



825 NE Multnomah, Suite 2000  
Portland, Oregon 97232

April 3, 2007

***VIA ELECTRONIC FILING  
AND FIRST CLASS MAIL***

Oregon Public Utility Commission  
550 Capitol Street NE, Suite 215  
Salem, OR 97310-2551

Attn: Vikie Bailey-Goggins, Administrator  
Regulatory and Technical Support

RE: Application requesting approval of relocation services contract with  
HomeServices Relocation, LLC, an affiliated interest

PacifiCorp (d.b.a. Pacific Power & Light Company) hereby submits for filing an original and five copies of the Company's Application requesting approval of relocation services contract with HomeServices Relocation, LLC, an affiliated interest.

Very truly yours,

Andrea L. Kelly  
Vice President, Regulation

Enclosures



**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UI \_\_\_\_\_**

|                                     |   |                |
|-------------------------------------|---|----------------|
| In the Matter of the Application of | ) |                |
| PACIFICORP Requesting Approval of   | ) | APPLICATION OF |
| Relocation Services Contract with   | ) | PACIFICORP     |
| HomeServices Relocation, LLC, an    | ) |                |
| affiliated interest                 | ) |                |

Pursuant to ORS 757.495(1) and OAR 860-027-0040, PacifiCorp requests approval from the Public Utility Commission of Oregon (the “Commission”) of the Relocation Services Contract (“Contract”) between PacifiCorp and HomeServices Relocation, LLC (“HomeServices”). The Contract is attached hereto as Exhibits A and B. HomeServices and PacifiCorp are both subsidiaries of MidAmerican Energy Holdings Company (“MEHC”) and therefore PacifiCorp’s relationship with HomeServices establishes an “affiliated interest,” as defined in ORS 757.015(3). PacifiCorp respectfully requests that the Commission approve the Contract as an affiliated interest agreement and allow PacifiCorp to purchase services pursuant to the Contract.

**I. Background**

HomeServices is a limited liability company and privately held company, which is a wholly-owned subsidiary of HomeServices of America, Inc. In turn, HomeServices of America, Inc., is a wholly-owned subsidiary of MEHC. HomeServices provides comprehensive relocation management services including, among other things, realty services, mortgage services, household goods moving and storage, and temporary living. PacifiCorp intends to use these services for relocating employees and new hires.

With this Application, PacifiCorp requests Commission authorization to engage in business transactions with HomeServices as described herein.

## II. Compliance with OAR 860-027-0040 Filing Requirements

### A. Address

The applicant's exact name and address of its principal business office are:

PacifiCorp  
825 NE Multnomah Street  
Portland, OR 97232

### B. Communications and Notices

All notices and communications with respect to this Application should be addressed to:

PacifiCorp Oregon Dockets  
825 NE Multnomah Street, Suite 2000  
Portland, OR 97232  
OregonDockets@pacificorp.com

Natalie L. Hocken  
Vice President and General Counsel  
PacifiCorp  
825 NE Multnomah Street, Suite 2000  
Portland, OR 97232  
Tel. (503) 813-7205  
Fax (503) 813-7262  
natalie.hocken@pacificorp.com

In addition, PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

By e-mail (**preferred**)

datarequest@pacificorp.com

By regular mail

Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 2000  
Portland, OR 97232

By facsimile

(503) 813-6060

Informal inquires may also be directed to Paul Wrigley, Director, Regulatory Strategy at (503) 813-6048.

### **C. Relationship Between PacifiCorp and HomeServices**

PacifiCorp and HomeServices are both indirect, wholly-owned subsidiaries of MEHC. Accordingly, HomeServices is an "affiliated interest" of PacifiCorp as defined in ORS 757.015(3).

### **D. Voting Securities**

PacifiCorp and HomeServices do not own voting stock in each other.

### **E. Common Officers and Directors**

PacifiCorp and HomeServices do not share any common officers. Douglas L. Anderson serves as a director of HomeServices and PacifiCorp.

### **F. Pecuniary Interest**

No officer or director of either HomeServices or PacifiCorp is a party to or has a pecuniary interest in the contemplated business transactions between HomeServices and PacifiCorp.

### **G. Description of Goods and Services Provided; Cost(s) Incurred; Market Value; Pricing Methods**

HomeServices is a third-party relocation management company. HomeServices will manage comprehensive departure and destination relocation services for MEHC and PacifiCorp for relocation of existing employees and new hires. As part of its management service, HomeServices assigns a personal relocation consultant to each relocating employee or new hire to coordinate departure and destination services. Departure services include personalized needs assessment; for homeowners, home marketing plan design, evaluation and negotiation of offers, and closing and settlement assistance; household goods survey; thirty-day notice to landlords for renters; and car and hotel reservations. Destination services include providing real estate agent information, housing and community information, area tours, cost of living analyses, and school reports; home buying search, negotiation and closing assistance; for renters, rental property

search; temporary living; rental car coordination; partner/spouse career assistance and counseling; household goods moving and storage; and overlapping mortgage payment assistance. HomeServices will provide these services through its network of preferred vendors and service providers. With the exception of realty subsidiaries of HomeServices, these preferred vendors and service providers are typically not affiliates of PacifiCorp.

HomeServices will charge PacifiCorp a modest, flat fee per relocation for its services, plus the actual costs of services procured from its vendors and service providers. The fee HomeServices charges for its services is comparable to or lower than fees charged by other companies that offer relocation management services. PacifiCorp expects to pay HomeServices \$400 per relocation managed. This base fee per transaction is \$1600, which will be discounted by \$600 if HomeServices receives a fee from the real estate selling agent, and discounted by another \$600 if HomeServices receives a fee from the real estate buying agent. For this fee, HomeServices negotiates discounted rates for many of the services it provides through third-party vendors, such as household goods shipping and storage. HomeServices will bill PacifiCorp for the cost of the third-party services without markup. Examples of costs to be incurred under the Contract may be found in Exhibit B.

A copy of the Contract is attached to this Application as Exhibit A. A copy of HomeServices' Response to the Request for Proposal is attached to this Application as Exhibit B.

#### **H. Estimate of Amount PacifiCorp will Pay Annually for Services**

PacifiCorp estimates that HomeServices will manage approximately \$1.3 million per year in relocation services under the contract with HomeServices retaining only \$110,000 annually (based on the full undiscounted fee of \$1600 per transaction). PacifiCorp will record all charges

related to the HomeServices contract in the FERC account appropriate for the employee being relocated.

**I. Reasons Relied Upon for Procuring the Proposed Services, and Benefits to the Public**

In order to meet staffing needs, PacifiCorp occasionally relocates existing employees and new hires. PacifiCorp offers relocation services to its eligible employees and new hires as part of total employee compensation to offset the expense of relocating and to ensure a smooth transition to the new position. Relocation management companies generally offer “one stop shopping” for relocation needs and can negotiate reduced rates for those needs. The Contract allows PacifiCorp to purchase relocation services at a discount and to ease some of the burden of relocating on its employees and new hires who relocate. This serves the public interest by assuring PacifiCorp meets its staffing needs in order to continue to provide safe and reliable electric service.

**J. Description of the Procurement Process**

MEHC previously had a contract with HomeServices for relocation management services. PacifiCorp previously had a contract with Prudential for relocation management services. Consequently, MEHC issued a Request for Proposals (“RFP”) in July 2006 to solicit bids for comprehensive relocation services for itself and its subsidiaries including PacifiCorp. MEHC received three responses. One of the companies indicated an inability to meet insurance coverage needs. For this reason, MEHC eliminated this company in the early stages of the evaluation of the responses. The remaining two companies offered similar services, essentially varying only on price. MEHC presented four hypothetical moves and asked the bidders to respond with price estimates. HomeServices offered lower prices on three out of the four moving

scenarios. MEHC chose HomeServices based on the ability to offer comprehensive relocation management services at lower prices than the other company.

**K. Relationship of Cost of Provision of Services and Market Value**

As described above, HomeServices will offer services pursuant to the terms and conditions of the Contract. HomeServices will provide services according to the pricing terms outlined in HomeServices' response to the RFP. HomeServices will be able to obtain discounted rates for many of the relocation services it offers through its relocation management program which provides a benefit to PacifiCorp and its employees. HomeServices was selected through a competitive procurement process to ensure that PacifiCorp obtained services at a competitive market rate.

**L. Contracts Between HomeServices and PacifiCorp**

The executed Contract and a copy of HomeServices' RFP response are attached as Exhibits A and B to this Application.

**M. Copy of Board Resolutions**

Authorization to do business with HomeServices does not require approval of PacifiCorp's Board of Directors.

WHEREFORE, for the reasons set forth above, PacifiCorp respectfully requests that the Commission issue an order authorizing PacifiCorp to do business with HomeServices Relocation, LLC pursuant to the provisions of ORS 757.495 and OAR 860-027-0040.

DATED: April 3, 2007



Respectfully submitted,

/s/ Natalie L. Hocken 

Natalie L. Hocken, OSB #94409

Vice President and General Counsel

PacifiCorp

825 N.E. Multnomah St., Suite 2000

Portland OR 97232

Tel.: (503) 813-7205

Fax: (503) 813-7262

email: [natalie.hocken@pacificorp.com](mailto:natalie.hocken@pacificorp.com)

# **EXHIBIT A**

RELOCATION SERVICES CONTRACT

THIS CONTRACT is made and entered into January 4, 2007, by and between PACIFICORP ("Company"), an Oregon corporation, with its principal office in Portland, Oregon, and HOMESERVICES RELOCATION LLC ("Contractor"), a limited liability company, with its principal office in Minneapolis, MN.

## WITNESSETH

WHEREAS, Company requires relocation services from time to time, and

WHEREAS, Contractor is willing to provide such services upon the terms and conditions hereinafter set forth,

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties agree as follows:

PG-1. CONTRACT DOCUMENTS. The Contract Documents include the Purchase or Work Order, Proposal, Scope/Statement of Work, or other documents applicable to the services or work.

The intent of these documents is to include all supervision, labor, equipment, materials (except as specified), and services of every kind necessary for the proper execution of the work, and the terms and conditions of payment therefor.

The documents are to be considered as one, and whatever is called for by any one of the documents shall be as binding as if called for by all.

PG-2. MISCELLANEOUS SERVICES TO BE PERFORMED BY THE CONTRACTOR. The specific services to be provided pursuant to this Contract are outlined in the Contract Documents.

PG-3. INDEPENDENT CONTRACTOR. Contractor shall undertake the services provided for in the Contract as an independent contractor, at Contractor's sole risk, and shall employ all persons performing services under the Contract, such persons to be Contractor's sole employees and subject to Contractor's direction and control and not the employees of Company or subject to Company's direction and control. Contractor is to determine the manner and method in which the services shall be performed by it to attain the results required by the Contract, and Company's general right of supervision of the services shall not make the Contractor or its agents and employees the agents or employees of the Company.

PG-4. EQUIPMENT, MATERIALS, EMPLOYEES. Except as otherwise specifically provided for in the Contract, Contractor shall provide and pay for all materials, labor, tools, and other items necessary to complete the services provided.

PG-5. NONDISCLOSURE OF PROPRIETARY INFORMATION. Contractor shall consider all information on the Company's premises and documents resulting from the Contractor's performance of the services to be proprietary unless such information is available from public sources.

Contractor shall not publish or disclose proprietary information for any purpose other than the performance of the service without the prior written authorization of Company. Should Contractor determine it is legally required to reveal such information, it shall immediately and before disclosure, notify Company.

Contractor shall not make any written or verbal statement to any press or news media, or other party concerning the services without the written authorization of Company.

PG-6. COMPENSATION. The Contractor shall be entitled to the compensation stated in the Contract Documents. The Contractor shall submit to Company monthly a detailed invoice for payment, including any necessary documentation for reimbursable expenses. Applicable taxes shall be itemized. Company shall pay to the Contractor the invoiced amount within thirty (30) days from receipt of the invoice.

The price(s) stated in the Contract Documents shall include all costs and should be itemized as a separate item, all state and local sales or use taxes, royalties, customs duties, federal taxes, license fees and assessments which may be lawfully assessed against the Company or the Contractor. Applicable sales, use and other taxes, fees or assessments for the Work or portions thereof shall be paid by the Contractor and listed separately, itemized and easily identifiable on the Contractor's invoice. Company shall pay to the Contractor the invoiced amount within thirty (30) days from receipt of an approved invoice.

In order to meet requirements of regulatory bodies, it is essential that the total of all payments made under this contract be itemized to permit distribution of costs to designated accounts and to meet requirements with respect to accounting for property units. Company has the right to withhold payment should the invoice rendered by Contractor not contain a reasonable detail of the charges.

PG-7. GUARANTEES AND WARRANTY. The Contractor warrants to the Company that materials and equipment furnished under the Contract will be of the highest quality and new unless otherwise required or permitted by the Contract Documents. The Contractor warrants and guarantees it shall exercise the same degree of care, skill and diligence in the performance of the services as is ordinarily provided by a professional under similar circumstances. Contractor further guarantees and warrants that such services shall be performed and completed in a workmanlike manner satisfactory and acceptable to Company. Contractor shall, at no cost to Company, re-perform services which, in sole judgment of the Company, fail to attain the results required by the Contract.

The Contractor shall enforce strict discipline and good order among the Contractor's employees and other persons carrying out the Contract. The Contractor shall not permit employment of unfit persons or persons not skilled in tasks assigned to them. The Company shall have the unilateral right to notify the Contractor of any person on the Services who is the Company's opinion unsatisfactory. The Contractor shall immediately remove such persons from the Services and shall not re-employ them on the Services.

PG-8. COMPLIANCE WITH LAWS AND INCIDENT REPORTING. The Contractor shall comply with all laws including federal, state, local laws, rules, orders, codes, standards and regulations. Contractor shall be responsible for procuring permits, certificates and licenses required for the services.

Contractor shall report within 24 hours any accidents and/or occupational injuries or vehicle accidents that occur to any of Contractor's employees while engaged in projects specific to the Company. Such reporting shall be to the local Company safety and training coordinator.

PG-9. LIABILITY AND INDEMNIFICATION.

Patent or Copyright Infringement. Contractor agrees to defend all suits or claims for infringement of any copyright or patent arising out of the Services provided, and shall hold harmless the Company from loss or damage resulting therefrom.

Protection of Property and Persons. Contractor agrees to defend, indemnify and hold Company harmless from and against all damages, claims, loss or liability on account of damage to property, bodily injury or death, or personal injury of any person(s) caused by an occurrence arising out of Contractor's presence or performance of the Services.

Additionally, any injury or death or property damage sustained on the premises of Company by Contractor or by an employee or representative of Contractor, or by his subcontractor, or by any employee or representative of his subcontractor, or by any other person whose presence or the presence of whose property on Company's premises is due to Contractor's or his subcontractor's invitation, license or procurement shall be deemed conclusively to have arisen out of Contractor's performance of the Services, and Contractor shall be obligated to defend and indemnify Company against liability, except that the foregoing indemnification provision shall not cover the sole negligence of the Company, its agents, representatives and employees.

Contractor shall at all times during the performance of the Services exercise due diligence to protect the property of the Company, from damage and to prevent interference with or interruption of operations, by the Company. The Contractor shall reimburse the Company for all damages, either immediate or consequential, sustained by the Company or by any of the Company's property at the site of the Services being performed under the Contract, or in any manner affected by the prosecution of the Services, caused by any act or omission (whether tortious or not) of the Contractor, of any subcontractor, or of any of their agents, representatives or employees. Any property so damaged shall be repaired or replaced at the Contractor's expense in a condition equal to that existing immediately prior to the damage and to Company's satisfaction.

In Claims, legal action or suit against any person or entity indemnified under this Section 9 INDEMNIFICATION by an employee, agent or representative of the Contractor, a Subcontractor, their employees, agents, representatives or anyone directly or indirectly employed by them or anyone for whose acts they may be liable, the Contractor indemnification obligations under this Section 9 INDEMNIFICATION shall not be limited by a limitation on amount or type of damages, compensation or benefits payable by or for the Contractor or a Subcontractor under workers' compensation acts, disability benefit acts or other employee benefit acts.

PG-10. INSURANCE.

Prior to the start of the Services, and at all times during the term of the Services and this Contract, the Contractor shall purchase, at its own expense, and maintain with insurance companies in good standing and acceptable to the Company, such insurance as will protect the Contractor from liability and claims for injuries and damages which may arise out of or result from the Contractor's operations under the Contract and for which the Contractor may be legally liable, whether such operations are by the Contractor or by a Subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable.

The Company intends that this Contract shall also be one of indemnity, and that such indemnification shall be covered by insurance. For the further protection of the Contractor and the Company, but without restricting or waiving any obligations of the Contractor herein contained, the Contractor shall insure the risks associated with the Services and this Contract with minimum coverages and limits as set forth below:

1. Worker's Compensation Insurance and Occupational Disease Insurance in accordance with statutory requirements of the state and/or Federal Regulations (FELA, USL&H, Jones Act) and Employers' Liability Insurance with limits of not less than:

|                           |           |               |
|---------------------------|-----------|---------------|
| Bodily Injury by Accident | \$500,000 | Each Accident |
| Bodily Injury by Disease  | \$500,000 | Policy Limit  |
| Bodily Injury by Accident | \$500,000 | Each Employee |

covering location of all work places involved in this Contract.

2. The most recently approved ISO Commercial General Liability Insurance policy, or its equivalent, written on an Occurrence Basis, with limits not less than \$1,000,000 per occurrence / \$2,000,000 general aggregate (on a per location and/or per job basis) Bodily Injury and Property Damage, including the following coverages.

- Premises and Operations Coverage
- Independent Contractor's Coverage
- Contractual Liability
- Products and Completed Operations Coverage
- Coverage for explosion, collapse, and underground property damage
- Broad Form Property Damage Liability
- Personal Injury Liability, with the contractual exclusion removed
- Sudden and Accidental Pollution Liability, as appropriate

3. The most recently approved ISO Business Automobile Liability Insurance policy, or its equivalent, covering owned, hired and non-owned vehicles with limits not less than \$1,000,000 each accident Bodily Injury and Property Damage combined, including Sudden and Accidental Pollution Liability, as appropriate.

4. Umbrella Liability Insurance with a minimum limit of \$5,000,000 each occurrence / aggregate where applicable to be excess of the coverages and limits required in subsections 1, 2 and 4 above. Contractor shall notify Company, if at any time their full umbrella limit is not available during the term of this Contract, and will purchase additional limits, if requested by Company.

The Contractor shall, on or prior to the date Services commence, deliver to the Company certificates of insurance evidencing valid coverage in effect as specified in this Contract. All Workers' Compensation policies shall contain provisions that the insurance companies will have no right of recovery or subrogation against the Company, its parent, divisions, affiliates, subsidiary companies, co-lessees, or co-venturers, agents, directors, officers, employees, servants, and insurers, it being the intention of the parties that the insurance as effected shall protect all parties. All required insurance policies shall be endorsed to provide that the policy is primary and will not contribute with any policy carried by Company.

MidAmerican Energy Holdings Company, its parent, divisions, affiliates, subsidiary companies, co-lessees, or co-venturers, agents, directors, officers, employees, and servants shall be named as an additional insured in each of Contractor's insurance policies, except statutory Workers' Compensation. The Commercial General Liability additional insured endorsement will be ISO Form CG2010 or its equivalent.

Any and all deductibles in the above-described insurance policies or inadequacy of limits shall be assumed by, for the account of and at Contractor's sole risk.

All policies providing coverage hereunder shall contain provisions that no cancellation or material changes in the policies shall become effective except on thirty (30) days' written notice thereof to the MidAmerican Energy Company Contract Administrator at the Company's office originating the Contract. Contractor shall not cancel or make any material change in any such policies without the prior written consent of Company. For those insurance coverages whereby Company is required to be named as an additional insured, the Contractor shall at any time requested by the Company prior to or during the term of the Services or this Contract, deliver to the Company certified copies of any and all insurance policies so requested. Further, should a loss arise after final acceptance that may give rise to a claim against the Contractor, and/or the Company as additional insured, the Contractor shall deliver to the Company, or shall cause its insurers or agents to deliver, certified copies of the policies maintained during the term of the Services or this Contract, if so requested by the Company.

Should the Contractor or its Subcontractors fail to provide or maintain any of the insurance coverages referred to in this Contract, the Company shall have the right, but no obligation, to provide or maintain such coverage, or coverage affording equivalent protection, at the Contractor's expense, either by direct charge or set-off.

Company does not represent that the insurance coverages specified herein, whether in scope of coverage or amounts of coverage, are adequate to protect the obligations of the Contractor, and the Contractor shall be solely responsible for any deficiencies thereof. Nothing in this Section shall be deemed to limit the Contractor's liability under this Contract.

## SUBCONTRACTOR'S INSURANCE

Should the Company permit the Contractor to further sublet or subcontract any portion of the Services, the Contractor shall, before permitting any of its Subcontractors to perform any Services at the site, require each Subcontractor to carry insurance with terms and limits identical to that specified in this Contract, or provide evidence that such Subcontractors are covered as Named Insureds under the Contractor's insurance coverages as required in this Contract. Prior to the commencement of Services by any Subcontractor, the Contractor shall provide to the Company certificates of insurance evidencing that each Subcontractor carries insurance as required by this Contract, or evidencing that such Subcontractors are named insureds under the Contractor's insurance coverages. As with the Contractor's insurance coverage, the Company, its parent, divisions, affiliates, subsidiary companies, co-lessees, or co-venturers, agents, directors, officers, employees and servants shall be named as an additional insured on any Subcontractor insurance required by this section.

## PERFORMANCE AND PAYMENT BONDS

If requested by the Company, the Contractor shall furnish and deliver prior to the commencement of Services, a Performance and Payment Bond satisfactory to the Company in the minimum amount of one-hundred percent (100%) of the Contract Sum to cover the faithful performance of the Contract, all bills, labor, equipment and materials and the payment of all obligations thereunder. Such bonds shall be written by insurance/surety companies acceptable to the Company and having a rating equivalent to A.M. Best of "A-" or better.

PG-11. TERMINATION OF CONTRACT. Should Contractor neglect to perform the services properly or fail to perform any provision of the Contract, Company, after seven (7) days' written notice to Contractor, may, without prejudice to any other remedy Company may have, make good the deficiencies and may deduct the cost thereof from the payment then or thereafter due Contractor or, at Company's option, may notify Contractor and immediately terminate the Contract and take possession of all materials and documents and finish the services by such means as Company sees fit, and if the unpaid balance of the contract price exceeds the expense of finishing the services, such excess shall be paid to Contractor, but if such expense exceeds the unpaid balance, Contractor shall pay the difference to Company.

Company shall have the right to terminate this Contract for Company's convenience upon written notice to Contractor, and Contractor shall terminate performance of services on a schedule acceptable to Company. In the event of termination for Company's convenience, Company shall pay Contractor for all services performed through date of termination.

Termination of this Contract by the Company for any reason whatsoever shall not affect any obligation with respect to Services performed prior to such termination or the indemnity or insurance provisions contained herein.

PG-12. SEVERABILITY AND GOVERNING LAW. Each of the provisions of this Contract shall be enforceable independently of any other provision of this Contract and independent of any other claim or cause of action. In the event of any dispute arising under this Contract, it is agreed between the parties that the law of the State of Oregon will be given the interpretation, validity and effect of this Contract without regard to the place of execution or place of performance thereof.



PG-13. ASSIGNMENT AND BENEFIT. Neither the Contract nor any interest therein nor any claim arising therefrom shall be assigned by Contractor to any person, firm or corporation without the written consent of Company. Notwithstanding any other terms or provisions to the contrary, no provision of this Contract shall be construed to limit Company's authority or right to assign all of its authority, rights or obligations under this Contract to any corporation or any other business entity which is the result of or the survivor of a merger, consolidation or other business combination to which Company is a party. Nothing herein shall be construed to give any rights or benefits hereunder to anyone other than the Company and Contractor.

No provision of this Contract shall be construed as limiting Company's right to permit its parent, divisions, affiliates, subsidiary companies to use or benefit from the Services provided in this Contract. In such situations, use of the term "Company" in this document may include that entity ordering and benefiting from the Services.

PG-14. SUCCESSORS. Company and Contractor each binds itself and its partners, successors, executors, administrators, assigns and legal representatives to the other party to this Contract and to the partners, successors, executors, administrators, assigns, and legal representatives of such other party, in respect to all covenants, contracts, and obligations of this Contract.

PG-15. FOREIGN CORPORATIONS. If Contractor is a corporation organized under the laws of any state other than the State of Iowa, it shall furnish Company with a certified copy of its permit to transact business in Iowa prior to commencing Services under the Contract.

PG-16. WAGE AND LABOR LAWS. Contractor shall comply with all federal, state, and municipal laws and ordinances and all wage and labor laws and regulations thereunder, and shall indemnify and hold harmless Company from any violation thereof by Contractor or any subcontractor, including failure to withhold from wages or salaries of employees under state or federal tax laws, and nonpayment of any contributions or assessments under any unemployment or social security law based on employment in the course of performance of this Contract.

PG-17. EQUAL OPPORTUNITY (FAR 52.222-26)

During the performance of this Contract, the Contractor agrees as follows:

1. The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the government contracting officer setting forth the provisions of this non-discrimination clause.

2. As required by law, the Contractor will in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

3. The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the Contractor's commitments under Section 202 of Executive Order 11246, as amended, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4. The Contractor will comply with all provisions of Executive Order 11246, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

5. The Contractor will furnish all information and reports required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the contracting agency and the Secretary of Labor, for purposes of investigation to ascertain compliance with such rules, regulations and orders.

6. Pursuant to the Vietnam Veterans Readjustment Act of 1972, (41 CFR 60-250), as amended, the Contractor will not discriminate against any employee or applicant for employment because he or she is a disabled veteran or veteran of the Vietnam era in regard to any position for which the employee or applicant for employment is qualified. The Contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified disabled veterans and veterans of the Vietnam era without discrimination based upon their disability or veterans status in all employment practices such as the following: Employment upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Contractor agrees that all suitable employment openings of the Contractor which exist at the time of the execution of this Contract and those which occur during the performance of this Contract, including those not generated by this Contract and including those occurring at an establishment of the Contractor other than the one wherein the Contract is being performed but excluding those of independently operated corporate affiliates, shall be listed at an appropriate local office of the State employment service system wherein the opening occurs. The Contractor further agrees to provide such reports to such local office regarding employment openings and hires as may be required. The provisions of 41 CFR 60-250.5(A) are incorporated by reference herein.

7. Pursuant to Section 503 of the Rehabilitation Act of 1973, the Contractor will not discriminate against any employee or applicant for employment because of physical or mental handicap in regard to any position for which the employee or applicant for employment is qualified. The Contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as the following: Employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The provisions of 41 CFR 60-741.5(A) are incorporated by reference herein.

8. In the event of the Contractor's noncompliance with the nondiscrimination clauses of this Contract or with any of the said rules, regulations, or orders, this Contract may be cancelled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further government contracts or sanctioned in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor on Equal Employment Opportunity, or as otherwise provided by law.

9. The Contractor will include the provisions of subsections 1 through 9 in every subcontract or Purchase Order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or Purchase Order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interest of the United States.

#### CERTIFICATION OF NON-SEGREGATED FACILITIES (FAR 52.222-21)

The Contractor certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. It certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Contractor agrees that a breach of this certification is a violation of the Equal Opportunity Clause. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit direction or are in fact segregated on the basis of race, creed, color, or national origin, because of habit, local custom, or otherwise. It further agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontractors exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity Clause; that it will retain such certifications in its files.

#### REVISED REPORTS

If this Contract is in the amount of \$50,000 or more and if the Contractor has fifty (50) or more employees and if not exempted from the requirements contained in subsections 1 and 2 below by any rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, then the Contractor agrees to the provisions contained in both subsections 1 and 2 below.

1. Reporting Requirements. The Contractor agrees to file with the appropriate federal agency a complete and accurate report on Standard Form 100 (EEO-1) within thirty (30) days after the acceptance of this Contract (unless such a report has been filed in the last 12 months), and agrees to continue to file such reports annually, on or before March 31. (41 CFR 60-1.7).
2. Written Affirmative Action Program. The Contractor agrees to develop and maintain a current written affirmative action compliance program for each of its establishments in accordance with the regulations of the Secretary of Labor promulgated under Executive Order 11246, as amended. (FAR 22.804-1) (41 CFR 60-1.40).

UTILIZATION OF SMALL BUSINESS CONCERNS AND SMALL BUSINESS CONCERNS OWNED AND CONTROLLED BY SOCIALLY AND ECONOMICALLY DISADVANTAGED INDIVIDUALS (FAR 52.219-8, 19.708(a))

The Contractor shall comply with Executive Order No. 12432, dated July 14, 1983, as amended, if applicable, which promotes Small Business and Disadvantaged Small Business concerns as follows:

1. It is the policy of the United States that small business concerns owned and controlled by socially and economically disadvantaged individuals, as well as service disabled veteran owned small business concerns, veteran owned small business concerns, women owned small business concerns, and HUBzone small business concerns shall have the maximum practicable opportunity to participate in the performance of contracts let by any company that has contracts with any Federal agency.

2. The Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with the efficient performance of this contract. The Contractor further agrees to cooperate in any studies or surveys as may be conducted by the United States Small Business Administration or the awarding agency of the United States as may be necessary to determine the extent of the Contractor's compliance with this clause.

3. As used in this contract, the term "small business concern" shall mean a small business as defined pursuant to Section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto. The term "small business concern owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern:

a. Which is at least 51 per centum owned by one or more socially and economically disadvantaged individuals; or, in the case of any publicly owned business, at least 51 per centum of the stock of which is owned by one or more socially and economically disadvantaged individuals; and

b. Whose management and daily business operations are controlled by one or more of such individuals.

Additional definitions may be found at FAR 52.219-8.

4. Contractors acting in good faith may rely on written representations by their subcontractors regarding their status as either a small business concern or a small business concern owned and controlled by socially and economically disadvantaged individuals.

5. The Contractor, unless it is a small business concern, shall include the clause entitled "Utilization of Small Business Concerns and Small Business Concerns Owned and Controlled by Socially and Economically Disadvantaged Individuals" in all subcontracts exceeding the simplified acquisition threshold which offer further subcontracting opportunities.

6. All provisions of this Section shall apply to subcontractors except as noted in Executive Order No. 12432 when subcontracts are less than the simplified acquisition threshold or when the Contractor is a small business concern.

7. Where required, the Contractor shall submit to Company Standard Form 294, Subcontracting Report for Individual Contracts, and Standard Form 295, Summary Subcontract Report. (FAR 19.704)

#### NOTICE TO EMPLOYEES

If the value of the goods/services exceeds \$100,000, Contractor agrees to comply with the provisions of 29 CFR Part 470 "Obligations of Federal Contractors and Subcontractors; Notice of Employee Rights Concerning Payment of Union Dues or Fees."

PG-18. CRIMINAL BACKGROUND CHECK, IDENTITY VERIFICATION AND RELATED SCREENING. If requested by the Company, the Contractor shall conduct, at Contractor's cost and expense, criminal background checks for the current and past counties of residence on all employees, agents, subcontractors or independent contractors and the employees, agents or representatives of subcontractors or independent contractors, that have electronic or physical access to Work or Company facilities. At a minimum, a social security number verification and seven-year criminal background check, including felony or misdemeanor convictions involving: (a) violence to persons/property; (b) theft/fraud; (c) drug/alcohol; or (d) traffic/other are required. Employment history, education verification, and professional certifications may also be required by the Company. All background checks will be conducted in accordance with federal, state, provincial, and local laws, and subject to existing collective bargaining unit agreements or other agreements, if any. Contractor shall not allow persons who have not met the Company's criteria to perform Work, unless Contractor has received assent from Company. Contractor shall supply a certification that meets Company's criteria for each Contractor employee, agent or representative and for employees, agents or representatives of any subcontractor or independent contractor employed by Contractor. Contractor shall ensure that employees, agents, subcontractors or independent contractors and the employees of subcontractors or independent contractors sign an appropriate authorization form prior to criminal background checks being conducted, acknowledging the background check is being conducted and authorizing the information obtained to be provided to Company.

Contractor shall have and ensure compliance with a substance abuse/drug and alcohol policy that complies with all applicable federal, state and/or local statutes or regulations.

Contractor shall ensure DOT compliance, including but not limited to valid drivers license, equipment inspections, hours of service and all appropriate documentation.

Contractor warrants that Contractor, its employees, agents, subcontractors or independent contractors and the employees of subcontractors or independent contractors have met the Company's criteria or received assent from the Company and are in compliance with Contractor's substance abuse/drug and alcohol policy.

It is understood and agreed that Company may review Contractor's policies, background checks and related documentation upon request, subject to applicable federal, state and/or local statutes or regulations. Company may also request that Contractor provide an ongoing and updated list of persons that have been denied access to Company Work.

PG-19. BUSINESS ETHICS. Contractor, its employees, agents, representatives and subcontractors shall at all times maintain the highest ethical standards and avoid conflicts of interest in the conduct of Work for the Company.

PG-20. ENTIRE CONTRACT. The provisions contained in this Contract constitute the entire agreement between the Contractor and the Company. It is understood and agreed between the parties that during the term this Contract is in effect Company is not bound by any representation, statements, terms, understandings or agreements that are not specifically set forth within this Contract. This Contract shall be effective and binding when executed by a duly authorized representative of both parties.

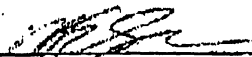
PG-21. SURVIVAL. Termination of this contract by either party for any reason whatsoever shall not affect any obligation of the Parties with respect to services or maintenance performed prior to such termination or the indemnity, confidentiality or insurance provisions contained herein.


PG-22. TERM. The term of this Contract shall begin on the effective date written above and continue from month-to-month. The Contract may be terminated by a Party by written notice to the other delivered at least thirty (30) days prior to the proposed date of termination or in accordance with other provisions of this Contract.

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the date first above written.

PACIFICORP

CONTRACTOR

By:  \_\_\_\_\_

By:  \_\_\_\_\_

Name  
Printed: M.E. Sammon \_\_\_\_\_

Name  
Printed: Mary Lee Blaylock \_\_\_\_\_

Title: SVP HR, IT & Insurance \_\_\_\_\_

Title: Vice President \_\_\_\_\_

## **EXHIBIT B**

**MidAmerican Energy Holdings Company  
Request for Proposal  
0831N2006**

**Domestic Outsourced Relocation Services**

**August 31, 2006**

*Prepared And Submitted By*

**HomeServices Relocation**

Mary Lee Blaylock

952-928-5855

maryleeblaylock@homeservices.com



August 31, 2006

Attn: Robin R. Nelson  
RE: Domestic Outsourced Relocation Service 0831N2006  
MidAmerican Energy Holdings Company  
PO Box 778  
Sioux City, IA 51102-0778

Dear Robin,

I greatly appreciate the opportunity to once again present HomeServices of America's relocation resources and solutions to you.

I believe HomeServices is uniquely suited to provide relocation management solutions that will exceed your expectations for customer service, pricing, cost effectiveness, financial tracking, and comprehensive reporting while at the same time exceeding your employee's expectations for destination and departure services.

In the attached RFP, you will find detailed information explaining how we can provide a comprehensive program for MidAmerican Energy Holdings Company. As you and your team review this proposal, please feel free to contact me to provide further information or answer any questions. I greatly appreciate your consideration of HomeServices Relocation – we are honored to serve the relocation needs of your employees and will do whatever it takes to keep your business.

Sincerely,



---

333 South 7<sup>th</sup> Street, 27<sup>th</sup> Floor, Minneapolis, MN 55402 Phone 612-336-5900

[www.homeservices.com](http://www.homeservices.com)

**NOTICE OF CONFIDENTIALITY**

**This Request for Proposal (RFP) and all materials submitted by HomeServices Relocation contain confidential capabilities and pricing information. HomeServices Relocation requests that this RFP and any pricing or capabilities information disclosed herein not be forwarded or shared with any third party for any purpose without the express written consent of HomeServices Relocation.**

**Thank you.**

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## 11.0 PROGRAM REQUIREMENTS

**11.1 You must submit background and financial information that will enable MEHC to evaluate your firm's stability and resources to perform the obligations and responsibilities under a contract with MEHC. This must include the following general information about your firm:**

### **History**

HomeServices Relocation is a full service, third party, relocation management company and the umbrella entity over the relocation divisions within HomeServices of America's family of companies. These companies have an average operating history of more than 50 years in residential real estate and relocation. From the beginning in 1998, HomeServices Relocation has offered the broad array of relocation services that the market demands including, Homesale Programs (AVO/BVO), Marketing Assistance, special properties, HHG management and the full array of Destination Services. In 2004, HomeServices acquired an additional third party relocation company providing a redundant, separate, and geographically disparate relocation management center. In 2004, the Company also grew the organic capability to provide Expense Management and Tracking for our corporate clients. HomeServices Relocation provides one-stop shopping through our highly recognized brand name real estate brokerage firms and specialized relocation mortgage, title insurance, home warranty and homeowners insurance services, all of which are available through our unique "Family of Services".

HomeServices Relocation (HSR) is a wholly owned subsidiary of HomeServices of America, a Berkshire Hathaway affiliate. Through our unique structure and capabilities, we are able to offer local services with a global reach. HSR's nationwide third party capabilities, resources, and relationships provide cost effective relocation solutions at best value. Our ethos of exceptional service transcends the entire relocation process and includes our highly professional consultants, sales force and product partners.

HomeServices is the second largest provider of integrated real estate services and the premier family of relocation experts, real estate associates, and brokerages in the nation. HomeServices umbrella entity has been in the relocation management business for eight years with major management centers in Minneapolis, MN and Winston-Salem, NC.

### **Mission**

HomeServices Relocation's fundamental mission is to provide fully outsourced relocation management services that improve the quality of the relocation experience while reducing stress on the transferee and the overall cost to the client company. We understand the importance of getting transferees and their families settled quickly at the new location and the positive impact that will have on the productivity of the transferee by allowing them to focus on their new responsibilities.

We know that relocation is an important element in your employee benefits package and that as your third party provider; we are the tangible manifestation of those benefits. As such, we recognize that our performance directly affects your ability to attract, hire and retain the most qualified individuals, manage reductions in staff and improve employee morale when transferring to a new location.

### **Strategy**

We are committed to redefining the corporate relocation experience to better serve our clients and their transferees by offering a fully integrated program of outsourced mobility management services to deliver personal service without the sacrifice of quality, by delivering innovative services and solutions that fulfill client needs for cost effective relocation, by actively employing the relocation capabilities of HomeServices family of companies, by building and retaining strong customer relationships and by forming strategic business alliances that enhance or complement our services. We are with you every step of the way.

### **Officer Backgrounds**

Brief biographical backgrounds for members of our senior management team are provided below, showing the industry experience that they have brought to HomeServices, and specifically, showing what they will bring to MEHC's team.

#### **Ronald J. Peltier**

President and Chief Executive Officer of HomeServices of America, Inc.

Ronald J. Peltier has been President and Chief Executive Officer of HomeServices of America, Inc. since its inception in July 1999; and has been President and Chief Executive Officer of Edina Realty since 1992. Mr. Peltier also serves as chairman of the board for the RELO network, a director for the National Association of Realtors and is a founder and director for the Realty Alliance, a trade group consisting of the nation's leading brokers. Mr. Peltier joined Edina Realty in 1977, became General Sales Manager in 1983, and became Senior Vice President and General Manager in 1991, where he was responsible for all sales operations and long-range planning for Edina Realty.

#### **Cynthia L. Sattler**

Senior Vice President and Chief Administrative Officer of HomeServices of America, Inc.

Cynthia Sattler was promoted to Senior Vice President and Chief Administrative Officer of HomeServices in 2006. Prior to that, Ms. Sattler served as Vice President and Controller. Ms. Sattler joined the company in 1999 from a national video retailer where she had been Vice President of finance. Prior to that, she was Assistant Treasurer for Polaris Industries. Ms. Sattler began her career with Honeywell and their subsequent

spin-off company, Alliant Techsystems in various financial management positions. Ms. Sattler holds an MBA and CPA.

**Mary Lee Blaylock, CRP**

Vice President HomeServices Relocation, LLC

Mary Lee Blaylock was instrumental in launching HomeServices Relocation, LLC and is the managing broker. She oversees the relocation company's operations and works with corporate clients on behalf of the company's regional brokerages. Blaylock joined Edina Realty Inc. in 1993 was promoted to Vice President of Edina Realty Relocation in 1999. She is a licensed Minnesota real estate broker and a Certified Relocation Professional (CRP). She is also a member of the Minneapolis Area Association of Realtors®, National Association of Realtors®, Employee Relocation Council, and Professional Women in Real Estate.

**Wanda L. Eller, CRP**

Vice President HomeServices Relocation, LLC

Wanda L. Eller manages HomeServices Southeast Regional Center's comprehensive relocation services in Winston-Salem, NC. She spent seven years with Piedmont Relocation Management Center, now part of HomeServices was Manager of Relocation for R. J. Reynolds Tobacco Co. Eller is a Certified Relocation Professional (CRP) and a North Carolina real estate broker. She has served as past moderator of the National Employee Relocation Council (ERC), and is a past member of the steering committee for the Metrolina Relocation Council.

**11.2 In addition to above, you must provide the following specific information:**

**A) The length of time in the business of providing domestic relocation services.**

Through our family of companies, HomeServices has been providing corporate mobility services for over fifty years. In 2000, HomeServices Relocation was formed as a full-service third party relocation management company and the umbrella entity over the relocation divisions within HomeServices of America's family of companies. Through our unique structure and capabilities, we are able to offer global services with a local face. As a HomeServices of America entity, we also have the ability to apportion and direct the appropriate resources to most effectively meet MEHC's existing, emerging and new service requirements. We truly deliver what we promise, options, flexibility and market-driven value.

**B) Total number of employees engaged in providing the proposed services.**

HomeServices can tap the strength of the 160 relocation professionals that comprise our family of companies. Through a centralized process and decentralized execution, we will

apportion and align our resources to meet MEHC's relocation needs optimizing the balance between efficiency, accountability, and flexibility.

**C) Identify the geographic coverage of your firm's ability to provide the proposed services.**

As a full-service third party relocation management company and the umbrella entity over the relocation divisions within HomeServices of America's family of companies, HomeServices has ample experience in supporting clients similar in size with similar types of relocation requirements. Even so, regardless of similarity, we know that every client has unique needs and requirements for both cost and service and we pride ourselves on our flexibility to customize a program optimized to meet MEHC's specific relocation requirements. Through HomeServices of America's family of companies and through our extensive network affiliations we provision relocation services for national and international locations without geographic limitations. We have the ability to apportion and direct the appropriate resources to most effectively meet MEHC's existing, emerging and new service requirements. Services for MEHC will continue to be managed through HSR's family of companies applying HSR's negotiated nationwide discounts on a variety of services.

**D) The dollar amount and percentage of your firm's revenue generated from supply of relocation vs. other types of services**

There are multiple ways in which revenue is generated providing relocation services. To place this RFP in perspective, the dollar amount generated from relocation business under HomeServices Relocation's umbrella is in excess of \$61 million annually.

The percentage of relocation revenue vs. other revenue for HomeServices of America is on average slightly less than 4%.

| <b>Dollar Amount</b> | <b>Percentage</b> |
|----------------------|-------------------|
| <b>\$61,584,722</b>  | <b>99.94%</b>     |
| <b>\$35,527.37</b>   | <b>.057%</b>      |

**E) Identify your firm's percentage market share for relocation services.**

As a percentage of the total US relocation market share, HomeServices controls

somewhat fewer than 5% of all relocation related transactions.

**F) Annual reports for the past three years. If no annual reports are available, please submit audited financial statements showing results for the past three years. If neither of the above is available, contact us so that we can agree on a comparable alternative.**

Annual reports are available and attached at Exhibit A.

**G) Fiscal Year cycle (if this information is not provided by annual reports).**

Fiscal Year cycle information is available in the annual reports attached at Exhibit A and is based upon the calendar year.

**H) Identify all alliances you have established with relocation related providers.**

Through our parent company, HomeServices of America, we have direct operations in 20 states doing business under 21 brand names: Carol Jones REALTORS, CBSHOME Real Estate, Champion Realty, Edina Realty, Esslinger-Wooten-Maxwell REALTORS, First Realty GMAC Real Estate, Harry Norman, Realtors, HOME Real Estate, Huff Realty, Iowa Realty, Jenny Pruitt and Associates REALTORS, Long Realty, Prudential California Realty, Prudential Carolinas Realty, RealtySouth, Rector-Hayden REALTORS, Reece & Nichols, Roberts Brothers REALTORS, Semonin REALTORS, and Woods Bros. Realty. These companies encompass over 21,000 agents and operate 398 branch offices closing over 216,000 transactions in 2005.

That said, HomeServices Relocation would use our best in market brokerages and their relocation divisions as a first choice in those markets where we have a direct presence. In those areas where we do not have a direct affiliate, HomeServices Relocation utilizes selected partners.

In those cases, we evaluate and partner with national and international service providers through affiliations with the National Broker Networks accessed through our family of companies. All companies must have a full time relocation department and a department manager who is CRP (Certified Relocation Professional) designated. The brokers we select are nationally known, knowledgeable providers who have maintained excellent service results with their customers. We selectively screen and handpick the best in each market. Services are evaluated and reviewed continually throughout the year. Additionally, we maintain strategic partnerships to provide ancillary services to meet your individual relocation needs. Our preferred vendors and service providers are included in the table on the next page.



| Type Business                            | Company Name  |
|--|---|
| <b>Mortgage Services</b>                 |   |
|  | <b>HomeServices Lending, an affiliate of Wells Fargo Home Mortgage</b>    |
| <b>Moving Van Lines</b>                  |   |
|  | <b>United Van Lines</b>   |
|  | <b>Lentz Transfer and Storage</b>   |
|  | <b>Graebel Van Lines</b>  |
|  | <b>Wheaton Tru-Pak Moving Systems</b>                                     |
| <b>Temporary Living</b>                  |   |
|  | <b>Creative Housing Solutions</b>   |
|  | <b>Oak Wood Executive Suites</b>  |
|  | <b>Stress-Free Housing</b>  |
| <b>Property &amp; Casualty Insurance</b> |   |
|  | <b>AON Risk Services, Inc</b>   |
| <b>Closing Services</b>                  |   |
|  | <b>Fidelity Residential Solutions, Inc.</b>                               |
|  | <b>National Residential Nominee Solutions, Inc.</b>                       |
| <b>Appraisal Services</b>                |   |
|  | <b>Fidelity Valuation Services</b>  |
| <b>Inspection Services</b>               |   |
|  | <b>Fidelity Inspection &amp; Consulting Services, Inc</b>                 |
| <b>Real Estate Brokerages</b>            |   |
|  | <b>All 21 HomeServices of America brokerages</b>                          |
|  | <b>All other brokerages as required by client, transferee or location</b> |

These preferred vendor/suppliers are selected through a formal supplier certification process. In cases where we are securing a discount on services offered to client companies or their transferees, we solicit bids and evaluate their proposals through a formal board process and review. We only accept solicitations from those companies in the top tier of their given industry, which have a dedicated coordinator, state of the art facilities/equipment and the highest service levels. We select vendors based on your

needs and on a variety of performance criteria including professionalism and thoroughness in dealing with both our consultants and the transferee; responsive in communicating; timeliness in reporting; historical performance; claims performance in those industries where it is applicable, including the frequency and severity; and, accuracy in providing estimates and bills.

We maintain high standards through selected physical inspections on storage facilities, temporary living quarters, etc. Our suppliers are part of our customer service evaluations and are accountable for the ratings they receive.

**I) Is your firm owned by a parent company? If so, identify the parent.**

HomeServices Relocation, LLC is a privately held company and a wholly owned subsidiary of HomeServices of America. In turn, HomeServices of America is a wholly owned subsidiary of MidAmerican Energy Holdings Company and a Berkshire Hathaway affiliate.

**J) Is your company “for sale” or otherwise anticipating or currently involved with a merger, acquisition, divestiture or other relationship that will impact your company in the near future. If so, please explain.**

To the best of all knowledge within HomeServices, the company is not for sale. However, HomeServices of America is a dynamic growing company and as part of its business strategy continues to look for and acquire quality real estate operations. HomeServices interests lie in leading companies located in very strong markets that have long-term, positive growth prospects for the future.

**K) What is your client retention rate for the past three years?**

HomeServices enjoys a high customer retention rate. HomeServices Relocation is a growing company, relatively new to the third party market and over the past 3 years, we have had the good fortune to retain 100% of our client base as we continue to expand.

| <b>Client Retention</b> |             |             |             |
|-------------------------|-------------|-------------|-------------|
| <b>Year</b>             | <b>2003</b> | <b>2004</b> | <b>2005</b> |
| <b>Lost Clients</b>     | <b>0</b>    | <b>0</b>    | <b>0</b>    |
| <b>Volume Lost</b>      | <b>0</b>    | <b>0</b>    | <b>0</b>    |
| <b>Reason</b>           | <b>N/A</b>  | <b>N/A</b>  | <b>N/A</b>  |

**L) Any current or prior financial relationships with MEHC.**

Our parent company, HomeServices of America, Inc. is a wholly owned subsidiary of MidAmerican Energy Holdings Company.

**M) Any current or prior contractual relationships with MEHC.**

Iowa Realty, and CBS HOME, subsidiaries of HomeServices of America, have been providing relocation services to MidAmerican Energy Holdings Company and Northern Natural Gas respectively. Iowa Realty has been a service provider since 1998 and CBS Home since 2002.

In 2006, HomeServices Relocation was privileged to begin providing relocation services to Pacific Corporation

**N) Details of any products or services that were the subject of such prior contractual services.**

Through Iowa Realty, CBS Home, and HomeServices Relocation, we have offered the full array of third party relocation services including, Marketing Assistance, HHG Management, Destination Services, and Expense Reimbursement, Management and Tracking.

**O) An organizational chart showing the structure of your firm and the affiliation of any affiliated companies.**

An organizational chart showing the structure of HomeServices is attached at Exhibit B.

**P) An organizational chart showing the names titles, and business contact information of your firm's senior managers - including those of any corporate parent if applicable.**

An organizational chart showing the names titles, and business contact information of HomeServices senior managers is attached at Exhibit C.

**Q) Please identify if your firm is ISO 9000 certified and describe your firm's policy toward securing, maintaining, or improving its ISO 9000 certification throughout the term of the agreement.**

HomeServices Relocation, LLC is not currently ISO 9000 certified nor do we have plans to pursue ISO 9000 certification. The costs necessary to obtain certification currently outweigh the benefits to our company. However, we are constantly concerned with "quality management" and apply best practices from within our industry including those provided by the Employee Relocation Council

**R) Identify locations that would service MEHC domestically. Indicate types of services that will be provided by each location.**

If awarded the new contract for services, all relocation services for MidAmerican Energy Holdings Company would continue to be serviced by Iowa Realty in Des Moines, IA. Relocation services for Northern Natural Gas would continue to be managed by CBS Home in Omaha, NE and relocation services for Pacific Corporation would continue to be managed through HomeServices Relocation’s Minneapolis, MN Service Center. Each location independently manages and services the entire array of departure and destination services for their client companies while also utilizing HomeServices Relocation’s master contracts for highly discounted HHG shipment and organic expense management and tracking services.

**11.3 References must be supplied as follows:**

**A) Provide three references who may be contacted by MEHC. These references should be from existing customers with product and service requirements similar to MEHC’s.**

| Contact       | Company Name                        | Telephone #    | Address   |
|---------------|-------------------------------------|----------------|---|
| Jan Amick     | MidAmerican Energy Holdings Company | (712) 277-7987 | 401 Douglas Street<br>Sioux City, IA 51102          |
| Drew Skarupa  | Real D                              | (310) 385-4000 | 100 North Crescent Dr<br>Beverly Hills, CA<br>90210 |
| Chris Coleman | KATUN Corp.                         | (952) 903-0368 | 10951 Bush Lake Rd<br>Minneapolis, MN<br>55438      |

**B) Provide contacts for two accounts that were lost within the last two years.**

HomeServices Relocation is a growing company, relatively new to the third party market and we have had the good fortune to retain our client base thus far, as we continue to expand.

## 12.0 General Requirements

**12.1 MEHC will require the selected firm (and its business partners, as applicable) to perform services related to domestic relocation across all MEHC. Please be specific here as to which services will be provided directly by your firm and which services will be provided via a business partner.**

As noted in 11.2 R above, HomeServices Relocation will provide services through our family of companies as appropriate. If awarded the contract for services, all relocation services for MidAmerican Energy Holdings Company would continue to be serviced by Iowa Realty in Des Moines, IA. Relocation services for Northern Natural Gas would continue to be managed by CBS Home in Omaha, NE and relocation services for Pacific Corporation would continue to be managed through HomeServices Relocation's Minneapolis, MN Service Center. Each location independently manages and services the entire array of departure and destination services for their client companies while also utilizing HomeServices Relocation's organic expense management and tracking services.

HomeServices Relocation and its family of companies utilize master contracts with preferred vendors to provide:

- Inspections and appraisals
- Title and Closing Services
- HHG shipment
- Travel arrangements
- Temporary Living and Executive Housing

### 12.2 Scope of Work to be completed will consist of the following:

**A) MEHC requests that the selected firm provide services to all MEHC domestic locations. The attached Exhibit B lists principal (but not all) MEHC domestic locations. Please explain any geographic limitations in your firm's ability to provide services to MEHC. Please identify any selected partners.**

HomeServices Relocation is a full-service third party relocation management company and the umbrella entity over the relocation divisions within HomeServices of America's family of companies. We have the ability to collectively apportion and direct the appropriate resources to most effectively meet MEHC's existing and emerging requirements for relocation services. HomeServices Relocation has no geographic limitations and has the ability to cover all national and international locations. Previous overseas experience resides mainly in Western Europe and the Western Pacific. The experience gained in those international locations can be leveraged to other geographic locations.

That said, we do not provide relocation services to North Korea, Cuba, the Sudan, Congo, Iraq, Iran, Syria, the Palestine territories, Burma (Myanmar) and any country listed on the United States State Departments Office of Foreign Assets Control List.

**B) MEHC requires professional services to include, but not limited to: new home search, temporary living, travel expenses, transportation of household goods, lease cancellation, relocation allowance, buying, selling, or leasing a residence and overlapping mortgage assistance. Describe what steps you would take to ensure your or subcontractor personnel provide such services without requiring MEHC's involvement in the direction or supervision of such employees or other personnel matters.**

MEHC's high customer service standards and values are consistent with HomeServices. We take responsibility for every step throughout the relocation process including those of our service partners and continuously monitor performance to ensure the best value and service to the customer. Should any customer service issue arise it is addressed immediately by the consultant and/or the Team Lead as appropriate.

As previously noted, our parent company, HomeServices of America, Inc. is the second largest residential real estate company and the premier family of real estate sales associates and brokerages in the nation. As a result, our business model does not predicate a single brand and in fact, HomeServices is comprised of 20 real estate brands that are leaders in the markets they serve. On average, HomeServices' affiliate companies have an operating history of more than 50 years. HomeServices respects and remains committed to the local brand that established each company as a market leader. HomeServices is a dynamic growing company and continues to acquire quality real estate operations. HomeServices interest lies in leading companies located in very strong markets that have long-term, positive growth prospects for the future.

HomeServices currently conducts business in all 50 states and internationally using our best in market brokerages as a first choice in those markets where we have a direct presence. In those areas where we do not have a direct affiliate, HomeServices Relocation utilizes selected partners.

We evaluate and partner with national and international service providers through affiliations with the National Broker Networks accessed through our family of companies. All companies must have a full time relocation department and a department manager who is CRP (Certified Relocation Professional) designated. The brokers we select are nationally known, knowledgeable providers who have maintained excellent service results with their customers. We selectively screen and handpick the best in each market. Services are evaluated and reviewed continually throughout the year.

Additionally, HomeServices Relocation HomeServices Relocation has a formal supplier certification process for preferred vendor/supplier relationships with a variety of service

providers including those in the table in item C below. In cases where we are securing a discount on services offered to client companies or their transferees, we solicit bids and evaluate their proposals through a formal board process and review. We only accept solicitations from those companies in the top tier of their given industry, which have a dedicated coordinator, state of the art facilities/equipment and the highest service levels. We select vendors based on a variety of performance criteria including professionalism and thoroughness in dealing with both our consultants and the transferee; responsive in communicating; timeliness in reporting; historical performance; claims performance in those industries where it is applicable, including the frequency and severity; and, accuracy in providing estimates and bills.

We maintain high standards through selected physical inspections on storage facilities, temporary living quarters, etc. Our suppliers are part of our customer service evaluations and are accountable for the ratings they receive.

**C) Please provide a listing of any subcontractors you would engage to provide service to MEHC’s account. Included in this, you must detail the types of services subcontractors would perform, the function of subcontractor personnel you would engage, and the locations where subcontractor personnel would be used.**

A HomeServices Relocation consultant will be the transferee’s single point of contact for all relocation services and will coordinate contact with any subcontractors required to meet the transferee’s needs. HomeServices will utilize the service providers in the table provided below and on the next page as appropriate to meet specific relocation requirements.

| Company Name  | Location               |
|---|------------------------|
| <b>Mortgage Services</b>  |                        |
| HomeServices Lending, an affiliate of Wells Fargo Home Mortgage | Nationwide             |
| <b>Moving Van Lines</b>   |                        |
| United Van Lines  | National/International |
| Lentz Transfer and Storage                                      | Nationwide             |
| Graebel Van Lines   | Nationwide             |
| Wheaton Tru-Pak Moving Systems                                  | Nationwide             |
| <b>Temporary Living</b>   |                        |
| Creative Housing Solutions                                      | Nationwide             |

|   |  |
|---|--|
| <b>Oak Wood Executive Suites</b>  | <b>Nationwide</b>  |
| <b>Stress-Free Housing</b>  | <b>Florida</b>   |
| <b>Property &amp; Casualty Insurance</b>  |  |
| <b>AON Risk Services, Inc</b>   | <b>Nationwide</b>  |
| <b>Continued from previous page</b>   |  |
| <b>Company Name</b>   | <b>Location</b>  |
| <b>Closing Services</b>   |  |
| <b>Fidelity Residential Solutions, Inc.</b>   | <b>Nationwide</b>  |
| <b>National Residential Nominee Solutions, Inc.</b>   | <b>Nationwide</b>  |
| <b>Appraisal Services</b>   |  |
| <b>Fidelity Valuation Services</b>  | <b>Nationwide</b>  |
| <b>Inspection Services</b>  |  |
| <b>Fidelity Inspection &amp; Consulting Services, Inc</b>   | <b>Nationwide</b>  |
| <b>Real Estate Brokerages</b>   |  |
| <b>All 21 HomeServices of America brokerages - Carol Jones REALTORS, CBSHOME Real Estate, Champion Realty, Edina Realty, Esslinger-Wooten-Maxwell REALTORS, First Realty GMAC Real Estate, Harry Norman, Realtors, HOME Real Estate, Huff Realty, Iowa Realty, Jenny Pruitt and Associates REALTORS, Long Realty, Prudential California Realty, Prudential Carolinas Realty, RealtySouth, Rector-Hayden REALTORS, Reece &amp; Nichols, Roberts Brothers REALTORS, Semonin REALTORS, and Woods Bros. Realty.</b> | <b>Alabama, Arizona, California, Florida, Georgia, Indiana, Iowa, Kansas, Kentucky, Maryland, Minnesota, Missouri, Nebraska, North Carolina, North Dakota, Ohio, South Carolina, South Dakota, and Wisconsin</b> |
| <b>All other brokerages as required by client, transferee or location</b>   | <b>Nationwide</b>  |
| <b>The International Consortium of Real Estate Associations (ICREA)</b>   | <b>International</b>   |



**D) Referring to the list of domestic programs (listed in Exhibit B) we wish to provide to our employees, please describe your service capabilities and procedures for each. You may include as well any other services you could provide that we should consider.**

HomeServices family of companies bring the "gold standard" in service, strength, commitment, professionalism and ethics to every business practice, process, and communication that comes from being owned by a Berkshire Hathaway affiliate. We treat every relocation as a unique and independent event, matching MEHC's relocation policy with the relocation needs of the transferee. To that end, HomeServices Relocation is a full-service third party relocation management company with the necessary experience and resources to most effectively meet MEHC's existing and emerging requirements for all relocation services including:

**Departure Services:**

Member assigned a dedicated, personal relocation consultant, capable of assisting them through the entire transfer process including:

- √ A Personalized Needs Assessment
- √ Design of home marketing plan (homeowner)
- √ Evaluation and negotiation of offers (homeowner)
- √ Closing and settlement (homeowner)
- √ Household goods survey
- √ Give 30 days notice to landlord (renters)
  
- √ **Travel Reservations for car rental and hotel reservations**

**Destination Services:**

Home finding assistance

- √ The same dedicated consultant will:
  - Identify a specialized real estate agent
  - Provide housing, community information, and area tours
  - Provide pre-arrival materials
  - Cost of Living Analysis
  - Community Reports
  - School Reports
  
- √ Provide buying negotiation and closing assistance (homebuyer)
- √ Rental property search (renter)
- √ Provide rental contract with transfer clause (renter)
  
- √ **Temporary Living**

- Temporary Living coordination is provided as a destination service and can be a major factor in getting a family settled and in relieving the stress associated with relocation.
  - HomeServices selects only those providers that meet our service and quality standards.
  - We review and consider their current service ratings, business volume, record of legal compliance and industry rating where available.
  - We maintain high standards through selected physical inspections on temporary living quarters.
  - Temporary Living providers earn a preferred status based on mutual quality service standards, customer service goals and industry performance standards and recognition.
  - Our service providers are part of our customer service evaluations and are accountable for the ratings they receive.
- √ Rental car coordination
- √ Partner/spouse career assistance and counseling (contracted service)
- √ Provide closing services (homebuyer)
- Special relocation mortgage products
  - Title service
  - Homeowners insurance
- √ **Household Goods Movement** (discounted contracted services):  
HomeServices only selects companies that are in the top tier of their industry and provide the full array of HHG services including storage and the shipment of autos, state of the art facilities/equipment, and the highest service levels
- We select HHG vendors based on a variety of performance criteria including professionalism and thoroughness in dealing with both our consultants and the transferee; responsive in communicating; timeliness in reporting; historical performance; claims performance, including the frequency and severity; and, accuracy in providing estimates and bills
  - HomeServices negotiates rates and discounts for HHG shipment and storage on services offered to client companies or their transferees. In doing so, we solicit bids and evaluate their proposals through a formal board process and review
  - A discount of 62% is offered on every interstate household move, 50% discount on storage in US (35% in Canada); 5% discount on automobiles

- Peak period service is guaranteed
- Peak summer rates are waived
- Full replacement coverage of up to \$75,000 (\$5.00 times the weight of the shipment) is provided at no charge
- We maintain those high standards through selected physical inspections of van line vendor storage facilities
- The first step in the process is to arrange for a household goods survey and estimate
- Whenever possible, storage requirements are determined prior to packing out
- Our experienced consultants monitor the shipment of HHG to ensure that the process remains on track
- HHG charges are billed directly to HomeServices categorizing them as excludable and not reportable for IRS purposes and precluding annotation in block 12 of the transferee's W-2
- Auditing HHG invoices is an inherent function of our extensive quality control and review process
- Each HHG invoice rendered is reviewed in a detailed multi-layered process.
- The consultant validates the invoice in accordance with the client's policy and if authorized, processes for payment and reimbursement.
- The Account Manager then reviews for compliance and the Expense Manager audits the bill of lading and then processes it for payment through Finance where an additional review is conducted.
- These separate independent reviews ensure that processes and policies are followed. Additionally, file reviews are conducted weekly with each of the consultants to ensure that a micro view of quality is maintained
- HHG expenses are excludable and not reportable for IRS purposes when paid directly to a third party, such as HomeServices, or to the service provider
- Accordingly, when enabled by the client's relocation policy, HomeServices processes and pays the HHG transportation and storage bill on behalf of MEHC
- In addition to the preferential tax treatment this affords the transferee, it also provides HomeServices with an opportunity to audit the HHG bill prior to processing for payment
- HomeServices does not mark up the bill in anyway, but simply pays and invoices the MEHC for the charges.

**Overlapping Mortgage Payments:**

The consultant will also facilitate reimbursement to the transferee of any duplicate mortgage payments as authorized by MEHC's relocation policy

**Renter Assistance:**

Whether a transferee is a homeowner or renter, the process is fairly consistent and always begins with a needs assessment to determine transferee needs, wants, and timing.

- √ Home finding and rental assistance is a Destination Service.
- √ Rental assistance begins with the same dedicated consultant identifying a specialized real estate agent for renting a home, supplying housing and community information, and an area tour
  - The consultant will provide pre-arrival materials including a Cost of Living Analysis, Community Reports, and School Reports.
  - The agent will provide the renter with a rental property search,
  - The consultant will also coordinate temporary living and a rental car for renters as allowed by policy.
  - Both buyers and renters are eligible for HomeServices negotiated discounted household goods movement through contracted services from our selected preferred vendors.
- √ **Lease Cancellation**
  - The consultant will also provide the transferee with a "transfer clause" to be included in the lease to minimize the cost of future transfers to both MEHC and the transferee.
  - The consultant will also facilitate reimbursement to the transferee of any lease cancellation fee at the departure location as provided by MEHC's relocation policy

**Home Sale:**

The home sale process begins with a Home Marketing plan (HMA).

- √ The HomeServices customer service representative will choose two reputable brokers in the departure city to contact the transferee and prepare an Employee Relocation Counsel (ERC) Broker Market Analysis (BMA) with photos of the home.
  - The BMA not only asks for comparable listings and sold homes in the area, but requires a detailed marketing strategy from the potential listing agent.

- √ Once the customer service representative receives the BMA reports, photos and thoroughly reviews the marketing plan, they are able to counsel the transferee with a recommendation on which company would do the best job in getting the home listed and sold quickly and at the best price.
- √ The customer service representative maintains contact with the listing agent on a bi-monthly basis, following up on pricing and the marketing strategy until the home is sold.
- √ The customer service representative acts as a team leader between the transferee and the listing broker ensuring that there is both candor and timeliness in all communication.
- √ Follow-up, follow-up, follow-up. The customer service representative is a key component in the HMA Program. For this reason, HomeServices' customer service representatives are full-time salaried professionals whose expertise in both listing and relocation ensures exceptional service. Skill and experience drive success.
- √ Once the transferee receives an offer to purchase, the customer service representative will
  - Review the terms, conditions, and timing to ascertain the true value of the offer and discuss it with the transferee.
- √ Once the offer is accepted, HomeServices Relocation then facilitates the entire closing process via our business partner, Fidelity Residential Solutions. This ensures a seamless transaction from start to finish.

**New Home Search:**

Finding a new home is an equally difficult task, especially when the transferee is moving to an unfamiliar area far from the point of origin.

- √ We recognize that moving to a new location is much more than just buying a home.
- √ The goal is to ensure every transfer is a seamless transition for the entire family. After all, that's what relocation is all about, moving families.
- √ We provide the tools necessary for families to make informed decisions on the process.
- √ Once the decision to relocate is made, it is our goal to assist them in achieving a smooth, well-managed move with minimum stress.

As with the home sale, every home search begins with a conversation with the transferee explaining how the program works.

- √ In the initial call, our customer service representative will conduct an in-depth needs assessment with the family to understand all of the factors which must be considered before the home finding search is narrowed to a community and specific homes.
- √ The customer service representative is interested in the family's individual needs and will conduct special research to find resources and personalize the information.
  - These may include
    - Recreational activities
    - Special education programs
    - Child and elder care resources
    - Special medical programs, etc.
  - Each family will receive an area information packet covering
    - Community profiles
    - Housing
    - Education
    - Taxes
    - Medical
    - Recreation
    - Entertainment and more

#### **Home Buyer Advocacy:**

HomeServices Relocation offers an exclusive buyer representation option that allows real estate sales associates to work on behalf of your transferees. This means they can provide competitive market analysis on prospective properties, provide negotiating advice, and conduct special research to help the family make the right choice and save money.

#### **Selecting a Sales Associate:**

The customer service representative will work diligently to select a knowledgeable relocation trained broker. These experienced agents will conduct area tours, show properties, and ultimately help the family find the best home for their personal needs.

The customer service representative and the broker work together as a team to ensure the best result for the transferee. Once the home is selected, we continue to work closely with the broker to ensure a flawless closing.

**Mortgage Assistance:**

Transferees will receive mortgage assistance from pre-approval to closing through HomeServices Lending's on-staff financing consultants.

- √ The consultant is already familiar with MEHC's relocation policy and knowledgeable on the transferee's specific circumstances allowing the consultant to custom tailor a mortgage package that addresses the transferee's specific needs including extended rate locks to protect transferees against rising interest rates.

**Expense Management, Invoicing and Tax Assistance:**

HomeServices employs the newest web based technology for tracking costs, services and managing expenses. We synchronize our processes to match your payroll and other reporting requirements. Through our proprietary state-of-the-art relocation software system we:

- √ Provide a comprehensive picture
- √ Help to ensure Sarbanes-Oxley compliance
- √ Track and categorize all employee relocation expenses
- √ Generate required IRS tax information and reports for both the transferee and the MEHC
- √ Provide convenient access to information throughout the course of the relocation
- √ Track and pay vendors, reimburse transferee expense reports and interface with Accounts Payable and Payroll.

**E) Describe any affiliations, exclusive arrangements ownership interests or other relationships that your company has with any other organization providing relocation-related services (brokers, appraisers, title, inspection and mortgage companies, van lines, etc.).**

Our parent company, HomeServices of America, Inc. is the second largest, full service independent residential real estate brokerage firm and the second largest brokerage-owned settlement services (mortgage, title, escrow, and insurance) provider in the United States. HomeServices is comprised of 20 real estate brands encompassing over 21,000 agents and 395 branch offices providing one-stop shopping through our highly recognized brand name real estate brokerage firms and specialized relocation mortgage, title insurance, home warranty and homeowners insurance services. Our "Family of

Services" is truly unique and provides MEHC transferees with access to our national broker presence.

**F) Describe your management of your supplier relationships. Specifically describe your programs and procedures for selecting and evaluating brokers and appraisers. Will we be required to use your suppliers?**

HomeServices Relocation has a formal supplier certification process for preferred vendor/supplier relationships with a variety of service providers including brokers and appraisers. In cases where we are securing a discount on services offered to client companies or their transferees, we solicit bids and evaluate their proposals through a formal board process and review. We only accept solicitations from those companies in the top tier of their given industry, which have a dedicated coordinator, state of the art facilities/equipment and the highest service levels. We maintain high standards through selected physical inspections of storage facilities, temporary living quarters, etc. HomeServices Relocation measures vendor performance on a near constant basis through our customer service evaluations.

Our preferred vendors and suppliers are part of our customer service evaluations and are accountable for the ratings they receive. We select vendors by industry based on a variety of performance criteria. The criteria includes professionalism and thoroughness in dealing with both our consultants and the transferee; responsiveness in communicating; timeliness in reporting; historical performance; claims performance in those industries where it is applicable, including the frequency and severity; and, accuracy in providing estimates and bills.

We know that our preferred vendors are an extension of HomeServices Relocation and represent the quality and service that we provide to our clients and their transferees. Vendors earn a preferred status based on mutual quality service standards, customer service goals and industry performance standards and recognition. HomeServices selects only those vendors that meet our service and quality standards and ensures that vendors have the technical knowledge and expertise to meet client and transferee requirements by ensuring that they maintain the appropriate professional certifications. We also review and consider their current service ratings, their current business volume, record of legal compliance and industry rating where available.

**Real Estate Broker Selection:**

HomeServices Relocation uses our best in market brokerages as a first choice in those markets where we have a direct presence. In those areas where we do not have a direct affiliate, HomeServices Relocation utilizes selected partners.



We evaluate and partner with:

- √ National and International service providers through affiliations with the National Broker Networks accessed through our family of companies
- √ All companies must have a full time relocation department and a department manager who is CRP (Certified Relocation Professional) designated
- √ The brokers we select are nationally known, knowledgeable providers who have maintained excellent service results with their customers
- √ We selectively screen and handpick the best in each market. Services are evaluated and reviewed continually throughout the year.

#### **Appraiser Selection:**

HomeServices Relocation has a formal supplier certification process for preferred vendor/supplier relationships with a variety of service providers including those providing appraisal services.

- √ We only accept solicitations from those companies in the top tier of the industry.
- √ We have contracted with Fidelity Valuation Solutions to provide appraisal services.

#### **G) Describe how your consultation services work. What information and support does your firm provide the employee to facilitate process?**

Communication and follow-up are keys to success. Every relocation begins with a conversation to assess the needs of the transferee and align those needs with the client's relocation policy. Through consistent contact with each and every customer, we gain feedback throughout the process and are able to resolve issues before they become problems. Our constant evaluation and feedback process enables us to continually improve our level of service.

Every transferee is assigned a dedicated, full service relocation consultant, as their single point of contact, trusted advisor and coordination point for all relocation benefits provided by MEHC's relocation policy or alternatively as outlined in the letter of offer, as the case may be. Policy counseling occurs at the point of initiation to ensure that the transferee understands the benefits that are provided and in turn, will be able to make

informed decisions that optimize the application of those benefits as part of the overall relocation process.

Transferring employees receive a plethora of information pertaining to their relocation including Cost of Living and School Reports for the new area, documents, strategies and disclosures for the sale of their home, information on temporary living, homefinding strategies, special relocation lending programs, shipment of household goods, appraiser information, expense reimbursement forms, etc.

**H) Summarize the services you offer and the procedures you follow to process, track, and gross-up employee expense reimbursements.**

HomeServices has an Expense Management division capable of providing the full array of services and provide for the impact of reimbursed relocation expenses on a transferee's tax liability. We use a proprietary state-of-the-art software system to provide expense tracking, invoicing and tax assistance. We track and categorize all employee relocation expenses, review for Sarbanes-Oxley compliance, calculate employer provided tax assistance (gross-up) as authorized by MEHC policy, calculate federal and state withholding taxes and transmit to payroll, generate required IRS tax forms and reports for employer and employee, provide MEHC convenient access to expense and tax information and ensure maximum allowable cost savings and IRS compliance.

We track and pay vendors, reimburse transferee expense reports, and interface with Accounts Payable, General Ledger and Payroll systems providing expense tracking, invoicing and tax assistance. Our end of year report details to MEHC Payroll the information required to accurately prepare a W-2. A worksheet for the transferee is also provided to assist them in preparing an IRS Form 3903.

Inherent in our expense management capability is a cost accounting function. All expenses are categorized and systematically recorded providing the opportunity for empirical analysis of the cost elements associated with a single MEHC relocation or the aggregate of all relocations.

**I) What is the average time from receipt of employee expense report to employee reimbursement.**

Three days plus mail - our expense management system is flexible and gross-up calculations may be done as often as required. Expenses are processed and tax assistance calculations are computed daily. Payments to transferees are made twice weekly. Timeliness in provisioning expense management services has not been nor do we anticipate it becoming an issue.

**J) Would you recommend supporting our account from an on-site center or a different location?**

HomeServices Family of companies and unique structure offer flexibility in service delivery. We currently provide MEHC and your transferees with a local connection through Iowa Realty Relocation in Des Moines and CBSHOME Relocation in Omaha. Through these centers, HomeServices major management centers in Minneapolis and Winston-Salem and through our 17 other companies and their states across the country, we are able to provide local support and accountability while offering the full array of national and worldwide relocation services, seamlessly.

**Explain your capabilities for both types of support.**

If MEHC desires an onsite relocation consultant, we can easily accommodate. At this time, we recommend the process remain streamlined through the Des Moines Center for MEHC employees, Omaha for Northern Natural Gas and Minneapolis for all other geographic locations or corporate entities.

**K) How do you manage changes in tax law and other legislation in order to keep us in compliance?**

We keep abreast of changes in tax law legislation and compliance through industry professional organizations, our corporate legal and financial offices, software updates from our proprietary expense management software vendor and through IRS e-news subscriptions (IRS Newswire, IRS GuideWire, and e-News for Tax Professionals) we receive advance copies of tax guidance, Revenue Rulings, Revenue Procedures, Announcements, and Notices and local tax news and events specific to each State, The District of Columbia as well as International information.

**12.3 Future requirements could include international relocation****A) MEHC will require the selected firm (and its business partners, as applicable) to perform all services related to global relocation services across all MEHC. Please be specific here as to which services will be provided directly by your firm and which services will be provided via a business partner.**

International assignments are part of a process to create change, improve understanding, and develop the global presence that is needed in the present competitive business climate. There are many considerations in successfully executing an international relocation. Simple policies relating to company assignment philosophy, assignment letters, pre-assignment matters, relocation coverage, conditions of employment, items of compensation, and assignment completion or termination and repatriation should all be addressed in detail at the early stages and in writing to avoid future and costly

misunderstandings. Additionally these policies must be consistent and fair to all assignees, and have a mechanism to resolve unforeseen matters that may occur. The main challenges for the transferee are where to live; buy or rent a property; or, stay in a furnished apartment; dependent education, where should the children go to school; will they be safe; support groups, are they available; legal advice may also need to be sought and insurance policies updated to reflect foreign locations. HomeServices global relocation services can meet MEHC's international relocation requirements. Based on the same "single point of contact" principle as our domestic program, the HomeServices consultant remains the single point of contact for coordinating and managing all relocation services for every aspect of the international assignment whether the transferee is departing from or arriving in the U.S. and whether they are repatriating U.S. citizens or expatriate foreign nationals.

Addressing each stage – assignment planning, the move, the assignment, and repatriation at the initial discussion of the move is beneficial for a successful international relocation. HomeServices Relocation understands the importance and cost involved with an expatriate assignment and for that reason has developed a program that will enable the expatriate and his/her family to become acclimated to the host country as quickly as possible and to feel that they're needs have been met with experience, care and understanding. Our staff has the experience you can count to facilitate your international relocation requirements and have earned the ERC Fundamentals of International Assignments Certification.

Following is a synopsis of our International Relocation Program

### **Pre-Assignment Counseling**

The HomeServices consultant will contact the transferee to review the expatriate policy and to discuss the relocation benefits that will pertain to their assignment. They will counsel the expatriate transferee on the service providers who will be contacting them along with an estimated time frame. The communication between the HomeServices consultant and the transferee will be continuous and routine throughout the relocation or assignment as MEHC and needs determine.

### **Orientation/House hunting Trip**

Orientation trips may be offered only to hardship locations or to certain locations that you may have had difficulty in retaining expatriates on assignment. The HomeServices consultant will enlist the services of the local real estate representative to perform the orientation. The purpose of the orientation trip is to familiarize the transferee, spouse, and family with the new location. This trip is sometimes offered prior to the acceptance of an assignment to ensure the transferee has enough information to make an informed decision about whether or not to accept the assignment. The trip may include house hunting depending on MEHC's desires.

The purpose of a house-hunting trip is to give the transferee the opportunity to secure permanent housing prior to the relocation. It is important to ensure that the trip is well organized and that the transferee has an itinerary in place prior to the trip. HomeServices will coordinate airfare, lodging, and a rental car, if applicable, for the transferee's orientation/home finding trip. We will arrange to have a destination service company in the foreign location meet with the transferee to view properties that are within MEHC housing specifications and to handle all paperwork necessary to lease the premises. Contracted housing in the foreign location will include major appliances including range and oven, refrigerator, clothes washer, clothes dryer and air conditioner(s), as appropriate. Fully furnished units are also available and may be less expensive for short-term assignments than shipping household goods overseas.

### **Arrival Counseling**

HomeServices in conjunction with the destination service provider selected in the foreign location will offer Arrival Counseling to the transferee in the destination country. This will consist of, but is not be limited to, information and counseling about cultural differences, local customs, education systems, school selections, local social, and business groups, recreational opportunities, and public transportation.

### **Passports/Visas/Work Permits**

HomeServices Relocation will assist the transferee in obtaining a passport and the proper visas/work permits required by the Host Country. We will coordinate the application and filing process for the visa/work permit and provide a list of the documents the transferee will need to provide as well as any necessary application forms to complete. Once all documents have been received, we will forward to the proper Immigration office for processing. The time it takes to receive the proper entry documents is dependent on the assignment Country.

In most areas, HomeServices Relocation will be able to facilitate the paperwork to secure the proper Visa/Work permit required. In Countries that have very strict and lengthy visa/work permit processes, we will contract as necessary to assist in obtaining the necessary permits.

### **Cultural and Language Training**

Cultural and language training are important tools to enhance the success of an international assignment. Different types of assignments will have different training requirements depending on the length and nature of the assignment. Cross-cultural training can address several issues for expatriates and their families. Factual briefings impart knowledge about the host country's history, society, and important cultural taboos and norms. Cultural adjustment training helps expatriates and their families develop skills that will allow them to quickly adapt to the host culture.

Language training is recommended for both the transferee and their adult family members. Even for assignments where the expatriate will have little contact with local nationals, language training can be essential to the success of the employee and family. More extensive language training is required for most other assignments. Identifying the characteristics of the assignment will assist in developing the best package of training for expatriates going on assignment. The relatively low cost of training compared to overall assignment costs, makes the return on the training investment quite high.

HomeServices would partner with The Bennett Group for Cultural and Language Training needs. Intercultural training can be offered in a one or two day program. Language training should begin prior to leaving the home country and continue in the host country upon arrival.

### **Household Goods Shipment/Storage**

HomeServices would contract with a national household goods mover to facilitate the shipment of household goods overseas via surface and air shipments. The Consultant would contact the mover to initiate this service and the national carrier would then contact the transferee to review the process, customs information and weight limits for an air shipment (if approved) and a sea shipment.

The size of the overseas shipment will typically depend on the length of the assignment. For very short-term assignments, a small air shipment to transport items the transferee will need such as clothing and personal items is recommended. For long-term assignments, a sea and air shipment is recommended.

Storage for the household goods that remain in the home country can also be arranged through the national carrier.

### **Tax Planning**

Expatriate tax policy consulting is a necessary and crucial step to any company wishing to employ the services of their employees abroad. Correctly structuring US Expatriate or Foreign National compensation and other income can minimize US and foreign taxes and save MEHC money in the process. It is best done prior to departure and should clarify: the transferee's responsibilities, pre-assignment policies, tax treatment of compensation items during the assignment, other tax policies during the assignment (state filings, foreign tax credit ownership, stock options, sale of a principal residence, US and host country social security, tax advances and penalties and interest, etc.) and tax vendor consulting services. Policies relating to tax treatment of compensation during the assignment, including items in consideration for the hypothetical tax calculation include: moving and relocation costs, housing, car allowances, education and home leave allowances, cost of living allowances (COLA's), hardship premiums, tax equalization

and protection arrangements, and personal income and losses should be addressed at the early stages and in writing to avoid future and costly misunderstandings.

Subject to individual circumstances, significant savings can be secured with respect to state tax obligation, foreign tax obligation, and social security taxes. The US has tax treaties with many countries that may also provide benefits that might not be available to taxpayers residing in certain other foreign countries.

The tax-planning portion of an international relocation policy is a significant issue to be addressed and HomeServices partners with Deloitte for international tax expertise.

### **Repatriation**

The repatriation phase of the assignment cycle is critical to properly allow for the reintegration and assimilation of the expatriate, the family, and the corporation's investment. Successful repatriation and retention of international transferees is a crucial measure of the overall success of international assignment programs.

The consultant may remain in contact with the expatriate throughout the assignment and when notified that the assignment is complete, the consultant will conduct a Repatriation Interview and begin the process of arranging for repatriation. Arrangements to be made will include:

- Return shipment of sea and air shipment
- Notification to Landlord of Lease Cancellation
- Return travel arrangements
- Temporary Housing arrangements

### **Mentor Program**

HomeServices recommends providing a mentor in the home country location who will be responsible for contacting the expatriate regularly to ensure that they are aware of the important events/changes in the company and their origination city. This continuity of communication can be achieved by periodic telephone contact, newsletters, and other company news items from their home base.

The second role of the mentor is to assist the expatriate in their job search prior to and upon return to the home country. The mentor will be responsible for keeping the home country executives informed about the expatriate's progress and activities with an eye toward how to integrate them back into the home country operations upon repatriation.

**Other International Services**

HomeServices Relocation can assist with the following additional services:

- Counsel expatriate with the disposition of their home in the home country selling, renting, or leaving the home vacant during the assignment.
  
- Assist MEHC in computing differentials for cost of living, housing and utilities, transportation, as well as, in some cases foreign service hardship or environmental allowances.

**B) Can your firm provide global coverage for all MEHC locations?**

HomeServices Relocation is able apportion and direct the appropriate resources and services to accommodate all MEHC international locations. Though locations may differ, our assistance customized to match the unique requirements of the specific location and the transferee. Equally important, our international service partners are all global providers.

**C) The length of time in the business of providing global relocation services.**

Six Years. HomeServices Relocation has provided international relocation services since 2000. Our consultants and family of companies have significant industry experience in handling expatriate assignments throughout Europe and Asia and have earned ERC certification for International Assignments. HomeServices and our family of companies have the know how to meet MEHC's international relocation requirements.

**D) Identify locations that would service MEHC globally. Indicate types of services that will be provided by each location. MEHC global locations currently include the United Kingdom and the Philippines.**

Based on the same "single point of contact" principle as our domestic program, MEHC's consultant whether from Iowa Realty Relocation, CBSHOME Relocation or HomeServices Relocation will remain the single point of contact for coordinating and managing all relocation services for every aspect of the international assignment whether the transferee is departing from or arriving in the U.S. and whether they are repatriating U.S. citizens or expatriate foreign nationals. We can and do provide relocation services to both the United Kingdom and the Republic of the Philippines.



**E) Global relocation programs we wish to provide to our employees include, but are not limited to: storage of household goods in the home country, temporary living, furnished corporate housing, air shipment of 600 pounds of furnishings and shipment of reasonable amount by sea and repatriation. Please describe your service capabilities and procedures for each. You may include as well any other services you could provide that you think we should consider.**

HomeServices Relocation and our family of companies have the ability to apportion and direct the appropriate resources to meet MEHC's specific global relocation requirements. We understand the importance and cost involved with an expatriate assignment and have developed a program that will enable the expatriate their family to become acclimated in the host country as quickly as possible and to feel that they're needs have been met with experience, care and understanding. Our staff has the experience you can count on to facilitate your international relocation requirements.

Our international capabilities are described above in Section 12.3 A (please see for details). In addition, we recommend language and cultural training, mentoring and tax planning services. Expatriate tax policy consulting in particular can be a crucial service to any company employing expatriates. Correctly structuring US Expatriate or Foreign National compensation and other income can minimize US and foreign taxes and save MEHC money in the process.

## **12.4 Personnel**

### **A) How do you recruit and select your employees?**

Employee recruitment and selection are critical management functions that directly impact our ability to meet strategic objectives, including the quantity and quality of work and the equal employment opportunity requirements of our parent, HomeServices of America, Inc. (HSoA). As a result, all employment related activities are approved, coordinated, and processed through HSoA's Human Resources Department including decisions regarding staffing needs, use of external recruiters or employment agencies, job posting, advertising, interviewing, candidate evaluation and selection. HSoA supports a strong internal promotion policy and whenever possible provides qualified HomeServices employees the first opportunity for new job assignments.

Background checks are conducted as part of the process for all corporate officer, director, and positions requiring licensure in accordance with state law. Any offer of employment is contingent upon the satisfactory completion of both reference and background checks and verification of eligibility to work in the United States.

HSoA and its subsidiaries and affiliates are committed to providing and promoting equal opportunity and nondiscriminatory treatment for all current and prospective employees. The company is strongly committed to this policy and believes in both the actual

requirements and the spirit of equal opportunity laws and regulations. It is the policy of HomeServices to offer employment based upon individual merit, qualifications, and competency. The application of all employment related practices is not influenced or affected by an individual's race, color, religion, gender, sex, national origin, sexual orientation, age, physical or mental disability, marital status, disabled veteran or Vietnam era veteran status, citizenship status (except as required by law) or other non-job related characteristics.

**B) Aside from base salary, how are employees rewarded for or encouraged to provide outstanding client service performance?**

HomeServices Relocation consultants are full time, salaried employees who are incentivized to perform their best on each and every transaction through a multi-faceted bonus structure. Every one of the transferees in our client base is important to us so our relocation consultant incentive program is both performance-based and transactional. It is predicated on the combined results of our customer satisfaction survey and the successful completion of the desired transaction. The size of the transaction is not a variable in the incentive program, so every transaction, large or small, is important to us. This incentive methodology ensures that our relocation consultants provide a uniformly high level of service to every transferee, regardless of the value of the transaction.

**C) Describe your employee performance evaluation program.**

HomeServices Family of companies incorporates a formal performance appraisal program. Goals and major duties are measured against specific performance criteria. Additionally, every employee is measured against a set of performance factors that include ratings for accountability, quantity and quality of work, organization and planning, professional knowledge and skill, judgment and decision-making, initiative, innovation and resourcefulness, and communication, flexibility and teamwork. Every employees performance is analyzed and action taken in the form training, counseling, or supervision to foster continuous performance improvement.

**D) Please provide details of your firm's provisions for providing on-going training/skill enhancement for your technical staff members.**

We recognize that our employees are truly our greatest assets, and that employee training and education provide a critical competitive advantage. All of our corporate relocation consultants are licensed Realtors and many hold additional certifications that require annual continuing formal education and a high level of experience and professionalism. Weekly formal training is conducted and additional training is contracted nearly monthly through the ERC (Employee Relocation Counsel), the Board of Realtors or Pro-Source. Additionally, as a Berkshire Hathaway affiliate, every HomeServices employee has access to either on-line management, leadership, or ethics training. Our training is a

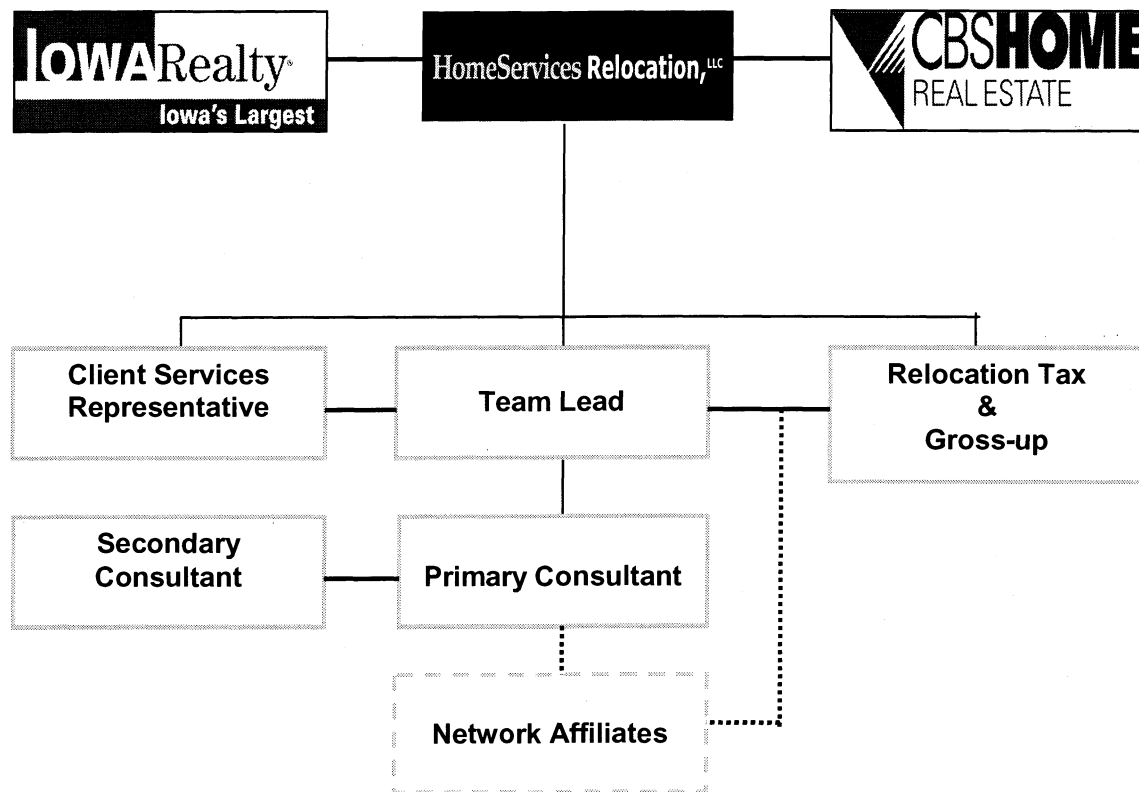
significant benefit to our clients and their transferees and ensures that we will continue to provide well-managed solutions to meet their relocation objectives and needs.

**E) Indicate details of your firm’s plans for management and minimization of staff turnover.**

At barely more than 8%, our staff turnover rate is incredibly low, creating a high level of experience and professionalism. We employ a non-hierarchical personnel model that ensures participation by every staff member in planning and development and fosters a common, sense of value in the benefits the process creates resulting in a shared vision and motivated professional staff. Our corporate clients and their transferees are the beneficiaries of this experience and the continuity it provides. You can count on your relocation objectives being well managed and MEHC transferees will benefit from the synergy that our experienced staff creates. Let our experience continue to work for you!

**F) Provide an organization chart showing the staff that would directly support our outsourced relocation program and explain their roles in working with our company.**

Collaboratively HomeServices’ relocation team consists of 118 relocation consultants and the power and versatility of 20 companies across the United States.



**G) Is your staff available on evenings and weekends? If so, explain the methods by which your staff can be reached.**

Yes. HomeServices and our family well know that homes are not bought and sold and the other elements of corporate relocation delivered only during normal business hours. We can provide access for MEHC transferees 24 hours a day, seven days a week by telephone.

In the unlikely event that the transferee's specific consultant is not available, HomeServices always has another staff member who is knowledgeable in MEHC's policy to assist with any unexpected circumstances.

**12.5 Transportation of Household Goods**

**A) Describe your services for movement of household goods.**

HomeServices offers a complete household goods moving service, designed to save the corporate client money and assure the timely pick-up and delivery of household goods. Through contracted services utilizing our preferred vendors, HomeServices maintains a robust household goods (HHG) management capability. Depending on location, we will generally use one of four van lines (United Van Lines, Lentz Transfer and Storage, Graebel Van Lines and Wheaton Tru-Pak Moving Systems) to meet the needs of the transferee. We have worked with each of these firms for a number of years in different locations across the nation and globally each with excellent results.

The first step in the process is to arrange for two household goods surveys and estimates, review them for accuracy and competitive pricing, and recommend a carrier to the transferee. Whenever possible, storage requirements are determined prior to packing out. When client policy permits, HHG charges are billed directly to HomeServices categorizing them as excludable and not reportable for IRS purposes and precluding annotation in block 12 of the transferee's W-2.

**B) Summarize the services you provide to:**

**a) Coordinate movement of household goods, including carrier selection**

HomeServices only selects companies that are in the top tier of their industry and provide the full array of HHG services including storage and the shipment of autos, state of the art facilities/equipment, and the highest service levels. We select vendors based on a variety of performance criteria including professionalism and thoroughness in dealing with both our consultants and the transferee; responsive in communicating; timeliness in reporting; historical performance; claims performance in those industries where it is applicable,

including the frequency and severity; and, accuracy in providing estimates and bills.

Upon authorization, your HomeServices consultant will arrange for the transportation of household goods. Based on weight limits of household goods and other factors, HomeServices will enlist the services of one of our business partners (listed above). It is typical when selecting a van line to have two separate providers survey the residence to complete separate estimates. The HomeServices consultant will coordinate with the carrier to arrange for an appointment.

Note: Carrier selection is based on either MEHC's choice and/or the transferee's preference. If MEHC and the transferee do not stipulate a certain carrier choice, HomeServices can make recommendations.

#### **b) Negotiate rates and conditions**

HomeServices does negotiate rates and discounts for HHG shipment and storage on services offered to client companies or their transferees. In doing so, we solicit bids and evaluate their proposals through a formal board process and review.

HomeServices has negotiated the following rates with all carriers:

- Minimum of 62% Discount on shipment
- Minimum of 50% Discount on storage
- 5% discount for automobile shipment
- Up to \$75,000 of insurance coverage included
- Non-peak transportation rates apply regardless of transportation dates
- Guaranteed load and delivery timeframes
- Only top rated drivers and crews are used

#### **c) Monitor shipment from organization to destination**

Our experienced consultants monitor the shipment of HHG to ensure that the process remains on track. Once the pack out is scheduled, load and delivery dates with the carrier, the consultant will be follow-up with calls to the transferee on the designated pack and load dates to ensure the process is on-track. Depending on the size and distance of the move, delivery dates are typically scheduled from two to three days after loading. The driver will contact the transferee the day before the shipment is scheduled to arrive with an estimated time of arrival. This information is also provided to the consultant. When the designated delivery day has arrived, the consultant will again verify with the transferee the status of the delivery and review the process for receiving their household goods at destination. The transferee is counseled to check carefully to ensure that all of their possessions have arrived in the same condition as they left and not to sign any

delivery papers until they are sure they have all their belongings. Any missing items or damage should be noted on the inventory sheet before they sign.

**d) Settle claims**

We know that our preferred vendors/suppliers are an extension of HomeServices Relocation and represent the quality and service that we provide to our clients and their transferees. For that reason, our suppliers are part of our customer service evaluations and are accountable for the ratings they receive. As previously noted, we select HHG vendors based on a variety of performance criteria including professionalism and thoroughness in dealing with both our consultants and the transferee; responsiveness in communicating; timeliness in reporting; historical performance; claims performance in those industries where it is applicable, including the frequency and severity; and, accuracy in providing estimates and bills. Our preferred HHG carriers offer settlement of cargo damage claims not exceeding \$500 within 30 days of receipt of completed claim forms. Although claims are always between the transferee and the vendor we recognize that their reputation is our reputation so in order to ensure timely and proper resolution we assist the transferee in filing the claim, monitoring the claim, and following-up with the vendor until the claim is resolved.

**e) Audit invoicing**

Auditing HHG invoices is an inherent function of our extensive quality control and review process. Each HHG invoice rendered is reviewed in a detailed multi-layered process. The consultant validates the invoice in accordance with the client's policy and if authorized, processes for payment and reimbursement. The Account Manager then reviews for compliance and the Expense Manager audits the bill of lading and then processes it for payment through Finance where an additional review is conducted.

These separate independent reviews ensure that processes and policies are followed. Additionally, file reviews are conducted weekly with each of the consultants to ensure that a micro view of quality is maintained.

**f) Include at least two quotes for international shipments of household goods**

**International Move and Permanent Storage Scenario #1  
Sioux City, IA to Birmingham, England, UK**

**10,000 pounds, perm storage**

|  |                     |
|--|---------------------|
| Drayage to warehouse, 3m1v @ \$135/hr, 8 hours | \$1,080.00          |
| Warehouse handling @ \$3.85/100 lbs            | \$ 450.00           |
| Storage @ \$4.10/100 lbs/month for 24 months   | + <u>\$9,240.00</u> |

Cost for storage \$10,770.00

**600 pounds, air shipment**

Door to door with unpacking \$3,106.00  
Insurance extra at \$2.50/\$100 declared

**6,500 pounds, surface shipment**

Door to door with unpacking \$9,176.00

**Valuation coverage is as follows:**

Storage portion  
\$50,000 full replacement, transit \$ 350.00  
\$50,000 full replacement, 24 months storage \$ 840.00  
Air shipment & surface shipment  
\$25.00 per \$1000 of declared value \$

**International Move and Permanent Storage Scenario #2  
Des Moines, IA to Birmingham, England, UK**

**10,000 pounds, perm storage**

Drayage to warehouse, 3m1v @ \$137/hr, 8 hours \$1,128.00  
Warehouse handling @ \$3.91/100 lbs \$ 456.00  
Storage @ \$4.20/100 lbs/month for 24 months + \$9,250.00  
Cost for storage \$10,834.00

**600 pounds, air shipment**

Door to door with unpacking \$3050.00  
Insurance extra at \$23.00 per 1000.00 of declared value

**6,500 pounds, surface shipment**

Door to door with unpacking \$9,850.00

**Valuation coverage is as follows:**

Storage portion  
\$50,000 full replacement, transit \$ 474.00  
\$50,000 full replacement, 24 months storage \$1,150.00  
Air shipment & surface shipment  
\$23.00 per \$1000 of declared value

**C) Is your firm a member of any trade/industry organizations?**

Yes. HomeServices Relocation holds a transportation license and is a member of the American Moving and Storage Association.

## **13.0 PERFORMANCE REPORTING**

### **13.1 Systems Technology and Reports**

**A) Describe, in detail, the reports that you can make available to MEHC that will track the key elements of a relocation program.**

HomeServices Relocation has the newest web based technology for tracking relocation costs and services. The system provides a comprehensive picture that ensures Sarbanes-Oxley compliance, tracks and categorizes all employee relocation expenses, generates required IRS tax forms and reports for employer and employee. We offer a broad array of standardized reports and the flexibility to customize each in a variety of formats including Excel and Word; data can be displayed for analysis using pie charts or bar graphs providing an immediate visual display.

Available reports include:

Homesale Reconciliation – For Inventory properties; reconciles both purchase from seller and sale to buyer.

Detail Moving Expense Report – Provides a detailed summary of all moving expenses by pay period

Summary Payroll Transmission Report – Provides a summary to payroll of individual withholding

Detail Payroll Transmission Reports – Provides a detailed report to payroll including breakout of excludable expenses

Detail Year End – Provides detail of relocation expenses by individual as they occurred

Detail Yearly Tax Reconciliation – Reconciles individual relocation tax treatment with actual income and tax treatment

Expense Category – Analysis tool that breaks out expenses by category

Direct Homesale Costs – provides compilation Company Expense Code Summary

Initiations – How many moves by name and classification

Relocation Expense Report – Details relocation expenses by expense classification

Relocation Tax Report – Provides a breakdown of relocation expenses and reimbursements by tax category in order to assist the transferee in preparing their individual income taxes.

#### **What is the frequency of these reports?**

Reports are synchronized with MEHC's payroll reporting dates or as desired.

#### **Provide samples of the most commonly requested reports.**

Sample Reports are attached at Exhibit D for commonly requested reports.



**B) What is your process to provide detailed relocation allowance data to MEHC Payroll?**

Here again, detailed relocation allowance data is synchronized to MEHC payroll's reporting dates. Relocation expenses are processed and reimbursed as received, consolidated, classified for tax purposes, gross-up computed when appropriate and in accordance with MEHC policy and are forwarded to MEHC payroll synchronized with MEHC payroll's cut-off dates.

**C) Describe the flexibility of reformatting reports and the lead-time needed for such "custom" reports.**

HomeServices Relocation understands the need for flexibility in reporting options. We are able to customize and turn any reports around in the time period requested by MEHC.

**D) Do you have an on-line system that could be used by our company?**

HomeServices Relocation has the newest web based technology for tracking relocation costs and services. The system provides a comprehensive picture that ensures Sarbanes-Oxley compliance, tracks and categorizes all employee relocation expenses, generates required IRS tax forms and reports for employer and employee and provides convenient access to information through a secure web portal.

**What are the system's capabilities?**

System specifications and capabilities:

- Languages: MS Visual Basic 6.0
- Data Access: ADO 2.6
- Third Party Controls: Infragistics Ultrasuite3
- Data Dynamics AR 2.0 Std
- Reporting: Active Reports Standard 2.0 (Data Dynamics)
- Database: SQL Server 7.0, 2000
- MS Office: Integrated with Outlook, Word, Excel and PDF
- Miscellaneous: Major system components are ActiveX DLLs

**What costs would be involved?**

There is no additional cost for MEHC; external linkage to MEHC or your transferee is provided through a secure, robust Citrix MetaFrame web portal.

**E) Describe your process to prepare and supply a “Relocation Tax Report” to all relocated employees.**

A year-end conference call is scheduled with each of our clients to review the company’s final gross up decisions and schedule for processing. In advance of this date, we print and audit all RTRs and provide three copies to MEHC and a copy to all transferees relocated in that tax year. This report is also on-line for the client to view through the client role.

**Provide a sample copy of the format used for the “Relocation Tax Report.”**

Please see Exhibit E for a copy of the Relocation Tax Report

**F) What is your process to maintain and access all of the above records and information?**

All transferee records are maintained electronically on a remote server in Denver, Colorado. The server that contains the transferee data, along with accounting, tracking, and relocation programs is backed up daily. The backup is stored off-site and secured on a separate server. The data can be accessed remotely via the web from anywhere and at anytime.

All hardcopy documentation received by HomeServices is maintained on-site for 1 year and then warehoused an additional 3 years. The documents are then destroyed.

**G) Describe your technological capabilities as they relate to providing best-in-class relocation services.**

HomeServices Relocation’s basic information management system is a core organic asset provided through HomeServices of America and is not an outsourced function. Data management is accomplished via a Microsoft ASP module that requires no unique software implementation or adjustment by MEHC.

The system design allows transferee data to be stored in one record that maintains and tracks data over multiple years. It provides a comprehensive picture that helps to ensure Sarbanes-Oxley compliance, tracks and categorizes all employee relocation expenses, generates required IRS tax forms and reports for employer and transferee and provides corporations convenient access to information through a secure web portal. This system resides on the software manufacturers secure server. It is redundant, robust and operates in a Citrix MetaFrame environment.

Telephony is provided through the Avaya Contact Center telephone system. This system is robust and is easily expandable to meet anticipated additional demand as HomeServices Relocation continues to grow.

**H) What technology/system does your company use to generate reports for clients?**

HomeServices tracks and categorizes every employee relocation expense, generates payroll and summary reports for the client and the employee and invoices for the client utilizing the MoveTrack software system by Ineo. This information is stored on a secure server in an environment that protects this information from being accessed by third parties.

**I) Does your company currently use technology to transfer data to a client? If yes, what are the options available to your clients, and which one would you recommend for us?**

Access is conveniently provided to this information via a Citrix environment through a secure web portal. Additionally, reports are provided via email attachment.

**J) Does your company interface with your client's payroll systems for tax calculation purposes?**

Through our expense management system, we have the inherent ability to provide for the impact of reimbursed relocation expenses on a transferee's tax liability. Our expense management system is flexible and gross-up calculations may be done as often as required. Expenses are processed daily and payments to transferees are made twice weekly.

**K) Describe your company's approach to linking to your client's information systems.**

Through the accounting module of our expense management and tracking software we are able to track and pay vendors, reimburse transferee expense reports, and interface with Accounts Payable, General Ledger and Payroll systems. However, it is a proprietary state-of-the-art relocation software system that provides expense tracking, invoicing and tax assistance, but it is not a payroll system. The end of year report that it provides will supply MEHC's payroll with the information required to accurately prepare a W-2. A worksheet for the transferee is also provided to assist them in preparing a form 3903.

We make every reasonable effort to ensure Personal Information is both accurate and well protected. We limit access to Personal Information to employees who have a business need for accessing it. We educate our employees about the importance of transferees' privacy through internal training and company policies. And, we maintain safeguards to protect Personal Information and regularly assess our security standards and procedures to protect against unauthorized access. All files are secured and all personal and confidential information is shredded when no longer required to be retained. Electronic information security is provided through current encryption technology, firewalls, routers, third-party verification procedures, and other security software and

hardware to help prevent unauthorized access to the site and to your personally identifying information.

## **13.2 Quality and Customer Satisfaction**

### **A) How do you measure corporate client satisfaction?**

Like MEHC, HomeServices family of companies brings the “gold standard” in service, strength, commitment, professionalism, and ethics to every business practice, process, and communication that comes from being a Berkshire Hathaway affiliate. Our culture of service transpires our entire organization and manifests itself in our shared vision and motivated professional staff. Our corporate clients and their transferees are the beneficiaries of this culture and the performance it inures. You may count on your relocation objectives to be well managed and MEHC transferees will benefit from the synergy that our motivated staff creates.

### **Transferee Satisfaction?**

Communication and follow-up are keys to success. Every relocation begins with a conversation to assess the needs of the transferee and align those needs with the client’s relocation policy. Through consistent contact with each and every customer, we gain feedback throughout the process and are able to resolve issues before they become problems. Our constant evaluation and feedback process enables us to continually improve our level of service.

### **During what stage of the process is customer satisfaction tested?**

Customer/member care is our #1 priority. HomeServices evaluates that quality of care through the performance evaluation survey sent out to every transferee at the completion of the transfer process. These surveys are reviewed and discussed with the relocation consultant, team lead and the broker when appropriate. The relocation consultants, agents and our processes are rated for promptness, efficiency, customer service, knowledge, and overall support. Our relocation consultants are required to maintain a satisfactory grade in order to be bonused.

Any performance issue is analyzed to determine the root cause and remedial action taken to cure the problem. The remedy may come in the form of additional training, counseling, or supervision. Redress is also given to the complaint so that the remedy relieves the resultant of the issue or complaint. We believe that maintaining an open dialogue with our client companies and transferees is the best way to meet their expectations. We understand that relocation is an important element in your employee benefit package and that as your third party provider, we are the tangible manifestation of those benefits. As such, we know that our performance directly affects your ability to

attract, hire and retain the most qualified individuals, manage reductions in staff and improve employee morale when transferring to a new location.

**How are the results communicated?**

Results are discussed at our weekly staff meeting and on an individual basis when remediation is required.

**Include a copy of your company's typical corporate client survey (if applicable) and transferee survey (if applicable).**

Please see Exhibit F for a copy of our typical corporate transferee survey

**B) Who is in charge of the overall quality control of your relocation/expatriate administration services program?**

Overall accountability and quality control reside in a single person, Mary Lee Blaylock. This facilitates a strong unity of effort with moderate centralized control and decentralized execution in order to optimize the balance between efficiency, accountability, and flexibility. She continually monitors service levels and quality throughout the relocation process through a variety of measures.

**Please provide information on how your quality control programs are administered and how your employees are evaluated.**

At barely more than 8%, our staff turnover rate is incredibly low, creating a high level of experience and professionalism. We employ a non-hierarchical personnel model that ensures participation by every staff member in planning and development and fosters a common sense of value in the benefits the process creates resulting in a shared vision and motivated professional staff.

HomeServices Relocation Consultants are full time, salaried employees who are incentivized to perform their best on each and every transaction through a multi-faceted bonus structure. Every one of the transferees in our client base is important to us so our relocation consultant incentive program is both performance-based and transactional. It is predicated on the combined results of our customer satisfaction survey and the successful completion of the desired transaction. The size of the transaction is not a variable in the incentive program, so every transaction, large or small, is important to us. This incentive methodology ensures that our relocation consultants provide a uniformly high level of service to every transferee, regardless of the value of the transaction.

Our corporate clients and their transferees are the beneficiaries of this experience, continuity and the synergy it provides.

**C) Indicate the performance standards you are willing to guarantee and that portion of your fee that you are willing to put at risk if these standards are not achieved.**

HomeServices Relocation's customer satisfaction guarantee is "satisfied," pure and simple. It is our responsibility to provide the highest service levels and to ensure that each transferee is provided the opportunity to avail themselves to all of the resources available through MEHC's relocation policy. We pride ourselves on our ability to deliver an exceptional customer experience.

Additionally, HomeServices guarantees that we will astutely administer MEHC's relocation policy, provide exceptional service levels in the administration of Home Marketing Assistance, Destination Services, Household Goods Mgmt, Expense Management, Home Sale Programs, Home Buyout Programs, Lending services, and Renters Assistance.

**D) What materials do you routinely send to employees using your relocation services?**

Transferring employees receive a plethora of information pertaining to their relocation including Cost of Living and School Reports for the new area, documents, strategies and disclosures for the sale of their home, information on temporary living, homefinding strategies, special relocation lending programs, shipment of household goods, appraiser information, expense reimbursement forms, etc. Please see Exhibit G for examples.

**E) How would you evaluate service delivery to our company and to our employees?**

Service delivery must be consistent with the client company's corporate culture and the expectations outlined in the company's relocation policy and corporate culture and policy must be aligned to produce an expectation consistent with the company's intent. As industry consolidation and acquisitions continue, relocation benefits must be reconciled with changing elements, objectives, and culture. Maintaining an open dialogue with our client companies and transferees is the best way to meet those expectations.

Communication, follow-up, and accountability are therefore, the key elements in evaluating service delivery that is established in policy and steeped in the culture of the company. Evaluating and assessing transferee needs on a near continuous basis through frequent contact is essential then to the successful delivery of that service while simultaneously aligning the needs of the transferee with the company's policy. Our staff understands the importance of getting MEHC's transferees and their families settled quickly at their new location and the positive impact that will have on the productivity of the transferee by allowing them to focus on their new responsibilities. Our program management, leadership, direction, and support provided through our family of companies and selected vendors, ensure that a steady stream of services flows to each transferee that like a river carries them and their families to a new destination.

**F) How do you ensure high quality, consistent service to your customers?**

A well-trained and qualified workforce with low turnover is the best way to maintain a quality product or service. As noted in item B above, our personnel are truly our greatest assets and we have created a work environment and corporate ethos that recognizes the value that they deliver. This experience resonates in the professionalism of every member of our staff and the daily performance of their responsibilities. We consider training and education a critical competitive advantage and a significant benefit to our clients and their transferees. It ensures that we will provide well-managed solutions to meet MEHC's relocation objectives and needs.

**G) How do you respond to customer complaints and service issues?**

MEHC's high customer service standards and values are consistent with HomeServices. We take responsibility for every step throughout the relocation process including those of our service partners and continuously monitor performance to ensure the best value and service to the customer and client company. Should any customer service issue arise it is addressed immediately by the consultant and/or the Team Lead as appropriate and communicated to you, our client.

**H) Provide your client and relocating employee service ratings from the past 3 years.**

| Client Evaluations |      |      |      |
|--------------------|------|------|------|
| Year               | 2003 | 2004 | 2005 |
| Service Rating     | 90%  | 93%  | 97%  |

**I) What "value added" services can you provide to:****a) MEHC**

Our parent company, HomeServices of America, Inc. is a wholly owned subsidiary of MidAmerican Energy Holdings Company. Our common culture, business ethics, processes, and practices transpire HomeServices' entire family of companies and manifest itself in a shared vision along with personnel who are motivated to provide the best possible service at best value for our boss. In addition to the value we deliver through our services, every dollar MEHC spends on relocation is maximized by investing in the services we deliver through each company and the additional volume creates efficiencies that ultimately flow back to MEHC as the parent company.

HomeServices Relocation offers additional value through two alternatives to direct reimbursement of homesale costs that can significantly reduce relocation expenses by excluding from income those certain costs associated with the sale of a home. These programs are effectively known as the BVO (Buyer Value Option)

and AVO (Appraised Value or Amended Value Option) programs. As additional background, when a company reimburses expenses an employee is obligated to pay, the payment is considered taxable income to the employee by the IRS. In a BVO/AVO, however, the employee never becomes obligated to pay a real estate commission or other costs and so those costs are excluded from income and therefore not taxable to the employee.

In a BVO, the seller retains ownership of the home until a buyer is identified. At that point, HomeServices steps in to purchase the home and resells it to the outside buyer at the final closing date. All of the benefits and burdens of homeownership pass to HomeServices with this transaction, so if the buyer were to be unable to purchase the home between the two closings, then HomeServices takes the home into inventory on behalf of MEHC and puts it up for sale again until another outside buyer is located.

The AVO is the other type of home buyout program. In this case, an appraised value for the home is determined and a marketing period is established (in the present market 60 - 120 days). If a buyer is found during that period, then HomeServices will step in to purchase the home from the seller and as in the BVO, resell it to the outside buyer. The difference between the AVO and BVO is that the seller can accept the appraised value offer from HomeServices Relocation at anytime during that period and must accept it upon vacating the property or at the end of the marketing period or the offer becomes void. HomeServices then takes the house into inventory on behalf of the company and markets the home.

The following example is used to present AVO/BVO vs. Full Gross-Up Sample Cost Saving Scenario. Home Sale Assumptions: Sale Price \$250,000, Commission 7%, Closing Costs 2%, Full Gross Up Variable 62.99%.

| <b>Scenario #1 – AVO/BVO Program</b> |              |       |
|--------------------------------------|--------------|-------|
| Commission                           | \$ 17,500.00 |       |
| Closing Costs                        | \$ 5,000.00  |       |
| Total Expenses                       | \$22,500.00  |       |
| Total Taxable Income to EE           | \$ -         |       |
| Est. Tax Liability                   | \$ -         | 0.00% |
| Total Company Expense                | \$22,500.00  |       |

| <b>Scenario #1 - No AVO/BVO Program</b> |              |        |
|---|--------------|--------|
| Commission                              | \$ 17,500.00 |        |
| Closing Costs                           | \$ 5,000.00  |        |
| Total Expenses                          | \$ 22,500.00 |        |
| Total Taxable Income to EE              | \$ 22,500.00 |        |
| Est. Tax Liability                      | \$ 14,172.75 | 38.65% |
| Total Company Expense                   | \$ 36,672.75 |        |

**Total AVO/BVO Savings = \$14,172.75**



**b) MEHC Employees****1. Do you provide discounts to employees who are not eligible for the company's relocation program?**

HomeServices of America believes that attracting, retaining the most talented employees is the single biggest factor in the success of any organization, and we would like to offer your employees a value proposition that will truly set MEHC apart from all others. Through our corporate affinity program "Corporate Complements," HomeServices provides you and your employees a menu of products and services to enhance the value proposition you offer them and HomeServices provides the same high quality level of customer service.

Corporate Complements offers MEHC non-sponsored employees a home buying/selling cash rewards program, special home financing/refinancing programs, discounted home warranty and title closing services, personal insurance for property, casualty, medical, dental and long-term care. This program won't cost MEHC a thing and potentially puts dollars back in your employees' pockets.

**J) Describe what your company considers to be "Industry Best Practices." HomeServices Relocation's best practices are a source of creative insight for business improvement and a means by which companies may achieve performance goals. Best practices include:**

Proactively addressing employee issues and concerns through early and consistent communication of relocation benefits and other employee support services  
Employing cross-functional teams, tools, and techniques to incorporate diverse perspectives into company relocation and redeployment processes  
Employing integrated change and transition management techniques during relocation to maintain employee satisfaction and corporate productivity during relocation, especially those involving acquisition or consolidation  
Conducting broad-based needs assessments to create comprehensive solutions for company and employees affected by relocation as a result of acquisition or consolidation  
Developing targeted selling points and incentive packages to inspire employees to relocate to a new facility or as a result of an acquisition or consolidation

By adapting best practices to specific needs we can dramatically affect performance -- leading to breakthroughs that save time, improve quality, lower costs, and increase revenue.

**K) What changes do you foresee in the relocation business in the next several years and how do you plan to adjust to them?**

As HomeServices looks to respond to changes in the relocation industry, several factors

have converged that dictate the need for agile and flexible responses. To that end, when forecasting and evaluating change, every industry is different and not every business in a given industry will necessarily experience the same type of change/trend at the same time.

**Trend**

Data privacy and compliance issues have materialized with exceptional force over the past year as breaches in security seem to abound.

**HomeServices Solution**

HomeServices has invested heavily in secure data systems and has a robust and continuous training program regarding the safeguarding of non-public information. We make every reasonable effort to ensure Personal Information is both accurate and well protected. We limit access to Personal Information to employees who have a business need for accessing it. We educate our employees about the importance of transferees' privacy through internal training and company policies. And, we maintain safeguards to protect Personal Information and regularly assess our security standards and procedures to protect against unauthorized access. All files are secured and all personal and confidential information is shredded when no longer required to be retained. Electronic information security is provided through current encryption technology, firewalls, routers, third-party verification procedures, and other security software and hardware to help prevent unauthorized access to the site and to your personally identifying information

**Trend**

Short-term international assignments, international commuter assignments, and extended international business travel are emerging as viable alternatives to long-term assignments as companies seek additional ways to achieve their business objectives in an increasingly unstable world.

**HomeServices Solution**

HomeServices Relocation is leveraging new relationships through our membership and affiliation with international associations and expanding our international access and ability to more easily serve the global needs of our corporate clients and their transferees. Our affiliation with these associations ensures that we are able to bridge service capabilities in the global market space by working with professionals in other countries with similar standards, service levels, and business ethics.

**Trend**

Cost containment has remained a priority making exceptions to relocation policy no longer viable options as companies strive for cost savings, efficiency, and consistency across the relocating employee base.

## **HomeServices Solution**

The ultimate goal of a relocation policy is to cover the costs associated with moving without overpayment. Long gone are the days when no expense was too great if it made the transferee happy. HomeServices recommends that language in the written policy set clear parameters to reduce incidents of overpayment and to deter employees from negotiating for more. HomeServices also recommends that HR managers educate hiring managers on relocation benefits and their impact on costs. Reviewing the most costly moves may also uncover excessive payments to employees and bring development of caps into consideration. Determining a maximum amount for a particular benefit can reduce the company's costs while at the same time treat all employees fairly. HomeServices has developed effective policy recommendations to optimize or minimize as the case may be the impacts associated with these emerging trends. We can assist MEHC by provisioning best in class relocation services while reviewing and aligning policies that position you to reflect trends and changes

### **L) Summarize (in no more than 2 pages) why your firm is best suited to respond to the relocation needs of our company.**

As stated in the cover letter, the invitation to participate in the RFI process is always an honor and a continued remarkable business opportunity for HomeServices Relocation and our family of companies. However, we are also very strongly motivated to provide these services particularly to MEHC as our parent company and another member of the Berkshire Hathaway family.

We believe that we can continue to provide the best quality relocation services to your transferees and enrich their relocation experiences while reducing stress on their families and the overall cost to MEHC. We also understand the importance of quickly getting families settled at the new location and the positive impact it will have on the transferee allowing them to focus on their new duties and responsibilities at MEHC. We pride ourselves on our flexibility to deliver an exceptional customer experience. We know first hand that relocation by its very nature is a stressful event and we know that packing up your family and belongings and moving hundreds or thousands of miles across the country or around the world is all the more difficult.

MEHC is one of the most admired companies in the industry today and we recognize the significance and implications of this fact. We know that your employees expect and receive superior service. We strive to provide an exceptional customer experience and truly believe that to succeed we must prioritize customer service and satisfaction over short-term profitability. As our parent company, MEHC's mission, values, and service philosophy are consistent with ours and we would very much like to continue to provide relocation services to meet your growing requirements through acquisition and grow with your business.

HomeServices Relocation also offers MEHC employees our entire array of services including streamlined low cost financing programs and cash rewards real estate programs available through our corporate benefits program, *Corporate Complements*. To that end, HomeServices Relocation welcomes the opportunity to further discuss our capabilities and we hope to continue to earn your business by demonstrating our ability to address your corporate relocation needs and that of your employees. Our service philosophy remains success and performance driven.

For HomeServices, this is not merely another contract or RFP, but with sincere humility, it is an opportunity for us to serve our parent organization and we will do whatever it takes to maintain that relationship.

### 13.3 Pricing/Cost Control

**A) MEHC desires to simplify the invoicing/payment process. MEHC desires to pay a minimum number of monthly invoices to the selected relocation firm. These invoices must be accompanied by summary information. Indicate how and when you submit bills to clients and propose a billing structure for us. Provide a sample.**

HomeServices Relocation currently complies with MEHC's desired invoicing/payment process by providing a single monthly billing statement to MEHC on expense reimbursements paid to the transferee.

Please see Exhibit H for an example of an invoice.

**B) Do you collect referral fees as a matter of policy?**

Yes.

**Describe the procedure, amount of the fee (flat fee or percent of sale price) and disposition of funds?**

Relocation is a technology and manpower intensive industry and because of that, the operating margins are extremely thin. At HomeServices Relocation, we embrace a value-based proposition where attaining equilibrium between quality and price determines best value. We price our services upfront so that our clients receive quality service at the best possible value. HomeServices Relocation is able to offer the "gold standard" in service at a discounted rate because we collect a referral fee (percent) from the real estate broker for the referred transaction.

We have not experienced any issues with real estate providers regarding referral fees, because whenever possible we utilize companies that are part of HomeServices of America's family of companies. We do this for two reasons; first, we know that they meet the high standards that come from being a Berkshire Hathaway affiliate, and secondly, we know that they understand relocation from the inside out.

In those cases when we cannot meet a requirement with an organic HomeServices of America company, we select a brokerage from one of the many networks that we can access to match the best brokerage to meet the transferees' unique requirements. All companies must have a full time relocation department and a relocation manager who is CRP (Certified Relocation Professional) designated. As a result, we have not experienced issues with service providers. Additionally, the brokers we select must be nationally known, knowledgeable providers who have maintained excellent service results with their customers. We selectively screen and handpick the best in each market. Services are evaluated and reviewed continually throughout the year.

**C) Present your fee structure for the programs you are proposing. Provide fee for renter vs. buyer. Show how the fee will be reduced based on receiving referral fees. (For example, fee= \$1600, reduced \$600 for referral on sale of home, no referral on a purchase total fee to MEHC = \$1000).**

**The MEHC current fee structure for is outlined below.**  
HomeServices is open to further discuss how a change in this fee structure may enhance the services provided to MEHC in the most fair and equitable way for all parties.

| <b>Current MEHC Fee Structure</b>  |                         |
|--|-------------------------|
| <b>Service</b>   | <b>Fee</b>              |
| Full Service Domestic Relocation Service Fee:  | \$1,600.00              |
| If the transferee utilizes our referral service in The sale of their current home (origination), MEHC will receive a credit toward the service fee in the amount of \$600.00 | (\$600.00)              |
| If the transferee utilizes our referral service in The purchase of their new home (destination), MEHC will receive a credit toward the service Fee in the amount of \$600.00 | (\$600.00)              |
| Potential Savings of \$1,200.00 for a net Full Service Domestic Service Fee:   | \$ 400.00               |
| Des Moines Area Rental Tours:  | \$ 250.00 <sup>1</sup>  |
| Full Service Global Relocation Fee   | \$3,000.00 <sup>2</sup> |
| Service Renewal beyond 1 year  | \$750.00 <sup>3</sup>   |

<sup>1</sup> Rental Pricing may vary with location

<sup>2</sup> The Global Relocation Fee is applicable to transfers extending up to 24 months. As needs arise beyond this period of time, fees will be reviewed with MEHC on an individual transferee basis.

<sup>3</sup> Service Fee renewal proposed for those individuals who require continuing services beyond the initial year.

In an effort to retain MEHC's business, HomeServices proposes continuing current MEHC 2004 pricing for the new contract period.

**Are there any referrals or incentives for renters?**

Rental Services are performed as a client service and are provided at cost to MEHC. Regrettably, we do not receive referrals or incentives for rentals to offset the associated costs.

**D) Is any part of your fee performance-based?**

Yes.

**If so, describe.**

HomeServices pricing and service philosophy is success and performance driven. Our incentive for controlling home sale costs is the referral fee. Our fee structure to MEHC does not cover our costs and relies on the referral fees we expect to receive for the successful relocation of MEHC's transferees. Like the Realtor, if the home doesn't sell, we don't get paid. Market time affects sale price and our bottom line as well. Market time is a cost driver for the home sale program and we hold our Realtors accountable to deliver on their promises. In doing so, we earn our money through the successful delivery of service, not before and we provide our superior service at a modest cost to MEHC.

**Do you provide any performance based guarantees? If so, describe.**

Our customer satisfaction guarantee is "satisfied," pure and simple. It is our responsibility to provide the highest service levels and to ensure that each transferee is provided the opportunity to avail themselves to all of the resources available through MEHC's relocation policy. We pride ourselves on our ability to deliver an exceptional customer experience and we guarantee it. Additionally, HomeServices guarantees that if desired, we will review, analyze, benchmark, and make recommendations to refresh MEHC's policy. We guarantee that we will astutely administer MEHC's relocation policy, provide exceptional service levels in the administration of Home Marketing

Assistance, Destination Services, Household Goods Mgmt, Expense Management, Home Sale Programs, Home Buyout Programs, Lending services, and Renters Assistance.

**E) Is any portion of your fee derived from the broker's commission?**

Yes, as noted in B above.

**If so, what portion?**

The referral fee is taken into consideration in the fee structure proposed in the table in C above and affords a \$600 reduction for the collection of the referral fee on each transaction leaving MEHC with a \$400 service fee for relocation services. The bulk of our revenue is generated from collecting referral fees and enables us to provide our services to MEHC at a significantly discounted rate.

**What referral fee is charged to brokers?**

It is very typical for Brokers to pay a referral fee in the case of a corporate relocation. Since HomeServices is both broker-owned and broker-driven, there is no middleman, and therefore no extra layer of cost. This in turn allows HomeServices to pass along those savings by keeping our fees competitive and consistent to MEHC. We collect a referral fee (30% percent for HSoA companies; 35% for all others) from the real estate broker for the referred transaction.

**F) What are your charges for offers not accepted by our employees or canceled for other reasons?**

For MEHC, this would depend on how far along in the relocation process we have gone. We would only seek reimbursement for our time and actual expenses incurred. A normal cancellation fee to MEHC would be \$400 and any program expenses incurred (title work, appraisals, etc.) or expenses reimbursed by HomeServices.

**G) Do you warrant and represent to MEHC that the fees set forth in your proposal are as favorable as those currently extended by you to any other customer?**

Our current and proposed fees are unique to MEHC alone and represent the most favorable terms offered.

**In the event that you offer fees to other customers during the term of any resulting agreement, which are more favorable than the fees offered to MEHC would you be willing to reduce the MEHC fees accordingly?**

Yes, as our parent company, MEHC will always receive the most advantageous terms that we offer.

**H) What, if any, additional charges would MEHC incur if an agreement for relocation services were to be executed? Please describe in detail.**

HomeServices has no hidden fees or carrying costs; we charge a modest fee as noted in the table in C above and pass along direct costs without mark-up or carrying costs. Express mail costs, wire transfer costs, fax charges, and trips to examine properties are normally considered to be direct costs and are charged to the company.

**I) How do you manage the fees charged by brokers assisting transferees?**

All brokerage commissions are negotiable. The fiduciary relationship in a real estate transaction is between the agent and the transferee, so the commissions either buying or selling are negotiated between the transferee and the prospective agent and are generally set by the market.

**J) What is your use of referral fees collected from listing brokers?**

As noted in E above, the referral fee is taken into consideration in the fee structure proposed in the table in C above and affords a \$600 reduction for the collection of the referral fee on each transaction leaving MEHC with a \$400 service fee for relocation services. The bulk of our revenue is generated from collecting referral fees and enables us to provide our services to MEHC at a significantly discounted rate.

**K) What percent commission is collected?**

All brokerage commissions are negotiable. The fiduciary relationship in a real estate transaction is between the agent and the transferee, so the commissions either buying or selling are negotiated between the transferee and the prospective agent and are generally set by the market.

**L) How will MEHC benefit from the collected referral fees?**

HomeServices is not currently charged any additional fees by brokers except for rental tours. These fees are passed on to MEHC as noted in the current and proposed fee schedule in C above.



**M) What is your process for providing reimbursements to MEHC?**

In the fee schedule at question C above, HomeServices charges MEHC the \$400 fee for relocation services on the assumption that we will be able to collect referral fees on the referred transactions. In the event that we cannot collect a fee, we will then charge MEHC the remainder of our fee. In assuming the collection of a referral fee and billing accordingly, reimbursements are eliminated and so are additional billing and accounting costs for both MEHC and HomeServices.

**N) Provide a complete pricing breakdown for a domestic relocation. In your breakdown, include the type of expense and the fee associated with this expense. You should not include general categories such as "administration fee." Please subdivide this fee into its smaller components. In addition to direct administration costs, include the costs associated with additional "add-on" fees such as postage/mail, initiation fees, etc. Should your company be selected by us as its preferred supplier, we will not pay any fees that were not explicitly specified in your response to this question.**

HomeServices has no hidden fees or carrying costs; we charge a modest fee as noted in the table at 13.3 C above and pass along direct costs without mark-up or carrying charges. Express mail costs, wire transfer costs, fax charges, and trips to examine properties are normally considered to be direct costs and are charged to MEHC without markup.

**a) Standard service fee amount, plus direct transaction costs or any other additional costs, plus any "indirect costs"...and how they all are calculated.**

Our standard service fee to MEHC as noted in 13.3 C is essentially \$400 assuming collection of a referral fee for both a sell/buy relocation (\$1600-\$600 - \$600 = \$400). Any and all costs, fees or expenses HomeServices incurs or accrues at any time, including but not limited to carrying costs, such as all taxes other than taxes based on HomeServices net income or capital (including but not limited to real and personal property taxes associated with Properties), assessments, ground rent, condominium charges, water, sewer, lighting and utility charges, routine maintenance, the interest portion of payments on mortgages, and costs for maintaining insurance coverage; disposition costs, such as costs of deed preparation and preparation of related transfer documents, real estate brokerage commissions, fees for any escrow services, equity processing fees, fees for obtaining tax certificates, notary fees, state, county, city and other transfer taxes, recording fees or taxes, sales tax imposed on transactions, costs associated with the home buyer obtaining financing and buyer incentive costs including transfer charges, mortgage origination fees, mortgage discount points, and FHA/VA or other mortgage insurance premiums, interest on Equity Advances, Equity payments, mortgage prepayments, lien payments, initiation costs, carrying costs,

escrow advances and the like; and other costs, charges, expenses, credits, damages or losses of any kind or nature whatsoever such as costs of repair, improvement, renovation, redecoration and remodeling, costs to repair and restore the Property in excess of condemnation awards or insurance proceeds, losses not covered by HomeServices public liability, fire and extended coverage insurance, all costs incurred for wire transfers, bank charges, messenger service, express mail or overnight delivery, and any loss on sale of the Property (that is, the difference between the Appraised Value, Amended Value, or Buyer Value Option, as the case may be, and the selling price to a third-party buyer upon the Property's resale); any other costs and/or expenses HomeServices incurs in connection with the offer to purchase and the purchase of a Property from an Employee, the carrying and maintenance of any Property before resale to a third-party buyer and the resale of any Property to such a buyer or otherwise arising out of or in connection with the performance of services under this RFP as well as all expenses reimbursed to or for the transferee on MEHC's behalf; New Home Search, airfare/mileage reimbursement, lodging, car rental, meals, employee incidentals; Temporary Living, lodging, meals, airfare, car rental, mileage, employee incidentals; Final Move Expense, airfare, mileage reimbursement, lodging, meal reimbursement, employee and family incidentals; Household Goods Move Management, van lines charges, short and/or long-term storage of household goods, insurance coverage, do-it-yourself move (Truck, van or trailer); Home Sale, real estate commission, normal & customary closing costs per HUD-1 Settlement Statement, other costs as may be provided for in the sales contract, carrying costs prior to transfer of title, insurance coverage prior to transfer of title; Home Purchase, loan origination fee, inspection fees, appraisals, normal & customary closing costs per HUD-1 Settlement Statement; Lease Cancellation, as per MEHC relocation policy, paid to landlord; Overlapping Mortgage Costs/Duplicate Mortgage payments, as per MEHC relocation policy; Equity advances, actual amount of advance plus cost of capital at Prime plus 50 bp per annum; Other provisions of the relocation package offered to transferee, such as relocation allowances; All expenses will be paid as specified in the relocation policy; Rental Tour Fees per Section 13.3 C; Relocation management fees, Fees per Section 13.3 C. Unique exceptions may be made for transferees on a case by case basis with MEHC approval.

**b) Alternate "all-inclusive" Fixed fee (either percentage or fixed amount) that includes all direct program costs and all service fees?**

The Total Buyout at a Fixed Fee provides a notable convenience to the transferee but may significantly reduce the equity in the home to the transferee. It is not the most economical homesale program for the company. Once again, in the current market this solution is not recommended due to the cost to the client company. The process is similar to the Buyer Value Option, which MEHC does currently not subscribe to as an offered service. Additionally, fixed fees are normally

priced to ensure that all costs are covered and as a result, depending on market conditions may not be the best value to the client company. Given HomeServices philosophy, the “Fixed Fee Options” is not recommended. In the current market environment, this program increases the risk to the relocation company and is outside of HomeServices’ corporate governance.

**c) What are the income tax and capital loss ramifications of the costs of your programs...for the Client? Transferee?**

All reimbursed taxable relocation expenses must be reported as income to the IRS and other taxing authorities. This additional income creates a corresponding additional tax liability for the transferee for Federal and State Income taxes and FICA OASDI and HI. To assist with this additional tax burden MEHC provides “Tax Assistance” (*Gross-up*) to offset taxes on taxable (non-deductible) reimbursements (such as certain moving expenses). These amounts essentially create a tax on tax effect and must be recorded in the appropriate boxes on the transferee’s W-2. Tax Assistance is an additional cost to MEHC. HomeServices Relocation uses a proprietary commercial program to make, categorize, and record these computations.

**Relocation Expense Categories**

Some expenses are considered “excluded” from being taxed as income. Reimbursements for relocation expenses that fall into the Excludable, Excludable/Not-Reportable, or Deductible categories are limited and reflected in the Summary of Expense Types Tables on the following pages.

**Excludable Expenses**

|   |  |
|---|--|
| <p>Excludable Expenses are reported on the transferee’s W-2 in box 12 with a “P” code. They include only those expenses listed below that are directly reimbursed to the transferee. They are deductible per IRS Code 217</p> |  |
| <ul style="list-style-type: none"> <li>- Shipment of Household Goods (HHG)and Auto</li> <li>- Storage of HHG for the First 30 Consecutive Days</li> <li>- Household Goods Insurance</li> <li>- Tips to Mover</li> </ul>       | <ul style="list-style-type: none"> <li>- Final Travel to New Location</li> <li>- Last Nights Lodging in Old Location When HHG are in Transit</li> <li>- Mileage at 18 cents per mile</li> <li>- Tolls, Parking and Lodging While In Transit</li> </ul> |

**Excludable/Not-Reportable Expenses  
(Not Reported on the W-2)**

Excludable/Not-Reportable Expenses are similar to Excludable expenses but are paid directly to a service provider/third party on behalf of the transferee. These expenses, therefore, are not reported on the transferee's W-2.

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>- Shipment of Household Goods (HHG) and Auto</li> <li>- Storage of HHG for the First 30 Consecutive Days</li> <li>- Household Goods Insurance</li> <li>- Tips to Mover</li> </ul> | <ul style="list-style-type: none"> <li>- Final Travel to New Location</li> <li>- Last Nights Lodging in Old Location When Goods are in Transit</li> <li>- Mileage at 18 cents per mile</li> <li>- Tolls, Parking and Lodging While In Transit</li> </ul> |
|--|--|

**Taxable Expenses/Deductible (Schedule A)**

Deductible Relocation Expenses are taxable when reimbursed directly to a transferee or paid to a third party on behalf of the transferee and must be added to the transferee's W-2 income. However, the transferee may deduct these expenses on Schedule A of IRS Form 1040 when filing their tax return.

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>- Points Paid on a New Mortgage</li> <li>- Mortgage Interest Differential</li> </ul> | <ul style="list-style-type: none"> <li>- Real Estate Taxes</li> </ul> |
|---|---|

**Business Expenses**

Various Home Buyout Programs, when properly constructed and managed in accordance with IRS Revenue Rulings, may have the effect of making the typical costs associated with the sale of a home Not-Taxable for the transferee. These programs eliminate the need to "Gross-Up" their costs.

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>- Real Estate Commission</li> <li>- Non-Recurring Closing Costs in the Resale of the Home</li> </ul> | <ul style="list-style-type: none"> <li>- Travel and Entertainment Expenses During Business Trips</li> <li>- "Look-see"/Interviewing Trips Prior to Accepting New Position</li> </ul> |
|---|--|

**Taxable Expenses**

|  |  |
|--|--|
| All other Relocation Expenses are taxable and should be added as income to the transferee's W-2.   |  |
| <ul style="list-style-type: none"> <li>- House Hunting Trips</li> <li>- Meals</li> <li>- Temporary Living</li> <li>- Return Trips Home During Temporary Living</li> <li>- Security Deposits (Lost)</li> <li>- Membership Fees (Lost)</li> <li>- Lease Break Fees</li> <li>- Old Home Closing Costs That Do Conform to Follow IRS Revenue Rulings</li> <li>- Sale of Old Home (Loss)</li> </ul> | <ul style="list-style-type: none"> <li>- HHG Storage in Excess of 30 Days</li> <li>- Rental Finding Fees</li> <li>- New Home Closing Costs</li> <li>- Refitting Carpets/Drapes</li> <li>- Final Travel Mileage in Excess of 18 cents Per Mile</li> <li>- Drivers License/Auto Tags</li> <li>- Miscellaneous Allowance/Other Allowances/Bonuses/Lump Sums</li> <li>- Tax Assistance (Gross-Up)</li> </ul> |

**O) What direct/carrying costs are included in your fees, and how much are they?**

**a) Service fee? Any separate indirect expenses? If so, please explain.**

Our standard service fee to MEHC as noted in 13.3 C is essentially \$400 assuming collection of a referral fee for both a sell/buy relocation [ $\$1600 - (\$600 \times 2) = \$400$ ]. We are able to discount our fee and offer services below our cost because we collect a referral fee from the real estate broker for the referred transaction. Any and all additional costs, fees, or expenses included but not limited to those items noted in 13.3 N a) above that HomeServices incurs or accrues at any time, on behalf of MEHC or a MEHC transferee are considered a direct cost and shall be submitted to MEHC for payment.

**b) Any value added or ancillary services?**

Through our joint venture, HomeServices Lending, we are able to offer your transferees special Relocation Home Financing solutions designed to make getting a home loan easy and convenient for them. Our lending experts can help simplify relocation by providing a broad selection of financing solutions to fit your employee's needs. Our team approach to relocation financing ensures that your employee gets the best possible service. Relocation may be new to your employee but our mortgage counselors have extensive knowledge of the process and what it takes to make the move go quickly and smoothly. Transferees can even apply by phone keeping paperwork to a minimum. We provide free pre-approval letters so employees will know how much they can afford before

beginning their home search. We also offer a variety of financing options for nearly every homebuyer – from low down payment loans to affordable jumbo mortgages. Plus, flexible relocation guidelines make qualifying easier than ever. We match products with your employee's individual financial situation for fast, easy loan approval. Whether it is their first move or their tenth move, you can trust that we will find the right financing package for your employee. Our mortgage professionals can make your relocating employee's move easier. With MEHC's concurrence, we can bill the closing costs covered by your policy directly to MEHC eliminating the necessary cash to close and reimbursement for the transferee. This saves the transferee money in up-front costs and saves MEHC additional paperwork for reimbursement.

**c) Will you guarantee these costs?**

We guarantee our fees as outlined in 13.3 C and the direct costs as noted in 13.3 N a) and 13.3 O a) to MEHC.

**P) Describe your company's approach to managing and reducing client costs. Provide examples of successful cost reduction programs your company has implemented. If you are a current supplier of ours, provide examples from other companies for whom your company has provided service. Clients who are similar to us in size and/or nature of their business are preferable.**

Cost Saving Recommendation #1:

BVO/AVO) Programs - HomeServices largest client has chosen to use the Buyer Value Option (BVO) and Appraised Value or Amended Value (AVO) programs as alternatives to direct reimbursement of homesale costs that can significantly reduce relocation expenses by excluding from income those certain costs associated with the sale of a home. In implementing either the BVO or AVO program, HomeServices Relocation will effectively coordinate the closing of a sale once the employee obtains an acceptable third-party contract. We conveniently and efficiently manage the closing process with title companies, attorneys, or other closing media. We will also calculate the employee's equity -- including any reimbursable closing costs. This service provides an additional notable convenience and savings to the transferee and MEHC by streamlining the closing and expense reimbursement process while saving MEHC both "hard" and "soft" dollars through eliminating the need for (the employee to) travel back to the old location to attend the closing. Furthermore, the program offers an alternative to direct reimbursement and when developed and implemented appropriately, can save MEHC significant dollars on tax gross-ups.

The details of these programs are outlined in 13.2 I a) along with a scenario that illustrates the savings offered in a real world example involving the sale of a \$250,000 home that results in a savings through tax avoidance of \$14, 172.75.

## Cost Saving Recommendation #2

Multi-Tiered Program - HomeServices Relocation currently supports numerous multi-tiered programs for our diverse client base. Given the distinct needs of each client, we have recommended and transitioned both new and existing clients to a multi-tiered relocation benefits program when it makes sense. We recently developed a multi-tiered program for a client involved in a group move because of their need to differentiate benefits and control costs. Rather than authorize deviations from the existing basic program or utilizing individual letters of offer, we devised a three-tiered program that proved to be cost effective, efficient, relevant, and inherently executable. As companies continue to consolidate, it may make sense to reconcile relocation benefits with changing elements and objectives.

## Cost Saving Recommendation #3

HomeServices also has clients with similar relocation needs to MEHC that have implemented caps better forecast and budget for their relocation requirements. The caps may limit the total gross amount of funds allocated for the relocation, specific elements within the relocation such as HHG, closing costs, temporary living, etc., and may include gross-up dollars. Reviewing MEHC's most costly moves may uncover some areas of excessive cost. Evaluating these costs may help determine potential caps, and determining a maximum amount for a particular benefit can reduce MEHC's cost while at the same time treating all employees consistently.

### **Q) Please quote your pricing for a national contract to handle transportation of Household Goods. Be sure to include:**

#### **a) Proposed "line-haul" discount percentage**

HomeServices has contracted with our international carrier preferred vendors to provide a line-haul, packing and accessorial discount of 62%.

#### **b) Which tariff is the discount to be applied to (i.e. 400N, etc?)**

The discount is applied to charges listed in the current ICC Tariff 400N

#### **c) What is your discount for SIT (Storage in transit)?**

HomeServices has contracted with our international carrier preferred vendors to provide a Storage in Transit discount of 50% storage charges in the U.S. that includes warehouse handling, storage, and packing/delivery to residence.

**d) Do you add any service fees to the HHG's costs? Do you take a percentage of the discount amount from the carrier before passing the final discount to us?**

HomeServices has no hidden fees or carrying costs. The discount that HomeServices receives is passed directly on to the client company without adding additional service fees or charges.

**R) Using your price quotes, please estimate the cost of the following shipment scenarios:**

**Please also refer to Appendix A**

|  |            |
|--|------------|
| Pricing for interstate moving                                    |            |
| 1a) <b>5000 pounds, 511 miles,</b><br>Des Moines IA to Pierre SD |            |
| Load, transport, unload, \$150 debris removal                    | \$2,381.37 |
| Packing and materials  | \$ 783.57  |
| \$25,000 full replacement, zero deductible                       |            |
| Storage:   |            |
| 1 <sup>st</sup> day storage & WH                                 | \$ 258.50  |
| 29 additional days   | \$ 290.00  |
| Drayage to/from warehouse  | \$1,077.30 |
| Each additional 30 days  | \$ 300.00  |
| 1b) <b>8000 pounds, 511 miles,</b><br>Des Moines IA to Pierre SD |            |
| Load, transport, unload, \$150 debris removal                    | \$3,366.22 |
| Packing and materials  | \$1,294.87 |
| \$40,000 full replacement, zero deductible                       |            |
| Storage:   |            |
| 1 <sup>st</sup> day storage & WH                                 | \$ 413.60  |
| 29 additional days   | \$ 464.00  |
| Drayage to/from warehouse  | \$1,578.33 |
| Each additional 30 days  | \$ 480.00  |



|  |            |
|--|------------|
| <b>2a) 5000 pounds, 1058 miles,<br/>Des Moines IA to Salt Lake City UT</b> |            |
| Load, transport, unload, \$150 debris removal                              | \$2,862.62 |
| Packing and materials  | \$ 783.57  |
| \$25,000 full replacement, zero deductible                                 |            |
| Storage:   |            |
| 1 <sup>st</sup> day storage & WH   | \$ 225.75  |
| 29 additional days   | \$ 268.25  |
| Drayage to/from warehouse  | \$1,077.30 |
| Each additional 30 days  | \$ 277.50  |
| <b>2b) 8000 pounds, 1058 miles,<br/>Des Moines IA to Salt Lake City UT</b> |            |
| Load, transport, unload, \$150 debris removal                              | \$4,167.11 |
| Packing and materials  | \$1,294.87 |
| \$40,000 full replacement, zero deductible                                 |            |
| Storage:   |            |
| 1 <sup>st</sup> day storage & WH   | \$ 361.20  |
| 29 additional days   | \$ 429.20  |
| Drayage to/from warehouse  | \$1,578.33 |
| Each additional 30 days  | \$ 444.00  |
| <b>3a) 5000 pounds, 1491 miles,<br/>Des Moines IA to Pendleton OR</b>      |            |
| Load, transport, unload, \$150 debris removal                              | \$3,219.26 |
| Packing and materials  | \$ 783.57  |
| \$25,000 full replacement, zero deductible                                 |            |
| Storage:   |            |
| 1 <sup>st</sup> day storage & WH   | \$ 217.00  |
| 29 additional days   | \$ 253.75  |
| Drayage to/from warehouse  | \$1,077.30 |
| Each additional 30 days  | \$ 262.50  |

|  |            |
|--|------------|
| 3b) <b>8000 pounds, 1491 miles,</b><br>Des Moines IA to Pendleton OR |            |
| Load, transport, unload, \$150 debris removal                        | \$4,713.47 |
| Packing and materials  | \$1,294.87 |
| \$40,000 full replacement, zero deductible                           |            |
| Storage:   |            |
| 1 <sup>st</sup> day storage & WH                                     | \$ 347.20  |
| 29 additional days   | \$ 406.00  |
| Drayage to/from warehouse  | \$1,578.33 |
| Each additional 30 days  | \$ 420.00  |
|  |            |

**13.4 MEHC may require the selected firm to participate in semi-annual management reviews to discuss contractual performance and other issues and opportunities. Reporting of service levels and substandard/superior performance will be discussed. Do you agree to participate in such semi-annual management reviews?**

| <b>Comply Y/N</b> | <b>Compliance Details</b>                    |
|-------------------|--|
| <b>Yes</b>        | <b>Will abide by MEHC compliance details</b> |

**Please provide your firm’s perspective on the structure and content of these meetings.**

Communication is the key to successfully managing any relocation program and ideally should be ongoing to ensure services levels are maintained. We welcome the opportunity performance and other issues on a semi-annual or an ad hoc basis to meet specific requirements such as group moves, consolidations, expansion, changes in personnel (new HR Director, payroll, etc.), or major policy revisions. Additional meeting content may include benchmarking, industry trends, changes to law, expenditure reviews, analysis of authorized policy deviations, recommendations for cost containment, service level discussions, etc.

**14.0 CONTRACTUAL CONSIDERATIONS**

**14.1 MEHC requires a five year contract that is renewable at MEHC’s option. Please indicate whether or not this is acceptable. In the event that your firm desires a longer-term contract, please indicate what incentives you are willing to offer MEHC as in inducement to enter into a longer term contract.**

As MEHC’s current provider, HomeServices and our family of companies welcome the opportunity to continue to provide relocation services to MEHC under a five-year renewable contract.

We are willing to guarantee MEHC services at the 2006 price level as an enticement to a more lengthy contract.

**14.2 Insurance Coverage – See Appendix C, page 4**

**Please indicate whether or not your firm will comply with these insurance requirements.**

Please see Exhibit I for Insurance Certificates.

| <b>Comply Y/N</b> | <b>Compliance Details</b>  |
|-------------------|--|
| <b>Yes</b>        | <b>As a wholly owned subsidiary of MEHC and the current provider, we comply with MEHC guidelines</b> |

**14.3 MEHC requires the right to assign the contract pursuant to a merger or acquisition or, if/when applicable, to any parent or an affiliate. This assignment right would be limited to firms that cannot reasonably be construed to be a competitor of your firm. Please indicate whether or not you will agree to this type of contract assignment.**

| <b>Comply Y/N</b> | <b>Compliance Details</b>   |
|-------------------|---|
| <b>Yes</b>        | <b>HomeServices is able to provide the flexibility to accommodate acquisitions/mergers.</b> |

**15.0 COST CONSIDERATIONS**

Please see Appendix A

| <b>APPENDIX A<br/>Pricing Sheet</b>   |   |
|---|---|
| <b>Length of time in the business of providing domestic relocation services</b>             | 6 years   |
| <b>Length of time in the business of providing global relocation services</b>               | 4 years   |
| <b>Number of employees providing relocation services</b>                                    |   |
| <b>Domestic</b>   | 162 relocation professionals on staff   |
| <b>Global</b>   | 6 relocation professionals  |
| <b>Dollar amount your firms revenue generated from relocation services:</b>                 |   |
| <b>Domestic</b>   | \$61,584,722.00   |
| <b>Global</b>   | \$5, 257.00   |
| <b>Percentage of your firms revenue generated from relocation services</b>                  |   |
| <b>Domestic</b>   | 99.94%  |
| <b>Global</b>   | less than 1%  |
| <b>Firms market share for relocation services</b>   |   |
| <b>Domestic</b>   | As a percentage of the total US relocation market share, HomeServices controls somewhat fewer than 5% of all relocation related transactions. |
| <b>Global</b>   | As a percentage of the total US global relocation market share, HomeServices controls less than 1% of all relocation related transactions.    |
| <b>Please list business partners used for relocation services and services they provide</b> |   |
| <b>Domestic</b>   | See table on pages 16 and 17  |
| <b>Global</b>   |   |

**APPENDIX A**  
**Pricing Sheet Continued #1**

|   |   |
|---|---|
| <b>Geographic limitations</b>                                     | HomeServices Relocation has no geographic limitations and has the ability to cover all national and international locations.<br>That said, we do not provide relocation services to North Korea, Cuba, the Sudan, Congo, Iraq, Iran, Syria, the Palestine territories, Burma (Myanmar) and any country listed on the United States State Departments Office of Foreign Assets Control List. |
| <b>Provide the Cost for each of the following services</b>        |   |
| Selection of Carrier  | Included in \$400 Full Service Domestic Relocation Service Fee in table on page 54  |
| Coordination of movement of goods                                 | Included in \$400 Full Service Domestic Relocation Service Fee in table on page 54  |
| Administration cost track, gross up and process employee expenses | Included in \$400 Full Service Domestic Relocation Service Fee in table on page 54  |
| Settling claims   | Included in \$400 Full Service Domestic Relocation Service Fee in table on page 54  |
| Audit invoices  | Included in \$400 Full Service Domestic Relocation Service Fee in table on page 54  |
| New Home Search   | Included in \$400 Full Service Domestic Relocation Service Fee in table on page 54  |
| Relocation Allowance  | Included in \$400 Full Service Domestic Relocation Service Fee in table on page 54  |
| Selling or leasing a residence                                    | Included in \$400 Full Service Domestic Relocation Service Fee in table on page 54  |
| Overlapping mortgage payments                                     | Included in \$400 Full Service Domestic Relocation Service Fee in table on page 54  |
| Travel expenses   | Included in \$400 Full Service Domestic Relocation Service Fee in table on page 54  |
| Temporary living accommodations                                   | Included in \$400 Full Service Domestic Relocation Service Fee in table on page 54  |
| Processing and providing a Relocation Tax Report to Employee      | Included in \$400 Full Service Domestic Relocation Service Fee in table on page 54  |

| <b>APPENDIX A</b>   |  |
|---|--|
| <b>Pricing Sheet Continued #2</b>                             |  |
| <b>Terms and Conditions Section 13.3</b>                      |  |
| <b>Paragraph O</b>  |  |
| <b>Standard Service Fee</b>                                   | Our standard service fee to MEHC as noted in 13.3 C is essentially \$400 assuming collection of a referral fee for both a sell/buy relocation [ $\$1600 - (\$600 \times 2) = \$400$ ]. |
| <b>Alternative "all inclusive" fixed fee</b>                  | Negotiable   |
| <b>Paragraph P</b>  |  |
| <b>Service Fee</b>  | AVO/BVO Service Fee \$1200   |
| <b>Value Added ancillary service</b>                          | Mortgage Services no service fee   |
| <b>Are the costs guaranteed</b>                               | We guarantee our fees as outlined in 13.3 C and the direct costs as noted in 13.3 N a) and 13.3 O a) to MEHC   |
| <b>HHG PRICING FOR INTERSTATE MOVES - Scenarios</b>           |  |
| <b>1a) 5000 pounds, 511 miles, Des Moines IA to Pierre SD</b> |  |
| Load, transport, unload, \$150 debris removal                 | \$2,381.37   |
| Packing and materials   | \$ 783.57  |
| \$25,000 full replacement, zero deductible Storage:           |  |
| 1 <sup>st</sup> day storage & WH                              | \$ 258.50  |
| 29 additional days  | \$ 290.00  |
| Drayage to/from warehouse                                     | \$1,077.30   |
| Each additional 30 days                                       | \$ 300.00  |
| Auto, with \$30,000 zero deductible                           | \$859.86   |

| <b>APPENDIX A</b>  |            |
|--|------------|
| <b>Pricing Sheet Continued #3</b>  |            |
| <b>1b) 8000 pounds, 511 miles,<br/>Des Moines IA to Pierre SD</b>          |            |
| Load, transport, unload, \$150 debris removal                              | \$3,366.22 |
| Packing and materials  | \$1,294.87 |
| \$40,000 full replacement, zero deductible Storage:                        |            |
| 1 <sup>st</sup> day storage & WH   | \$ 413.60  |
| 29 additional days   | \$ 464.00  |
| Drayage to/from warehouse  | \$1,578.33 |
| Each additional 30 days  | \$ 480.00  |
| Auto, with \$30,000 zero deductible  | \$859.86   |
| <b>2a) 5000 pounds, 1058 miles,<br/>Des Moines IA to Salt Lake City UT</b> |            |
| Load, transport, unload, \$150 debris removal                              | \$2,862.62 |
| Packing and materials  | \$ 783.57  |
| \$25,000 full replacement, zero deductible Storage:                        |            |
| 1 <sup>st</sup> day storage & WH   | \$ 225.75  |
| 29 additional days   | \$ 268.25  |
| Drayage to/from warehouse  | \$1,077.30 |
| Each additional 30 days  | \$ 277.50  |
| Auto, with \$30,000 zero deductible  | \$1,126.08 |

| <b>APPENDIX A</b>  |            |
|--|------------|
| <b>Pricing Sheet Continued #5</b>  |            |
| <b>2b) 8000 pounds, 1058 miles,<br/>Des Moines IA to Salt Lake City UT</b> |            |
|  |            |
| Load, transport, unload, \$150 debris removal                              | \$4,167.11 |
|  |            |
| Packing and materials  | \$1,294.87 |
|  |            |
| \$40,000 full replacement, zero deductible Storage:                        |            |
| 1 <sup>st</sup> day storage & WH   | \$ 361.20  |
| 29 additional days   | \$ 429.20  |
| Drayage to/from warehouse  | \$1,578.33 |
| Each additional 30 days  | \$ 444.00  |
| Auto, with \$30,000 zero deductible  | \$1,126.08 |
|  |            |
| <b>3a) 5000 pounds, 1491 miles,<br/>Des Moines IA to Pendleton OR</b>      |            |
|  |            |
| Load, transport, unload, \$150 debris removal                              | \$3,219.26 |
|  |            |
| Packing and materials  | \$ 783.57  |
|  |            |
| \$25,000 full replacement, zero deductible Storage:                        |            |
| 1 <sup>st</sup> day storage & WH   | \$ 217.00  |
| 29 additional days   | \$ 253.75  |
| Drayage to/from warehouse  | \$1,077.30 |
| Each additional 30 days  | \$ 262.50  |
| Auto, with \$30,000 zero deductible  | \$1,372.92 |
|  |            |
|  |            |
|  |            |
|  |            |



| <b>APPENDIX A</b>   |            |
|---|------------|
| <b>Pricing Sheet Continued #5</b>                                     |            |
| <b>3b) 8000 pounds, 1491 miles,<br/>Des Moines IA to Pendleton OR</b> |            |
|   |            |
| Load, transport, unload, \$150 debris removal                         | \$4,713.47 |
|   |            |
| Packing and materials   | \$1,294.87 |
|   |            |
| \$40,000 full replacement, zero deductible Storage:                   |            |
| 1 <sup>st</sup> day storage & WH                                      | \$ 347.20  |
| 29 additional days  | \$ 406.00  |
| Drayage to/from warehouse   | \$1,578.33 |
| Each additional 30 days   | \$ 420.00  |
| Auto, with \$30,000 zero deductible                                   | \$1,372.92 |