



## Chicago Title Insurance Company

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### UNDERWRITING MEMORANDUM 07-01

To: All South Carolina Agents  
From: South Carolina State Office  
Date: February 14, 2007  
Re: 1099-S Certification for No Information Reporting

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Effective January 23, 2007, IRS Rev. Proc. 2007-12 has set forth the acceptable submissions for the **1099-S Certification for No Information Reporting**. The certification has been changed to include 2 new statements. They are:

#### **Seller Assurances**

*#5. During the 5-year period ending on the date of the sale or exchange of the residence, I did not acquire the residence in an exchange to which section 1031 of the Internal Revenue Code applied.*

*#6. If my basis in the residence is determined by reference to the basis in the hands of a person who acquired the residence in an exchange to which section 1031 of the Internal Revenue Code applied, the exchange to which section 1031 applied occurred more than 5 years prior to the date I sold or exchanged the residence.*

Both assurances require the seller to certify the residence was not acquired in a 1031 type exchange within the past five years. If the seller did not acquire the property in an exchange, assurance #6 would not apply and "Not Applicable" should be marked on the form.

If the seller did acquire the property in an exchange, he or she will need to seek tax advice as to whether to sign the certification.

Where "true" is checked on all six assurances (or n/a for item #6) the seller is exempt from 1099-S reporting. Maintain the original form in your file. Remember that each seller should sign his or her own certification.

When "false" is checked to any of the six assurances you should report the interest on a 1099-S. Attached is a copy of the revised certification for your review.

Should you have any questions and/or comments regarding the contents of this memorandum, please contact our office.

**CERTIFICATION FOR NO INFORMATION REPORTING  
ON THE SALE OR EXCHANGE OF A PRINCIPAL RESIDENCE**

Escrow No.: {ESCNO}

Locate No.: {LOCATE}

This form may be completed by the seller of a principal residence. This information is necessary to determine whether the sale or exchange should be reported to the seller, and to the Internal Revenue Service on Form 1099-S, Proceeds from Real Estate Transactions. If the seller properly completes parts I and III, and make a 'true' response to assurances (1) through (6) in Part II (or a 'not applicable' response to assurance (6)), no information reporting to the seller or to the Service will be required for that seller. The term "seller" includes each owner of the residence that is sold or exchanged. Thus, if a residence has more than one owner, a real estate reporting person must either obtain a certification from each owner (whether married or not) or file an information return and furnish a payee statement for any owner that does not make the certifications.

**Part I. Seller Information**

- 1. Name: \_\_\_\_\_ TIN: \_\_\_\_\_  
(An Individual's TIN is their Social Security Number)
  
- 2. Address or legal description (including city, state and zip code) of residence being sold or exchanged:  
\_\_\_\_\_  
\_\_\_\_\_

**Part II. Seller Assurances**

Check 'true' or 'false' for assurances (1) through (5), and 'true', 'false' or 'not applicable' for assurance (6)

- | True                     | False                    |  |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | (1) I owned and used the residence as my principal residence for periods aggregating 2 years or more during the 5-year period ending on the date of the sale or exchange of the residence.   |
| <input type="checkbox"/> | <input type="checkbox"/> | (2) I have not sold or exchanged another principal residence during the 2-year period ending on the date of the sale or exchange on the residence.   |
| <input type="checkbox"/> | <input type="checkbox"/> | (3) I (or my spouse or former spouse, if I was married at any time during the period beginning after May 6, 1997, and ending today) have not used any portion of the residence for business or rental purposes after May 6, 1997.  |
| <input type="checkbox"/> | <input type="checkbox"/> | (4) At least one of the following three statements applies:<br><br>The sale or exchange is of the entire residence for \$250,000 or less.<br><br><p style="text-align: center;"><b>OR</b></p> I am married, the sale or exchange is of the entire residence for \$500,000 or less, and the gain on the sale or exchange of the entire residence is \$250,000 or less.<br><br><p style="text-align: center;"><b>OR</b></p> I am married, the sale or exchange is of the entire residence for \$500,000 or less, and |
|                          |                          | a. I intend to file a joint return for the year of the sale of exchange,   |
|                          |                          | b. My spouse also used the residence as his or her principal residence for periods aggregating 2-years or more during the 5-year period ending on the date of the sale, or exchange of the residence, and,   |
|                          |                          | c. My spouse also has not sold or exchanged another principal residence during the two-year period ending on the date of the sale or exchange of the principal residence.  |

(5) During the five-year period ending on the date of the sale or exchange of the residence, I did not acquire the residence in an exchange to which Section 1031 of the Internal Revenue Code applied.

True    False    Not Applicable  
       

(6) If my basis in the residence is determined by reference to the basis in the hands of a person who acquired the residence in an exchange to which Section 1031 of the Internal Revenue Code applied, the exchange to which Section 1031 applied occurred more than five-years prior to the date I sold or exchanged the residence.

**Part III. Seller Certification**

Under penalties of perjury, I/we certify that all the above information is true as of the end of the day of the sale or exchange.

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Date

Note: *SIGNATURE OF SPOUSE IS REQUIRED ON SEPARATE FORM*