



Due diligence is of paramount importance when choosing a QI

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A qualified intermediary (QI) should not only provide excellent customer service and exchange expertise, but it also should be able to assure you that your exchange proceeds will have maximum security.

The first and more important question to ask is "where will the QI hold the exchange proceeds?" OREXCO currently holds exchange proceeds in fully liquid insured money market mutual funds and money market bank accounts at institutions carefully selected by its corporate parent, in accordance with strict underwriting guidelines. OREXCO's financial institutions are reviewed regularly by its corporate parent's treasurer to ensure that they continue to meet the strict standards that we require to ensure the security of our clients' funds. In addition, for those clients who request individual accounts, OREXCO offers through its financial institutions, CD accounts providing unlimited FDIC coverage (CDARS), treasury bills, and other appropriate short-term investments, as directed by the client. OREXCO does not invest in auction rate securities or other unsuitable investments. Your funds are immediately available for your exchange needs.

What other due diligence questions should the prudent taxpayer ask?

Is the QI an independent organization/entity or is it affiliated with a larger corporate parent company with substantial assets? If the QI is affiliated with a larger corporate parent, the QI's financial strength is directly derivative of the financial strength of its parent company. What then is the financial strength of its parent? Ask to see a copy of the parent company's most recent annual report. OREXCO is part of the Old Republic Title Insurance Group, which is a wholly owned subsidiary of Old Republic International Corp. (ORI), a multi-billion dollar, diversified, public company.

OREXCO's parent company, Old Republic International has strength in its numbers. The below numbers are based on ORI's consolidated GAAP balance sheet as of 9/30/2008:

- * \$8.7 billion cash and invested assets: Over 50% higher than any national title insurance underwriter.
- * \$13.2 billion in total assets: Over 50% higher than any national title insurance underwriter.
- * \$7.0 billion in total loss reserves: Four times more than any national title insurance underwriter.
- * \$3.9 billion total shareholders equity: Over 30% more than any national title insurance underwriter.
- * 3.2% debt to equity: Over 10 times better than any national title insurance underwriter.

Founded in 1923, ORI is here to stay! Forbes magazine recently commended ORI's conservative underwriting practices and financial strength, noting that ORI's diversified insurance products helped it to prosper despite the present difficult economic market.

For more from Forbes magazine go to: http://www.forbes.com/personalfinance/2008/06/11/mortgage-title-insurance-pf-ii-in_jd_0611gurusow_inl.html.

Likewise, for 17 consecutive years, OREXCO's sister company, Old Republic National Title

Insurance Co. has received the highest financial strength ratings in the title insurance industry. For more information about ORI and its family of companies, including copies of its annual report, financial statement, and other public filings, go to www.oldrepublic.com.

Does the QI have a fidelity bond? If so, what is the amount? OREXCO is insured by a fidelity bond covering acts of dishonesty or fraud with an \$80 million aggregate limit.

Does the QI have professional liability (errors and omissions) insurance? If so, what is the amount? OREXCO is insured by professional liability insurance (errors and omissions) with a \$50 million aggregate limit.

Can the QI provide a written guaranty (i.e., a commitment by the QI and/or its parent company to reimburse the client for any loss of funds due to the fraud or dishonesty of the QI's employees or the QI's failure to comply with the terms of the exchange agreement.)? OREXCO's corporate parent can provide a letter of guaranty stating that it will reimburse the exchanger for any loss of funds if such loss is the result of OREXCO's or its employees' gross negligence, fraud, or dishonesty.

Can the QI provide you with an account summary on demand? OREXCO can provide an account summary showing your current bank balance, interest accrued and all disbursements. You can confidentially view your account 24 hours a day, 7 days a week on-line at www.orexco1031.com.

OREXCO's strength, security and conservative fiscal approach underscore every transaction. Your exchange proceeds will always be there when you want them.

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