realty.)

The iBuyer lists your former home for sale for \$1,200,000. A third-party buyer named Buyer Bob is presented to us through his non-eXp agent, Agent Olivia. Our iBuyer (who is now the seller and represented by Agent Alan) and Buyer Bob enter into a contract for the resale of your former home at the full listing price, and that transaction closes escrow. At closing, eXp Realty will receive a listing commission equal to \$1,200,000 X [Q]%, which we will split with Agent Alan. Agent Olivia's brokerage company will receive a commission equal to \$1,200,000 X [R]%, which will be split between Agent Olivia and her brokerage company. The commission to be paid to us, and the additional commission to be paid to Agent Olivia's brokerage firm, whatever those amounts may be, will be as provided in the listing agreement between us and the iBuyer, and/or in any other agreements between us and Agent Olivia's brokerage company.

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