

UNDERWRITING MEMORANDUM 02-07

To: All South Carolina Agents
From: South Carolina State Office
Date: August 8, 2002
Re: National Flip Transaction Guidelines

If during your search and examination of title or in the closing you encounter any of the following conditions, please contact your local underwriter to get approval before proceeding with the transaction:

- a) There was a transfer of ownership within the previous twelve months; **and**
- b) It appears there is an increase on the current sales price in excess of the greater of \$50,000 or 30% without substantial improvements by the seller or market conditions that would account for the increase; **or**
- c) The prior sale involved the same or closely related parties, entities or principals of entities including but not limited to corporations, partnerships, joint ventures, limited liability companies; **or**
- d) The prior sale involved the same mortgage broker, real estate broker, licensee or appraiser; **or**
- e) The record discloses no new financing at the time of the prior transfer.

The above conditions do not mean that the transaction is in any way improper. They are merely indicators that further review of the transaction is warranted.

Commitment Disclosures

1. Follow the Lender's instructions as to disclosure of prior transfers. **Instruction letters should be carefully reviewed as many lenders have recently added requirements concerning this issue.** Failure to be aware of these new requirements has resulted in liability for the Company under insured closing letters.
2. If the Lender's instructions do not contain any requirements for disclosure, then disclose all title transfers within the last 6 months with the following language in the commitment, which may be deleted from the final policy:

The following note is for informational purposes only:

The following deed(s) affecting said land were recorded within six (6) months of the date of this report:

Grantor
Grantee
Recorded: Book, Page

If you have any questions or concerns regarding this matter, please contact our office.