THE RELOCATION REPORT

AN INDEPENDENT NATIONAL NEWS SERVICE FOR RELOCATION PROFESSIONALS

Volume 39, Number 4 **March 5, 2016**

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Citibank Closes Corporate Relocation Program

Citibank is shutting down its corporate relocation program, according to a letter sent out by Ben Cowen, head of originations in North America, to clients.

Citi is also closing its Employee Home Lending Benefit Program, which offers employees a credit toward closing costs. (See box)

"Over the past several years," Citi's spokesperson Deirdre Leahy tells *Relocation Report,* "Citi's mortgage business strategy has been to deepen relationships with our consumer bank branch customers.

"In addition," she continued, "we have built new capacity to support digital partnerships and strengthened our Risk and Control infrastructure across the company. After a thorough review, we have decided to discontinue corporate relocation services to better align resources with our business priorities."

Citi Couldn't Remain Competitive

One relocation expert speculates that Citi got out of the relocation business because the company could not keep up with its competition—mainly Wells Fargo—and because new technology-savvy companies were coming into the relocation market.

"Wells Fargo captured the big market share," said the relocation expert, "and they build the infrastructure to support relocation. They have the technology, quick turnaround and competitive prices. They have a sales team on the street, selling to corporations and third parties and they've been doing it for many years in a big way.

"It's tough to compete against Wells Fargo," he continued, "and get returns they (Citi) want being the big bank that they are around the world. Relocation is not a big enough piece of the pie that they want to invest more in it."

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Citibank Closes Corporate Relocation Program

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Citi Closes Branches

Another relocation source speculates that Citi shut down its relocation program as a cost-cutting measure at a time when its footprint is shrinking nationwide—signaling a move towards providing more online banking services. The company recently closed its Massachusetts branches and sold many of its Texas branches to BB&T.

Citi has been steadily closing down its branches in other areas as well. At a Credit Suisse Financial Services Forum on February 10, 2015, Citi's CEO of U.S. Consumer & Commercial Banking and CitiMortgage Jane Fraser said that Citi was committed to transforming its business, according to the meeting's transcript.

"We've seen progress in downsizing and focusing on major urban markets," she said.

Susan Katze, from Citi's investor relations, said that the bank will primarily serve the mass market. "And in Citibanking," she said, "we're looking at how we can simplify the service model and encourage the migration to digital services channels which are much more convenient for the customer but they're also more cost effective for us."

During the first quarter of 2015, Citi planned to sell or close 60 branch offices, bringing its total branch reduction to nearly 200 locations since the end of 2013. Nearly 90% of its branch footprints was to be concentrated in seven markets "where we have a strong competitive position."

As basic transactions migrate away from branches and to online, "you simple don't need the same branch size and staffing models and configurations as in the past," said Katze.

Effect of Citi's Relocation Program Termination

What affect will Citi's relocation program shut-down have on the industry?

The answer depends on whom you ask.

"They were a big player and a name brand," said one third-party provider. "Relo customers had confidence in the name. Now the need will be filled by smaller lenders whom the customer will not recognize."

Another third-party provider expressed a different opinion. She said that her company used Citibank for years. "It means one less choice for our transferees," she said, "but the reality is that we have many, many mortgage providers and several others who want to be on our list of preferred providers.

"And the truth is," she continued, "they were never the choice of any significant number of our transferees anyway."

Third-parties that did business with Citi may loose some revenue earned through their partnerships, according to a third-party provider.

Many mortgage companies pay third-parties to be included in the relocation company's preferred provider list. "We have marketing services agreements with lenders where we are paid annual fees," said a relocation expert.

However, not all third-parties charge annual fees. Some charge mortgage providers a fee per referral or per closed loans, he said.

We'd love to hear from you!
Contact our editor, Marcy Kogan, at **marcykog@gmail.com** with comments, questions and suggestions.

Citi's Letter to Clients

"For many years Citibank has been a leader in the delivery of corporate relocation and employee home lending benefit programs to employers and employees across the country and around the globe," the company writes to clients. "We have put our people, our products and our passion to work, delivering remarkable experiences. It is therefore difficult to inform you, as our valued client, that Citibank will be ending our corporate relocation program over the coming weeks.

"If a contractual relationship is in place, a formal notice of termination will be forthcoming, but we want to be sure to let our clients know of this decision as quickly as possible," according to the letter. "This does not necessarily impact other relationships your organization may have with Citibank.

"In addition, the Employee Home Lending Benefit Program, which offers employees a credit toward closing costs, will end as of March 31, 2016 or on the date indicated in the formal notice of termination," the letter pointed out.

Some Moving Companies May Start Paying Salespeople Salaries Instead of Commission

Some household goods shippers are changing their compensation model for paying national account reps from commissions to salaries or salaries plus commissions, according to various industry sources.

In some cases, salaried compensation may include bonuses tied to performance.

Arpin and Graebel Van Lines may be among movers doing away with commissions, sources say.

When called for comment, Arpin spokesman Robert Beadle, also president of Northeast Public Relations, said company officials "don't think this particular article is a fit for them."

Several attempts to reach Graebel Van Lines were unsuccessful.

"We are starting to see an emerging trend toward using salaried compensation as part of recruitment efforts," a source from the American Moving & Storage Association (AMSA) told Relocation Report. "Moving companies and van lines are seeking to build strong compensation plans that give their workforces a sense of economic security.

"While most sales professionals," he added, "are still paid on a commission basis, more compensation plans are starting to include salaried pay or pay with a bonus structure."

An executive from the moving industry agrees. "Companies are shifting from straight commission programs to either salary or salary plus commission," he added. "We are seeing it a lot and in fact have been trending that way for years."

Why the change?

Some say that salaried jobs plus commission provides sales people with a sense of stability, knowing they'll get a paycheck while also motivating them to work harder to earn higher commissions. Commissions appeal to top producers who can sometimes make on one sale as much as a month's salary. "A salary plus commission offers more certainty," says a third-party provider, "and the commission has potential for higher reward."

Paying just salaries, however, may appeal to "people who are medium to low performers so they don't have to worry about delivering results," says a third party provider. "In reality, when you pay someone a flat salary and don't motivate people to perform at the higher level, they get slack."

Some companies may prefer paying salaries because expenses are more predictable.

The moving company executive does not think that doing away with commissions will adversely affect sales people.

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Canada's Highstar Relocation Launches Remote Area Relocation Program

People relocating to Canada—particularly British Columbia and Alberta—to work on oil and gas projects face many hardships. They must find moving companies that haul household goods to faraway sites and housing near their job site.

That's why Highstar Relocation, located in Calgary and Edmonton, launched the Remote Area Relocation Solutions Program.

Plenty of people still relocate to Canada to work for gas and oil companies despite the slowdown in that industry. "The business hasn't stopped," Martin Robillard tells *Relocation Report*. "People will move to these areas just to have employment even tough these small tows are in the middle of nowhere." Transportation to and from the worksite can be a problem as well.

"We created a program where we have a bigger network of moving capabilities to go to those places" and serve that population, he said. His company operates 150-plus fleet of its own and makes frequent runs to these areas to deliver household goods.

How expensive is it to run the service? "It's a little more expensive," he said. "But we are not paying a third party and we have control of the number of men (driving). Instead of sending three we send two drivers. They can do an overnight in a cheap motel. The price of gas is cheap and that helps us in going far distances."

His company also helps relocating employees find housing—a tough task in areas with small populations. Highstar Relocation often refers transferees to realtors in its network of brokerage affiliations. "We've been lucky to have great relationships on a provincial level with realtors," he said.

"It could be a room in a house or living in a trailer," he said. Houses are sometimes placed on the rental market because their owners, laid off from their jobs in the oil and gas industry and relocating elsewhere, can't sell their homes. Most people relocating to these areas are renters.

The third-party also helps transferees find transportation to and from their job site. "It could be car-sharing services, carpools or even renting small buses to take various people to and from work," he said.

Many of these small communities are growing and need medical services. Robillard's company is also beginning to move more health practitioners to these locations, including international doctors with credentials from other countries.

Not everybody can adapt to living in remote areas, he added. Companies should carefully assess employees moving to faraway locations to make sure "they are not putting these people in situations where it will not work out for anybody."

Some Moving Companies May Start Paying Salespeople Salaries Instead of Commission

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"As long as they are bonused or receive proper compensation," he said, "the results are virtually the same. Great sales talent deserves to be fairly and highly compensated.

"They also need to have a program that motivates them to prospect, sell and close," he added. "It really boils down to proper sales management. The compensation takes care of itself."

Another third-party company source said that sales people are so put off by the salary-only approach that they are out looking for other jobs. "They want to make money and can't go backward," she said.

2015 Cartus Relocation Volume Declined, Realogy's Volume Increased

Cartus assisted in approximately 168,000 corporate and affinity relocations in nearly 150 countries in 2015, representing a 2% decline from 2014, according to Realogy's reported financial results for the full year ended December 31, 2015.

Highlights of the financial report were highlighted in a press release.

In 2015, Realogy's franchise (RFG) and company-owned (NRT) business segments achieved a combined homesale transaction volume (transaction sides multiplied by average sale price) of approximately $456 billion, an 8% increase compared to 2014, the press release pointed out.

RFG reported a homesale transaction increase of 3% and an average homesale price increase of 5%. NRT reported a homesale transaction increase of 9% and an average homesale price decrease of 2%.

The increase in NRT's transaction sides was bolstered by the strategic acquisition of the Coldwell Banker United brokerage operations in Texas, the Carolinas and Florida, which had a lower average sales price relative to the remainder of NRT's markets, according to the press release.

In the fourth quarter of 2015, homesale transaction volume across the industry was adversely affected by the introduction of the new advance three-day closing disclosure regulations ("TRID"), which began impacting homesale transaction closings in mid-November.

"Specifically at NRT," Realogy stated, "where Realogy has the most visibility into transaction timing, TRID added approximately five days on average to the time necessary between the opening and closing of a homesale contract.

"While this change delayed closings into 2016 and impacted Realogy's revenue and Adjusted EBITDA in the fourth quarter of 2015," Realogy continued, "the Company believes that it is a timing issue, as the time needed to close a transaction has stabilized since the end of 2015. The Company also believes that TRID did not have any noticeable impact on NRT's contract cancellation rates or homebuyer demand in the fourth quarter.

In the title and settlement services sector, the release pointed out, TRG was involved in the closing of approximately 169,000 transactions last year, reflecting a 15% increase in purchase units and a 40% increase in refinance units compared to the prior year. A portion of those gains was related to TRG's acquisition of Independence Title in 2015.

Looking Ahead at 2016

For the first quarter of 2016, Realogy expects to achieve homesale transaction volume gains in the range of 6% to 9% year-over-year for RFG and NRT combined.

Based on the Company's closed and open sales activity in January and February, Realogy expects first quarter homesale transaction sides to be up 3% to 5% year-over-year and average homesale price to increase 3% to 4% on a company-wide basis.

"As we look to 2016, we are well positioned to build on the strong free cash flow we generated last year," said Anthony Hull, executive vice president, CFO and treasurer. "We are focused on business optimization initiatives to enhance our value proposition and service levels while leveraging our scale and infrastructure to improve efficiency and maximize profitability."

Other financial earnings report highlights:

- Realogy's revenue of $5.7 billion, which represents a 7% increase compared to 2014, was primarily driven by higher homesale transaction volume.
- Realogy's net income was $184 million, a 29% increase from the prior year, and basic earnings per share was $1.26, up from $0.98 in 2014.

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Consumer Financial Protection Law Reduces Mortgage Offerings, Causes Delay

Banks are still struggling to comply with the Consumer Financial Protection Bureau's 2015 TILA-RESPA Integrated Disclosure rule, or TRID, according to an American Bankers Association (ABA) survey.

The survey, conducted last month, found that 25% of respondents have eliminated certain mortgage products because the rule does not provide enough clarity. Some of the offerings banks have eliminated include construction loans, adjustable rate mortgages, home equity loans or payment frequency

More than 75% of survey participants said loan closings are being delayed as a result of TRID. On average, those bankers reported a delay of 8 days with responses ranging from one to 20 days. More than 90% said front-boarding and loan processing times have increased.

"It's clear from this survey and our discussions with bankers that TRID compliance remains a significant concern," said Bob Davis, ABA executive vice president, mortgage markets, financial management and public policy. "Consumers are seeing the greatest impact due to increased loan costs, fewer choices and delayed closings—and that's not what this rule was intended to do."

Ninety-four percent of the 548 bankers who completed the survey believe the TRID "good faith" grace period should be extended.

"As we anticipated, our bankers are struggling to comply in part because the systems being provided by vendors are incomplete or inaccurate," said Davis. "The causes of many of these systems problems are ambiguities in the TRID rule that require resolution."

The survey found that 78% of respondents are still waiting for system updates from their vendors and 83% are forced to use manual workarounds. About half of survey participants said their bank will have to or have already hired additional staff to comply with the new rule.

The bankers who participated in the survey represent a diverse group of banks in both geography and asset size.

Cartus Survey: World's Most Difficult Languages,

Language training plays an important role in the success or failure of employees relocating to new countries for job assignments, according to Cartus study.

Cartus asked several hundred relocation and human resources professionals, "Which language do you think would be most difficult to learn?"

Their responses were highlighted in a March 2, 2016, press release.

Survey respondents in the United States, Europe, the Middle East and Africa (EMEA) and Asia-Pacific (APAC) regions all ranked Mandarin Chinese (38%) as the most difficult language to master, followed by Japanese and Arabic (tied at 18%).

"Relocation professionals, who work with employees being transferred around the world, understand the importance of mastering languages other than their own," said Patrice Heinzer, vice-president, Intercultural and Language Solutions for Cartus.

"The perception that Mandarin is a particularly difficult language to learn, particularly for Western language speakers, is due to its thousands of characters and tonal inflections that give different meanings to words, "said Heinzer.

According to the press release, all Cartus language programs include an intercultural element that takes the learner "beyond fluency to a mastery of the culturally appropriate use of language."

"It's the ability to understand the 'meaning behind the meaning' that enables people living and working abroad to become truly effective not just in negotiating and influencing but even in the simplest business and everyday interactions," said Heinzer.

Cartus also asked relocation professionals which language they most wanted to learn. Respondents from the U.S., EMEA and APAC all agreed, naming Spanish as their first choice.

Southfield Capital Acquires Tier One Relocation

Southfield Capital, a lower middle market private equity firm, acquired Tier One Relocation, a logistics manager that specializes in household goods moves for military personnel, according to a Southfield Capital press release.

Headquartered in Weirton, West Virginia, Tier One Relocation is an outsourced service provider to transportation companies and provides a range of mission-critical services, including order procurement, relocation management, customer service and back-office administration, according to the release.

"Everyone at Tier One is excited with the opportunity to partner with Southfield Capital," said Brian Gallagher, CEO of Tier One. "Tier One has had amazing success in providing quality service to military members, and we know that with Southfield's support, we are just scratching the surface of our true potential. We look forward to an outstanding future partnering with Southfield."

Southfield Partner, Andy Cook, commented, "We have followed the military relocation industry for a number of years and are excited to partner with a terrific management team, leading a high growth platform. Tier One has carved out a strong market position through quality service to military members; we believe the Company has considerable potential to raise the bar of service currently being provided in the industry."

The Private Bank provided the senior debt financing.

What effect does the acquisition have in the relocation industry?

"Tier One Relocation," says a tax consultant, "is now well capitalized and has financial backing and a management team positioned for growth. What does this mean for the relocation industry? There is now another well capitalized player in the Household Goods (HHG) relocation space."

2015 Cartus Relocation Volume Declined, Realogy's Volume Increased

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- Adjusted net income for the year for Realogy was $219 million, and adjusted basic earnings per share was $1.49, increases of 27% and 26%, respectively, on a comparable basis to 2014.
- Adjusted EBITDA was $845 million, compared to $779 million in 2014, a year-over-year increase of $66 million, or 8%.
- Realogy generated $437 million of free cash flow in full-year 2015, a 19% increase compared with $367 million during 2014.

Who's Where?

Beverly Bell is no longer with **Graebel**. She was with the company for 31 years.

Alison Basley is no longer with **Prime Lending**, where she served for a year and 10 months as business development manager. She was previously marketing director at **Wells Fargo** for nearly 8 years and also worked for **Citigroup**, **CitiMortgage** and **Prudential**.

Wendy Morrell is no longer at **Citi**, where she served as senior vice-president for nearly 26 years.

Mary Sortal, account manager at **Suddath Relocation**, is no longer with the company.

Gurpal Kaur left **Lexicon** after serving as control, compliance and reporting analyst for four months. She is now general accountant III at **Fannie Mae**. She was previously with **Vision Relocation** and **Warehouse 1**.

Calvin Chin joins **Altair** as global operations manager at their APAC service center in Singapore. Chin formerly worked for **Savills Singapore**, **Emigra Worldwide** and **Brookfield Global**.

Craig Vuosco joins **TRC Global Mobility** as director of expense management. The company also hired **Brad Bianucci** to take over the newly created role of supplier relations manager and **Chris Ward** as director, global business development, focusing on the Northeast U.S. region.

131 CEO Changes Highest Since January 2014

Turnover among the nation's chief executive officers surged to a 24-month high in January 2015 as 131 CEOs announced their departures during the month, according to a report recently released by global outplacement consultancy Challenger, Gray & Christmas.

January departures were up 15% from 114 in December and 19% higher than the 110 CEO exits announced the same month a year ago. The January total was the highest since January 2014, when CEO departures also reached 131, according to the report.

"A January surge in CEO exits is becoming more common," said John Challenger, the company's CEO. "In three of the previous four years, January saw the most or second most departures among chief executives. Even for companies on a fiscal calendar, January marks a time for new strategies and fresh starts."

> *"A January surge in CEO exits is becoming more common.."*
>
> — John Challenger, CEO

January departures were led by CEOs in government and non-profit organizations, which saw 24 chief executives announce their exits, the report pointed out. Computer and financial firms each counted 12 CEO changes, and companies in the Entertainment/Leisure industry 11 CEO changes for the month.

Meanwhile, energy companies announced 5 CEO changes last month, all of which noted the continued downturn in the oil and gas industry. Energy companies saw 41 CEO departures in 2015.

Resignation, the report stated, was the most often cited reason for departures, as 38 CEOs used this explanation, while an equal number of CEOs (34) either stepped down from the CEO role, usually as chairman or other C-level executive, or retired from their roles. Another 9 CEOs found new positions in other companies.

Title Companies Merge—Launch National Relocation Division

Attorneys Title Agency (ATA) acquired the Michigan direct operations of the Stewart Title, establishing a National Relocation Services Division to offer customers a full range of employee relocation title and settlement services, according to a January 29, 2016, press release.

Terms of the transaction were not disclosed.

This Division will be managed by Jamie Novakowski and will operate nationally, complementing ATA's existing National Settlement, Title Production and Lenders Services Divisions.

As part of the transaction, ATA will add three locations and retain the majority of Stewart's former Michigan employees. With over 40 offices in Michigan, Ohio, Indiana and Illinois, ATA is the largest independent title insurance agency in the Midwest, according to the press release.

The Relocation Report is published 18 times a year by The Federal News Services, Inc.

Publisher and Circulation:

The Federal News Services, Inc.
A division of PaperClip Communications

125 Paterson Avenue
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Annual subscription rate of $297.

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ISSN 0275-7613