OBJECTIVE OFFER REPORT

Objective Offer uses predictive analytics to simulate human behavior. It's designed to simplify the home offer, help the seller/listing agent make better decisions, assign an offer score, and present considerations for handling the offer. Since certain home offer nuances can not be represented in numeric form, always make sure ultimate handling of the offer includes seller/agent collaboration. Thanks for using Objective Offer

Mark Gardner, Objective Offer

Offer Report for:

123 Woodford Dr.

Buyer Name: RTG

Listing agent: Worthington

Offer Price: $875,000

2 BIG Things

About this offer...

This is an outstanding net offer price. Be sure to also consider the strength of the offer and opportunities for contigency mitigation before making your move.

It appears to be a fairly neutral market for this zip code; consider verifying the CMA report for accuracy and ensure your offers are close to this value.

Please see following pages for more discussion and more "big things."

What's the market doing in this neighborhood?

100 Buyer Market — 0 Seller Market

56

Offer Score Results

(See following page for discussion of scores)

Below Average — Excellent

57 — **Offer Strength Score**
How likely will this offer go to closing.

95 — **Offer Price Score**
How attractive the net offer price is in this market.

64 — **Seller Leverage Score**
How much leverage does the seller have to negotiate.

75 — **Objective Offer Score**
Simulates an overall assessment of the offer conditions: strength, price, seller leverage, market.

$$$$

Estimated seller tax liability if this offer accepted (filing jointly): **$25,000**

Estimated net seller proceeds if this offer accepted: **$752,250**

OFFER STRENGTH

OFFER STRENGTH SCORE **57**

This score predicts how likely the current offer will end up closing. The presence and/or combination of certain contingencies, the amount of earnest money, the funding mechanism, and other factors all determine how strong the offer is. Scores above 60 are generally considered "strong."

Comments:

Even if a seller finds an initial offer very attractive on the seemingly important issues, there are ways to strengthen the offer even more, and make the closing more likely, providing confidence and peace of mind to the seller. Little things like an increased earnest money deposit, a shortened inspection period, a pre-approval letter, a bridge loan pre-approval, a different closing date, or a pre-listing home inspection can all significantly influence the odds of the offer successfully closing.

The offer includes a sale contingency, which is a common reason a sale falls through. Consider these options to minimize the sale contingency and strengthen the offer: request a written current status of the buyer's home sale efforts; make sure the buyer's home is already listed in the MLS; require the buyer to apply for a bridge loan; request more earnest money from the buyer; require the buyer to have his home under contract before agreeing to their offer on your home. If you receive multiple offers, you may even want to inform parties that you will not accept offers with a sale contingency or their home must be under contract, etc.

Many offers fall through because of failing to resolve inspection issues. Be honest with the condition of your home and understand that the buyer may request even the smallest of issue be repaired; this is especially true with older homes. Be sure not to reduce the buyer's proposed inspection duration, as that may indicate the seller has something to hide. Be ready with your repair budget and determine who will make any repairs.

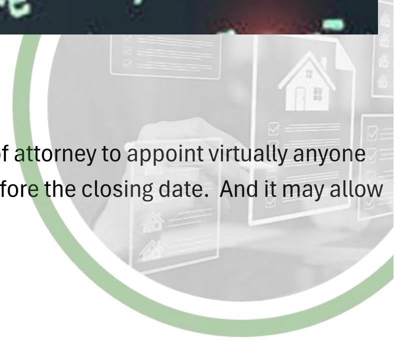
Nothing is worse than moving into a home with negative equity, which the appraisal contingency helps mitigate. To help keep the offer moving if the appraisal comes in under the net offer price, have in mind a certain amount you are willing to help the buyer offset the gap and be sure to ask for a copy of the appraisal and consider lower the asking price to that amount if you reject this offer.

Be sure to review the pre-approval letter; some will contain the amount the buyer is approved for, which may be more than the offer price and will come in handy if you want to counter the offer.

Did You Know?

Must the seller attend the closing?

Normally, the seller does not actually have to attend the closing and can use power of attorney to appoint virtually anyone to sign on their behalf. This is especially handy if the seller has moved out of town before the closing date. And it may allow a third party legal counsel to review closing documents on the seller's behalf.



OFFER PRICE

OFFER PRICE SCORE

95

This score compares the net offer price, including any concessions offered by the seller and requested by the buyer, and compares it to the Comparable Market Analysis. Please note the score does not consider the listing price. Depending on the seller's goals, most homes sell in the 78+ range.

Comments:

Regardless of the Offer Price Score, always remember, dismissing any offer terminates the potential to work out a deal, so carefully consider the offer before rejecting it; you may just find out the buyer is willing to pay full price and on your terms if you just negotiate a bit. A counteroffer sends a different message than a rejected offer. The Offer Price Score is a stand alone score and does not consider the strength of the offer or the projected seller's leverage position. It should be used in combination with the other scores to help determine how to manage the offer.

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Congratulations! You have an offer at or very close to the CMA value! That's very exciting and probably means the CMA was right on. In a neutral housing market, only about 5-10% of homes receive an offer price this good. Be sure to review the CMA for accuracy and make sure it didn't underprice the home. And be sure to consider other parts of the offer, including any special conditions. Some offer parties submit offers with high prices to pique interest, only to use the inspection contingency to later request more concessions from the seller. If you do counter the offer, consider doing so by requesting a cap on the repair costs, mitigating the sale contingency, or some other element of the offer not directly related to the price.

Offers like this are perfect opportunities for the seller to conduct their own inspection, which will help ensure the buyer doesn't ask for frivolous concessions resulting from their inspection. Requesting a robust (2-3% of sale price) earnest money deposit will help demonstrate the buyer's intentions.

Did You Know?

What goes, what stays?

All kitchen appliances are normally sold with the property, which is usually preferred by the buyer. But purchase/sale agreements typically legally override tradition and whatever is advertised/shown in the listing. Traditionally, if something is permanently installed or attached, it is considered included with the sale (e.g., a TV mounting bracket, but not the TV, all window treatments and hardware, a satellite dish on the roof, gas logs (whether built-in or not), and an above-ground swimming pool). Just know everything is negotiable and don't think you have to include or exclude anything.

SELLER LEVERAGE

SELLER LEVERAGE SCORE

57

The Seller Leverage Score simulates the amount of leverage the seller has, considering both the buyer and seller positions to simulate the degree of the buyer being receptive to negotiating. A high score is not necessarily needed for a great offer but scores above 60 usually indicate an opportunity to counter weak parts of the offer.

Comments:

Maintaining seller leverage throughout a transaction starts with what is and what is NOT communicated in the MLS listing. There's nothing wrong with being willing to negotiate or not being willing to make repairs, just consider not stating this in the listing - you're needlessly giving your position away. The conditions a buyer has included with his offer can be used to simulate how willing the buyer is to negotiating. For example, a low earnest money coupled with the need for an 80/20 loan means the buyer already has 20% cash, so there must be room for a better earnest payment.

The buyer is not requesting significant seller concessions (i.e., assistance with closing costs, rate buy-down, repairs, etc.), which may indicate some ability to negotiate if you don't favor other parts of the offer.

Please note the inspection period is abnormally long, which tends to give the buyer significant leverage. You many not want to counter with a smaller inspection window because this may appear you have something to hide. Instead, consider countering with a kick-out clause that allows you to accept another offer with a more traditional inspection period (7-14 days). Please also note the buyer can legally and essentially back out anytime during the inspection period.

This offer has a sale, mortgage, inspection, and appraisal contingency. That's not uncommon, but just understand, if accepted, the offer provides lots of leverage to the buyer. If your home is in a "hot neighborhood" and you expect several offers, be sure to consider countering this offer with a kick-out clause that allows pursuing other offers that may contain fewer contingencies.

Did You Know?

Last minute changes made easy...

It's the day of closing and the buyer says, "I changed my mind. I do want that washer, dryer, and refrigerator and I do want that front door re-painted. Let's just increase the sale price by $8,000." The lender may not allow this because it may affect the appraisal and would require the loan to be re-written, which could take days/weeks. Instead, consider keeping the terms of the purchase agreement unchanged and use a separate bill of sale for the new expenses/repairs, and require the buyer to pay cash for the changes.

THE OBJECTIVE OFFER SCORE

75

Why can't selling be peaceful?

The Objective Offer Score is a summary score that simulates the overall attractiveness of an offer. It considers all aspects of the offer and uses a proprietary weighted factor for the three other scores, market conditions local to the subject property, and other factors to produce a composite score the seller can use to help determine how to handle the offer. Most homes sell in the 60 to 80 score range. Scores above 88 are rare.

56

100 Buyer Market | 0 Seller Market

It appears to be a neutral housing market for your area. When this happens, you should use the offers you've received to make any changes to the listing going forward. For example, if you've recently rejected two offers because of a low offer price, it's likely you need to review the CMA and make any adjustments to the asking price, or consider paying for a professional appraisal. If you feel the CMA is accurate and want to counter this offer with a higher price, considering doing so incrementally AND with a copy of the CMA (it's possible the offer party has mistakenly undervalued your home).

Offer Details:

Comparative Market Analysis	$878,000
Current list price:	$900,000
Offer price:	$875,000
Is home vacant?	No
Concessions offered by seller	$0
Concessions buyer is requesting from seller	$0
Approx. current mortgage payoff	$65,000
How much of sale proceeds needed for next transaction , if any	20%
Offer type (cash or loan)	loan
If loaned, % of sale price loaned	80%
Offer contingent on appraisal?	Yes
Offer contingent on buyer's home sale?	Yes

Offer contingent on inspection?	Yes
If inspection, duration, days	19
Earnest money amount	$15,000
Escalation clause in offer?	No
Is buyer pre-approved/funds verified?	Yes
Total agent fees seller is paying	6.0%
Consider tax implications?	Yes
Is seller married or single?	n/a
How much did current owner pay for house originally?	$325,000
Amount of upgrades current owner made to home during ownership, $?	$70,000

Estimated Sale Proceeds if This Offer Accepted:

(a) Sale price:	$875,000
(b) Loan payoff	$65,000
(c) Agent commissions:	$52,500
(d) Concessions (offered by seller, requested by buyer, repairs, closing cost help, etc.):	$0
(e) Miscellaneous closing costs (owner's title policy, transfer taxes, other), assume 0.6% of sale price:	$5,250
Total Estimated Sale Proceeds if This Offer Accepted:	**$752,250**

Estimated Potenital Tax Implications if This Offer Accepted:

(a) Amt. seller originally paid for home:	$325,000
(b) Upgrades/remodels during ownership:	$70,000
(c) Home "cost basis:" (a) + (b)	$395,000
(d) Home sale price:	$875,000
(e) Seller closing costs (commissions, etc.):	$0
(f) Total proceeds from sale: (d) - (c) - (e)	$480,000
(g) IRS tax exclusion limit (filing jointly):	$500,000
(h) Taxable amt, (f) above allowance (g):	$0
Estimated tax due at filing (assume 15% long-term capital gains tax rate: (g) x 0.15):	**$0**

Always consult a tax professional for accuracy.