

# What is an iBuyer?

**Definition:** An iBuyer is a company that has significant venture capital investment (\$100+ m) to position itself to purchase (and subsequently sell) property directly from and to the consumer. These companies are strategically positioned to work with real estate agents, but greatly prefer to act as a direct middle-entity between the home seller and the home buyer.

The major differences between iBuyers and traditional home flippers are access to capital and acceptable margin / return on investment (ROI). The iBuyers have the ability to purchase and sell property at the same price and still earn an acceptable ROI on an annualized basis.

## Home Flipper

- Focused on distressed properties
- Usually a local small company or individuals.
- Often use Realtors or sell using local means with very little technology.
- Need a significant margin to make the transaction worthwhile (buy \$300k, fix \$50k, sell 400k = goals of 16 - 33% margins)

## iBuyer

- Avoids distressed properties, looks for average homes (cosmetic only).
- 100's of millions in Venture Capital.
- State of the art technology platforms to facilitate the transaction & avoid Realtors.
- Can buy & sell for ANY margin and earn ROI of acceptable levels (500k x 7.5% in 60-90 days).
- Use company forms instead of standard California Association of Realtor (CAR) forms.



- Zillow has introduced “Zillow Offers, becoming an iBuyer, where Zillow will buy the house outright (at a massive discount) and then re-sells the property. Also, Zillow has introduced “Zillow Mortgage”.
- Non-MLS based AUCTION site where home is offered to up to 15 Institutional Investors for offers.
- Offers start low and move up if needed and if it fits the investor’s criteria for turn around profit when re-sold.
- Current offers have come in from 3% to 30% below Market Comparable’ s.
- After offer is accepted there is a 9% INVESTOR FEE taken from the offer. Thus, the seller gets 91% of the offer price...not the entire thing. This is more than the average Realtor commission.
- The transaction is handled by the wholly owned subsidiary to Zillow, Dot Loop. Who may have the right to data mine information gathered during the transaction process.

# Opendoor



- Expected to be in ALL California markets by January 2020.
- “Home Advisors” to direct sellers are NOT licensed and are not agents.
- IBuyer auction site; sellers get quick sale of their home in a few days.
- Massive hit on the price in return for the ease and convenience of quick cash.
- Low offers are ranging from 9 - 22% below market comparables depending on the house, area, location, condition and other factors.
- HOWEVER the theory that Opendoor only buys low and sells at retail is NOT true. The model is set up to buy at retail and sell at retail and make ROI based on fees.
- Net offer is before inspections and other costs like NHD, etc.
- Open door competes directly with OfferPad and Zillow Instant Offers as an IBuyer investor looking to buy quick and low and sell high.
- Get approved through Opendoor’s internal mortgage system and open any house within your price range with a code that works with all smart locks!
- Open door then makes the house available to see almost anytime with or without a buyers agent.

**NOTE:** I personally received an Opendoor offer and is on the back of this guide. In short, the offer would be between: **\$403,000 - \$493,000**.

# REDFIN

- “**REDFIN NOW**” is the supposed competition to Zillow instant offer.
- **Redfin Listing Fee**
  - Listing fee subject to market-based minimums.
  - Buyer’s agent fee not included.
  - Listing fee increased by 1% of sale price if buyer is unrepresented.
  - Listing fee and minimums subject to change.
  - Sell for a 1% listing fee only if you also buy with Redfin within 365 days of closing on your Redfin listing.
- **Redfin Buyer’s Agent Fee**
  - Buyer’s agent fee subject to change.
  - Minimum buyer’s agent commission must exceed 1% of list price or \$6,500 (whichever is greater) to be eligible for the Redfin Refund when available.
- **Redfin Concierge Service**
  - Redfin Concierge not available in all markets.
  - Subject to change and the market-based minimum commissions listed below.
  - Buyers working with Partner Agents do not qualify for a reduced listing fee.
- **Redfin Refund**
  - Estimated Redfin Refund amount not guaranteed.
  - Redfin Refund amount may vary according to purchase price, prevailing market conditions, and other factors.
  - Redfin Refund is not available in certain areas or where prohibited by law.
  - The Redfin Refund is subject to adjustment or cancellation if the commission received by Redfin from the cooperating broker is less than 1% of the property list price or \$6,500 (whichever is greater).



- No personal contact with an agent. Agents are remotely based, if you have any questions, you must contact Home Bay.
  - Does the Home Bay agent come to my house?  
**No. An in-person agent isn't needed to sell your home. Every agent uses the same data to determine things like how to price and market your home. And, studies show that home sellers get more for their home when they show relative to an agent showing it.**
- Prior to being placed in the MLS & syndicated to other webs sites, you must pay a listing fee.
  - **"10% of your listing fee is due before your listing can go live."**
- In determining a listing price Home Bay will only send comparable homes AFTER listing with Home Bay.
  - Can Home Bay Help Me Price My Home?  
**Yes, Home Bay can help you with pricing by pulling comps, sharing them with you and answering questions you may have about them. Please note that while we are happy to talk about pricing with you at any time, we won't research comps until you have signed up with us.**
- Home Bay recommends the use of third-party sites to determine listing price. Which have been shown to 8% off on a national average.
  - If you are interested in auto-appraisals, we have found the most accurate sites to be:  
**Redfin, Realtor.com, Zillow, Trulia**
- Open houses are DONE BY THE SELLER.
  - Will Home Bay hold an Open House for me?  
**Because we operate from a centralized location, we are unable to hold an open house for you. If you don't have time or interest in holding an open house, there's no real compelling reason to do so. Serious buyers will make appointment.**



- Entirely on-line, 100% cell phone app.
  - THE REALI WAY  
Download the Reali App and you can request a fast, free valuation and find out what your home is worth in as little as 24 hours.
- Phone help by “Licensed Agent” through the app.
  - So are you an app or are you real estate agents?  
Both! We have a team of local Reali Agents throughout California supporting both buyers and sellers. For our buyers, we have the Reali App, which allows you to search listings, schedule appointments, chat with your agent, place offers and more — all from within the app!
- Discounted listing fee (fixed listing price), however seller still pays the buyer’s agent.
  - When you sell your home with Reali, we only charge a flat fee. You will still have to pay the commission to the buyer’s agent, but Reali won’t take a traditional commission for representing you as a seller.
- When a buyer uses a Reali agent as the buyers agent, a portion of the agents commission is rebated to the buyer, minus fee.
  - How much will my Reali Rebate be?  
Your Reali Rebate will be 2-3% of the closing cost of your home, minus our low flat fee.
- Zero assistance from a “Live Agent”.
  - As a Seller, what can I do with the Reali App?  
Once your home listing is live, you’ll get real-time updates on buyer activity, offers and escrow right through the app.

# Opendoor Offer



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## Opendoor

## Get an offer on your home in 24 hours.

### The benefits of Opendoor



Get an offer in just a few clicks



Pick your own close date



Avoid risk of buyer financing fall-through



Get support from offer to close

Home Address

**31955 Avenida Mallari**

Estimated Offer Range

**\$403,000 – \$493,000**

Dear Michael,

Opendoor is a new, incredibly simple way to sell your home. You can sell directly to us without ever putting your home on the market.

We aim to make a competitive offer on your home using the most current data for the Inland Empire. **Get a free, no-obligation offer today at [opendoor.com](https://opendoor.com)!**

Thank you,

Andy Swanton

General Manager, Opendoor Riverside  
951.441.3667 | [contact@opendoor.com](mailto:contact@opendoor.com)

P.S. Not ready to sell just yet? No problem. You can still get your free offer by visiting [opendoor.com](https://opendoor.com) by June 30, 2019.

[opendoor.com](https://opendoor.com)

An Opendoor Offer is not an appraisal. Visit [opendoor.com/offerterms](https://opendoor.com/offerterms) to learn more. Opendoor is represented by Opendoor Brokerage Inc., License 02061130, in California and Opendoor Brokerage LLC in its other markets.

If you'd no longer like to receive mail from Opendoor, please visit [opendoor.com/mail](https://opendoor.com/mail)



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