

Appraisal Services Warranty

Subject to the conditions set forth hereinafter, LandSafe Appraisal Services, Inc. ("LandSafe") warrants that each real property appraisal covered hereby, as defined in paragraph 2 below, (each, an "Appraisal") that it submits to a customer ("Lender") complies with the Uniform Standards of Professional Appraisal Practice as published by the Appraisal Standards Board of the Appraisal Foundation, as amended from time to time, and Fannie Mae and Freddie Mac appraisal standards and guidelines (collectively, the "Standards"). If any such Appraisal shall fail to so comply or conform in some material respect to the Standards existing on the date of the Appraisal (a "Defect"), then, if Lender sustains loss or damage as a result thereof, LandSafe will pay to Lender its "Loss" (as defined below). This Warranty is subject to the following conditions, each of which shall be deemed a condition precedent to the obligation of LandSafe hereunder:

1. Except as expressly agreed to by LandSafe, this Warranty does not apply to customers who are affiliates of LandSafe.
2. The Appraisal Services Warranty may be changed from time to time by LandSafe in its sole and absolute discretion. The coverage and conditions of any Appraisal Services Warranty will be based on the Warranty in effect at the time the order is placed with LandSafe.
3. The Appraisal shall have been made and submitted to Lender by LandSafe and all charges and fees in connection therewith shall have been paid by Lender. In addition, such Appraisal must actually have been relied upon by Lender in connection with a one-to-four family residential loan made by Lender (the "Loan") for which the real property that was the subject of such Appraisal (the "Property") was used to secure the Loan. Lender must not have had knowledge of the Defect at the time it made the Loan.
4. This Warranty is only for the benefit of Lender at whose request, or upon whose behalf, such Appraisal was prepared. All obligations of LandSafe hereunder shall terminate in the event of an absolute sale, transfer, or assignment of the Loan by Lender (whether or not subject to repurchase conditions), unless Lender is required to repurchase the Loan by any private or institutional lender or investor, or any government agency, to whom the Loan had been assigned.

This Warranty is limited to the following LandSafe Appraisal Field Products: (current versions of Fannie Mae forms) 1004 Uniform Residential Appraisal Report (Single Family), 1004C Manufactured Home Appraisal Report, 1025 Small Residential Income Property Appraisal Report (2-4), 1073 Individual Condominium Unit Appraisal Report, 1075 External-Only Condominium Unit Appraisal Report, 2055 Exterior-Only Inspection Residential Appraisal Report, 2090 Individual Cooperative Interest Appraisal Report, 2095 Exterior-Only Individual Cooperative Interest Appraisal Report, 2000 One-Unit Residential Appraisal Field Review Report, and 2000A Two- to Four-Unit Residential Multi-Family Field Review.

5. This Warranty is void if the appraisal order is directed to a specific appraiser by Lender.
6. In the event that a mortgage broker orders the appraisal directly from LandSafe, then this Warranty shall be available to the Lender to whom broker submits the loan application if that Lender originates the loan. This Warranty shall not apply to any subsequent lender or holder of the note and all obligations of LandSafe shall terminate as specified above.

7. The term "Loss" as used herein shall mean the lesser of: (i) the actual financial loss of Lender as a direct result of the Defect, but not more than the amount of the original unpaid principal balance of the Loan as reduced by payments thereon and all recoveries made by, or available with reasonable effort to, Lender, including but not limited to mortgage insurance proceeds and sale proceeds; (ii) the difference between (A) 90% of the Appraisal value and (B) the Field Review of the Appraisal obtained by Lender under Section 8 in connection with a claim under this Warranty; or (iii) \$30,000. LandSafe's payment to Lender of an amount equal to such Loss as determined herein shall constitute full satisfaction of all Lender's claims against LandSafe arising or accruing in connection with the Appraisal and any Defects related thereto.
8. Requests for payment of Loss under this Warranty shall be made in writing to LandSafe, accompanied by proof of Loss and a Field Review of the Appraisal for the purpose of calculating the amount in Section 7(ii) above. The Lender shall obtain the Field Review at its sole cost and expense and shall be prepared by a certified appraiser approved by LandSafe. The form of the Field Review shall be on Fannie Mae form 2000 or equivalent and shall establish the value of the Property as of the original date of the Appraisal. Upon receipt of Lender's request for payment of Loss and all information required pursuant to this Warranty, LandSafe shall have sixty (60) days to investigate such claim of Loss and confirm that such Loss was caused by a Defect in the related Appraisal. During its investigation, LandSafe shall have the right to inspect, examine or copy any and all documents or materials in connection with the Loan or the Property in the possession of Lender and make further inquiry with respect thereto. Lender shall cooperate with LandSafe, as a condition precedent to any recovery hereunder, and comply with all reasonable requests for such information. Upon completion of its investigation, LandSafe will notify Lender of its findings, including its re-evaluation of the Appraisal and whether Lender's claim is covered by this Warranty. If Lender disagrees with LandSafe's findings regarding whether the Loss is covered by this Warranty, LandSafe and Lender agree to submit such dispute to binding arbitration, which shall be the sole remedy of the parties to resolve such dispute. Such arbitration shall be conducted in accordance with the rules and procedures of the American Arbitration Association, with the selected arbitrator to be either (i) a retired judge or magistrate or (ii) a licensed attorney, with not less than ten (10) years of real estate experience. If the value of the Property as of the original date of the Appraisal remains in dispute, for purposes of the arbitration, Lender and LandSafe shall mutually agree upon an appraiser to conduct a mutually agreed upon valuation product and such valuation shall be final and binding upon Lender and LandSafe.
9. This Warranty shall remain in full force and effect for a period of four (4) years from the original date of the Appraisal.

EXCEPT FOR THIS APPRAISAL SERVICES WARRANTY, THERE ARE NO OTHER GUARANTIES OR WARRANTIES OF ANY KIND, WHETHER EXPRESS, IMPLIED OR PROVIDED BY LAW, INCLUDING WITHOUT LIMITATION, ANY WARRANTIES RELATING TO FITNESS FOR PURPOSE OR MERCHANTABILITY.

Required documents and information from Lender in order to initiate a claim:

- Documented original unpaid principal amount of the Loan
- Copy of the original appraisal report/reports supporting Loan
- A copy of the Field Review required by Lender indicating the historical market value of the Property as of the date of the original Appraisal
- List of Defects (i.e. USPAP violations, etc.) in the Appraisal

- Evidence of PMI denial or recovery amount
- Documentation or a statement indicating the Lender repurchased or never sold the loan
- Reason(s) for Loss
- Documented price of Property if sold as an REO (HUD-1)
- Itemized calculation of Loss incurred
- Total Loss amount requested by customer under Warranty
- REO Appraisal, if applicable

Additional documentation (if available):

- Listing information (as an REO) including Listing Agent, Days on market, Listing Agent contract information, and contact information
- Any other information regarding the valuation of the Property

Warranty Claim Example:

Assume the LandSafe Appraisal determined a value at \$300,000 and the historical market value as of the date of the LandSafe Appraisal, as determined by the Field Review required from Lender, was \$265,000. Assume that payments are made on the Loan for one year but the Loan eventually goes into default and is foreclosed. Assume Lender incurs a financial loss of \$10,000 as a result thereof.

The Loss covered by this Warranty would be calculated pursuant to Section 7 as follows: the lesser of (i) \$10,000 (i.e. Lender's direct financial loss) or (ii) 90% times \$300,000 (the original appraised value from the LandSafe Appraisal) minus \$265,000 (the historical market value as determined by the Field Review). The calculation is subsection (ii) is \$5,000. So, under this example, the Loss covered by this Warranty would be \$5,000.