FILED
2011 MAY -9 PM 3:43
CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
SANTA ANA
BY

COPY

Steven L. Hoard (Texas Bar No. 09736600)
shoard@mhba.com
MULLIN HOARD & BROWN, L.L.P.
P. O. Box 31656
Amarillo, Texas 79120-1656
Tel: (806) 372-5050/Fax: (806) 372-5086

Steven Jay Katzman (California Bar No. 132755)
skatzman@bmkattorneys.com
BIENERT, MILLER & KATZMAN, PLC
903 Calle Amanecer, Suite 350
San Clemente, California 92673
Tel: (949) 369-3700/Fax: (949) 369-3701

Leonard J. DePasquale (Rhode Island Bar No. 4753)
ldepasquale@fdic.gov
Counsel, FDIC Legal Division
VS-B-7058
3501 North Fairfax Drive
Arlington, VA 22226-3500

Attorneys for Plaintiff
FEDERAL DEPOSIT INSURANCE CORPORATION
as Receiver of Washington Mutual Bank

IN THE UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

FEDERAL DEPOSIT INSURANCE CORPORATION, as Receiver of Washington Mutual Bank,

Plaintiff,

v.

CORELOGIC VALUATION SERVICES, LLC, f/k/a eAppraiseIT, LLC; CORELOGIC, INC., f/k/a The First American Corporation; THE FIRST AMERICAN FINANCIAL CORPORATION; CORELOGIC REAL ESTATE SOLUTIONS, LLC, f/k/a First American Real Estate Solutions, LLC; and CORELOGIC REAL ESTATE

Case No. SACV11-704 DOC(ANx)

COMPLAINT FOR:
(1) GROSS NEGLIGENCE (Against All Defendants);
(2) BREACH OF CONTRACT (Against EA);
(3) BREACH OF CONTRACT (Against First American Solutions);
(4) ALTER EGO, SINGLE BUSINESS ENTERPRISE, JOINT VENTURE (Against CoreLogic, First American Information Services, and First American Solutions)

INFORMATION SERVICES, LLC, f/k/a First American Real Estate Information Services, LLC,

Defendants.

JURY TRIAL DEMANDED

Plaintiff, the Federal Deposit Insurance Corporation ("FDIC"), as Receiver of Washington Mutual Bank, files the following complaint against CoreLogic Valuation Services, LLC, f/k/a eAppraiseIT, LLC; CoreLogic, Inc., f/k/a The First American Corporation; The First American Financial Corporation; CoreLogic Real Estate Solutions, LLC, f/k/a First American Real Estate Solutions, LLC; and CoreLogic Real Estate Information Services, LLC, f/k/a First American Real Estate Information Services, LLC:

I. INTRODUCTION

1. The FDIC brings this case in its capacity as Receiver of Washington Mutual Bank ("WaMu" or the "Bank") pursuant to its authority granted by 12 U.S.C. § 1821. The FDIC seeks to recover losses of at least $129,102,303.77 that WaMu suffered as a direct and proximate result of the gross negligence of Defendant CoreLogic Valuation Services, LLC, f/k/a eAppraiseIT, LLC ("EA") and its repeated breaches of contractual provisions designed to protect the Bank.

2. In July 2006, WaMu hired EA to provide appraisal services for residential properties in all fifty states and the District of Columbia. The relationship and respective duties and obligations between WaMu and EA were memorialized in an Appraisal Outsourcing Services Agreement dated November 1, 2006 (the "EA Agreement"), a true and correct copy of which is attached hereto as Exhibit A and incorporated herein for all purposes. EA represented and warranted to WaMu, both before and after it entered into the EA Agreement, that each and every appraisal service it provided would conform to federal and state law, regulatory guidelines, and all applicable industry standards, specifically including the Uniform Standards of Professional Appraisal Practice ("USPAP"). EA also agreed to serve as the "gatekeeper" with respect to the appraisal

services it provided. EA agreed to insure the competency and qualifications of its appraisers, to conduct a meaningful quality control review of the appraisals, and to police WaMu's loan staff and act as an intermediary between WaMu's loan originators and EA's appraisers. In the EA Agreement, EA specifically promised to inform WaMu of any inappropriate contacts or requests by WaMu employees concerning an appraisal or the assignment of an appraisal.

3. Despite the representations and promises EA made to WaMu, at least 194 of the appraisal services EA provided failed to comply with federal and state law, regulatory guidelines, and USPAP. EA used appraisers who lacked the skill, experience, and qualifications necessary to perform the appraisals requested. EA's "quality control" of the appraisals it provided to the Bank was severely inadequate. Consequently, EA delivered appraisal services in a grossly negligent manner and provided products which contained substantially inflated appraised values. But for the inflated appraisal services provided by EA, WaMu would not have made the residential mortgage loans at issue and would not have suffered losses on those loans. The losses that WaMu incurred on loans made in reliance on the inflated appraisals provided by EA were clearly foreseeable. Each of the 194 loans made by WaMu in reliance on EA's appraisal services was held by WaMu for investment and not sold into the secondary market.

4. The FDIC asserts claims against EA and the other Defendants named herein for gross negligence and breach of the EA Agreement and seeks damages for the loan losses WaMu incurred as a result of its reliance on the appraisal services provided by EA. As set forth below, the other Defendants named herein are the ultimate or intermediate parent entities of EA. The other named Defendants controlled and directed the actions of EA. As such they are directly liable for the damages resulting from the grossly negligent appraisal services provided by EA. Alternatively, they are liable under the Alter Ego Doctrine, the Single Business Enterprise Doctrine, and the Joint Venture Doctrine. In addition, Defendant CoreLogic Real Estate Solutions, LLC, f/k/a First American Real Estate Solutions, LLC ("First American Solutions"), contractually guaranteed any

damages caused by EA's failure to perform its obligations under the EA Agreement. A true and correct copy of the Performance Guaranty Agreement dated November 14, 2006, is attached hereto as Exhibit B and incorporated herein for all purposes.

II. PARTIES

A. Plaintiff

5. Plaintiff is the Federal Deposit Insurance Corporation, acting as Receiver of WaMu, pursuant to 12 U.S.C. § 1811, *et. seq*. The FDIC was appointed Receiver on September 25, 2008, following the closure of the Bank by the Office of Thrift Supervision ("OTS"). As Receiver, the FDIC has the right to pursue all of WaMu's claims, including its claims against each of the Defendants named herein.

B. Defendants

6. Defendant CoreLogic Valuation Services, LLC, f/k/a First American eAppraiseIT, LLC, is a Delaware limited liability company with its principal place of business at 4 First American Way, Santa Ana, California, 92707.

7. Defendant CoreLogic, Inc., f/k/a The First American Corporation, is a Delaware corporation with its principal place of business at 4 First American Way, Santa Ana, California, 92707.

8. Defendant The First American Financial Corporation is a California corporation with its principal place of business at 1 First American Way, Santa Ana, California, 92707.

9. Defendant CoreLogic Real Estate Solutions, LLC, f/k/a First American Real Estate Solutions, LLC, is a California limited liability company with its principal place of business at 4 First American Way, Santa Ana, California, 92707.

10. Defendant CoreLogic Real Estate Information Services, LLC, f/k/a First American Real Estate Information Services, LLC, is a California limited liability company with its principal place of business at 4 First American Way, Santa Ana, California, 92707.

III. JURISDICTION AND VENUE

11. This Court has subject matter jurisdiction over this case under 12 U.S.C. § 1819(b)(2) and 28 U.S.C. §§ 1331 and 1345.

12. The Court has personal jurisdiction over the Defendants because their principal places of business are located in the State of California.

13. Venue is proper in this District under 28 U.S.C. § 1391(b).

IV. FACTUAL BACKGROUND

A. The Importance of Appraisals to WaMu

14. During the relevant time period, WaMu was one of the largest mortgage lenders in the United States. Accurate appraisals were critical to WaMu's financial success. WaMu depended on appraisers to fairly, accurately, and competently assess the residential property values that served as collateral for its loans. WaMu was required by its primary banking regulator, the OTS, to maintain an appropriate real estate appraisal program for all of its lending functions. The independence and competence of the real estate appraisers who determine the value of home loan collateral is of enormous importance in the mortgage industry. Real estate appraisals are intended to provide borrowers and lenders with an independent and accurate assessment of the market value of a home. This ensures that a mortgage or home equity loan is not under-collateralized, which in turn protects borrowers from being over-extended financially and lenders and investors from losses if the borrower defaults on the loan.

15. Because of the importance of appraisals in the home lending market, state and federal statutes and regulations require that appraisals be accurate and be prepared independently. In order to achieve these goals, federal statutes and regulations, and most state statutes and regulations, implement all or portions of USPAP to standardize how appraisals should be properly prepared. USPAP is formulated by the Appraisal Standards Board of The Appraisal Foundation, who "develops, publishes, interprets, and amends USPAP on behalf of appraisers and users of appraisals services."

16. The USPAP includes the following standards, among others:

1. Ethics

- an appraiser must perform assignments ethically and competently, in accordance with USPAP and any supplemental standards agreed to by the appraiser in accepting the assignment. … An appraiser must perform assignments with impartiality, objectivity, and independence, and without accommodation of personal interest.

- an appraiser must not accept an assignment that includes the reporting of predetermined opinions and conclusions.

2. Standards Rule 1-1. The appraiser must not render appraisal services in a careless or negligent manner, such as by making a series of errors, that, although might not significantly affect the results of an appraisal, in the aggregate affects the credibility of those results.

3. Standards Rule 1-4. Based on the type of valuation method used, the appraiser must collect data necessary for credible results.

4. Standards Rule 3. In performing an appraisal review assignment, an appraiser acting as reviewer must develop and report a credible opinion as to the quality of another appraisers' work and clearly disclose the scope of work performed.

5. Standards Rule 3-1(d)-(g). In developing an appraisal review, the Reviewer must develop an opinion as to the completeness of the material under review, develop an opinion as to the apparent adequacy and relevance of the data and the propriety of any adjustments to the data, develop an opinion as to the appropriateness of the appraisal methods and techniques used and develop reasons for any disagreement; and develop an opinion as to whether the analyses, opinions, and conclusions are appropriate and reasonable and develop reasons for any disagreement.

17. Many federal statutes and regulations incorporate USPAP directly. For example, 12 C.F.R. § 564.4(a) requires all appraisals to conform to generally accepted appraisal standards as evidenced by USPAP. Section 1110 of FIRREA (12 U.S.C. § 3339) likewise requires that real estate appraisals be performed according to certain minimum standards, which include those identified under 12 C.F.R. § 564.4. *See also* 61 Fla. Admin. Code 61J1-9.001 and Cal. Code Regs., tit. 10, § 3701.

18. In addition to standards established in USPAP, the Freddie Mac Single-Family Seller/Servicer Guide ("Freddie Mac Guide") identifies unacceptable appraisal practices. Some of the unacceptable practices in the Freddie Mac Guide are:

> 1. It is unacceptable to include inaccurate or incomplete data about the subject property, the neighborhood or any comparable sale used in the appraisal analysis.
>
> 2. It is unacceptable to rely on inappropriate comparable sales or to fail to use comparable sales that are more similar to or nearer to the subject property with adequate explanation.
>
> 3. It is unacceptable to use inordinate adjustments for differences between the subject property and the comparable sales that do not reflect the market's reaction to such differences, or the failure to make proper adjustments when they are clearly necessary.

In addition to identifying these specific unacceptable practices, the Freddie Mac Guide also requires compliance with USPAP.

B. WaMu Outsourced its Appraisals to EA

19. Prior to July 2006, WaMu managed its own appraisal services with in-house appraisers and appraisal managers. In 2006 WaMu re-evaluated its appraisal practices and ultimately decided to outsource its appraisal management services. WaMu solicited detailed bid proposals from several national companies in the business of providing appraisals and appraisal management services. WaMu specifically sought vendors who could ensure that the appraisals WaMu relied upon complied with USPAP, and vendors who could also mitigate the potential for loan officers to exert pressure on appraisers. After careful consideration, in July 2006, WaMu retained two outside appraisal management companies – EA and one of its competitors, LSI Appraisal, LLC ("LSI"). These two companies both agreed to provide high quality and accurate appraisal services and to act as a structural buffer between the WaMu loan consultants and the appraisers to eliminate potential pressure or conflicts of interest.

C. The EA Agreement

20. EA began providing appraisal services to WaMu in July 2006, and the relationship between EA and WaMu was subsequently memorialized in the EA

Agreement entered into on or about November 1, 2006. The services provided by EA to WaMu and the promised quality of those services, however, did not materially change after the EA Agreement was executed. In the EA Agreement, EA agreed broadly to "provide Appraisal Services for residential properties located in the fifty (50) United States and the District of Columbia." "Services" included 15 different types of "Appraisals," including standard "full appraisals" (known as 1004 appraisals because they are performed on Fannie Mae 1004 forms) that examined the interior and exterior of a residence, reconsiderations of value (services provided when there is a disagreement as to the appraised value based on supporting evidence), and desk and field reviews (performed to "review" the underlying appraisal for accuracy). *See* EA Agreement sections 1(a)(13), 2.1(a)-(d) and Exhibit A. "In all cases, the Appraisal shall provide an estimated value of real property based on replacement costs, sales of comparable properties, and future income from income producing properties (where applicable)." *See* Exhibit A. In addition to the Appraisal Services EA agreed to perform, EA also agreed to act as the "gatekeeper" between WaMu loan staff and the actual appraisers, and EA was to "report any inappropriate contacts or requests by [WaMu] employees concerning an appraisal or assigning an appraisal." *Id.* In exchange for these services, WaMu agreed to pay and did pay EA more than $71 million in fees.

21. All the Services, including the ancillary services related to the performance of those Services, were to be provided by EA in accordance with specific standards set out in the EA Agreement. Specifically, Services were to "conform as applicable to USPAP and to the Appraisal Standards of FNMA, FHLMC, and other investors." *Id.* at Exhibit A. Additional references to the USPAP standards are found in the respective provisions of the EA Agreement "Warranties and Additional Covenants," requiring compliance not only with USPAP, but also with FIRREA, all appraisal regulations set forth in 12 C.F.R. § 564, et seq. (which includes USPAP) and related appraisal guidance from the OTS. *See* EA Agreement section 15.2(a) and Exhibit A. EA also warranted and covenanted to "perform the Services, and develop the Deliverables, in accordance with applicable

professional standards in the appraisal management industry." *Id.* at section 15.2(l).

22. EA also promised to ensure the qualifications of its appraisers and to stand behind its appraisers. Any appraisers EA employed or contracted to perform Appraisal Services had to possess the appropriate license or certificate needed to perform the appraisal and also had to have the experience and competence necessary to complete the assignment. *See* EA Agreement section 4.3. Ensuring such qualifications should have been equally important to EA because EA stood behind those appraisers, as it stood behind any subcontractor it hired to perform Services under the EA Agreement, and remained "responsible and liable for a subcontractor's compliance with [the EA Agreement] and performance hereunder." *See* EA Agreement section 4.4.

23. Finally, under section 7.1(j) of the EA Agreement, EA agreed to indemnify and hold harmless WaMu for loss, damage, claim, or expense arising out of or relating to any claim "by WaMu related to the inadequacy of Services, including without limitation, appraisals provided by Supplier pursuant to this Agreement."

D. EA's Common Law Duty to WaMu

24. Without regard to the EA Agreement, EA owed a duty to WaMu to exercise reasonable care in the course of providing appraisal services to WaMu. The standard of care owed by an appraiser to a client is embodied in USPAP, and applicable federal and state standards and regulations, and applicable industry standards. Those standards are set forth in summary form in paragraphs 16-18 above.

25. Each of the appraisals provided or approved by EA contains specific representations regarding compliance with these standards, including the following representations:

(a) The appraiser, at a minimum, developed and reported the appraisal in accordance with the scope of work requirements stated in the appraisal report;

(b) The appraiser performed a complete visual inspection of the interior and exterior areas of the subject property. The appraiser reported the condition of the improvements in factual, specific terms. The appraiser identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the

property;

(c) The appraiser performed this appraisal in accordance with the requirements of USPAP;

(d) The appraiser developed his opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. The appraiser used adequate comparable market data to develop a reliable sales comparison approach for this assignment;

(e) The appraiser researched, verified, analyzed, and reported the prior sales of the comparables sales for the minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in the report;

(f) The appraiser selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property;

(g) The appraiser reported adjustments to the comparable sales that reflect the market's reaction to the difference between the subject property and the comparable sales;

(h) The appraiser verified from a disinterested source, all information in this report that was provided by the parties;

(i) The appraiser represented that he was aware of, and have access to, the necessary and appropriate public and private data sources, such multiple listing services, tax assessment records, public land records and other such data sources for the area where the property is located;

(j) The appraiser has taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. The appraiser has noted in this appraisal report any adverse conditions observed during the inspection of the subject property or that the appraiser became aware of during the research involved in performing this appraisal. The appraiser has considered these adverse conditions in the analysis of the property value, and has reported the effect of the conditions on the value and marketability of the subject property; and

(k) The appraiser represented that any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability....

E. EA's Gross Negligence and Breach of Contract

26. EA provided appraisal services to WaMu from July 2006 through November 2007. During this period, EA provided or approved more than 260,000 appraisals for residential loans that WaMu originated or purchased. WaMu quickly became EA's largest client. WaMu paid EA an estimated $71.1 million for its services.

27. During all relevant times and with regard to the original appraisals provided by EA, WaMu would request the appraisal from EA electronically. EA would then select one of its individual licensed appraisers located in the vicinity of the subject property to perform the appraisal. Time was always of the essence, and WaMu required that the appraisal be completed in a timely manner – usually just a matter of days after the order was placed. When EA's appraiser completed the appraisal, he or she would send it electronically to EA. EA would then send the appraisal electronically to Bangalore, India, for what EA called an "administrative review."

28. The EA employees in Bangalore, India, conducting the administrative reviews were not appraisers, and they were not familiar with residential real estate in the United States. EA employees in Bangalore would merely compare the appraisal against a pre-prepared checklist of administrative requirements. If the appraisal appeared to comply with all administrative requirements it was sent to WaMu with the express understanding that WaMu would rely on that appraisal in processing a mortgage loan on the subject property.

29. If the EA employee in Bangalore noted a checklist discrepancy, that appraisal would be sent to an EA employee in Poway, California, or Danvers, Connecticut, for what EA called a "technical review." The EA employees conducting the technical reviews were, in most cases, not appraisers. The "technical review" consisted of an EA employee tracking down a missing administrative requirement, *e.g.*, a missing signature or missing piece of information. When the missing information was obtained, the appraisal was sent to WaMu – again with the express understanding that WaMu would rely on the appraisal in processing the mortgage loan on the subject property.

30. For the most part, EA did not conduct any meaningful, substantive review of the appraisal services provided to WaMu. Not one of the original appraisals EA provided to WaMu was ever rejected by EA as the result of either the administrative or technical reviews explained above.

31. To date, the FDIC and its experts have reviewed in depth only 259 of the many thousands of appraisals provided or approved by EA. Based on expert analysis of these appraisals, only 7 of the 259 appraisals, which is less than 3 percent of the appraisals reviewed, were found to be fully compliant with the applicable professional standards. On the other hand, 194 of the 259 appraisals, more than 75 percent of the appraisals reviewed, provided or approved by EA were found to contain multiple egregious violations of USPAP and applicable industry standards. Those violations constitute a degree of carelessness that rises to the level of gross negligence. EA's grossly negligent performance or approval of these 194 appraisals proximately and directly caused losses to WaMu of at least $129,102,303.77. WaMu relied on these appraisal services in making residential loans to its borrowers, and the Defendants knew that WaMu was relying on EA's appraisals in making the residential mortgage loans. WaMu would not have made these residential loans but for the inflated appraisals provided or approved by EA. The remaining 58 appraisal services were found to contain violations of USPAP, but not to the same degree as the grossly negligent appraisals.

32. With respect to the 194 grossly negligent appraisals, EA failed to ensure that the appraisal services provided conformed to USPAP. EA's violations of USPAP include inadequate or improper licensing of appraisers, inadequate research, failure to perform required site visits, lack of support for site valuations, use of appraisers unfamiliar with the relevant geographical area, failure to note information obtained from interested parties, use of improper comparables, unsupported adjustments to comparables, failure to report prior sales, failure to acknowledge a declining market or in-area price variations, and/or tying compensation or employment to appraisal results. EA represented and agreed that it would review each and every appraisal that it provided to WaMu to ensure

that the appraisals complied with the federal and state statutes and guidelines and the industry standards, including USPAP. Instead, EA merely "rubber stamped" the appraisals, doing little more than checking required boxes and obtaining necessary signatures on review forms and providing no substantive assurance that any of the appraisers it provide complied with USPAP or other guidelines. In addition, EA's process made it nearly impossible for EA to act as a "gatekeeper" between loan staff and appraisers as it had promised. The automated order, mostly automated assignment, meant that EA did not review information sent by the loan officer to the appraisers.

33. The following are just two examples of the grossly negligent appraisal services provided by EA. In May 2007, a property in the Los Angeles, California area was appraised at $5.9 million, which resulted in WaMu approving a $4 million loan. (Loan No. .) The residential real estate market in the Los Angeles area was declining at the time. Nevertheless, the appraiser deliberately ignored newer, more similar comparables and relied instead on older, less similar sales that occurred well before he appraised the subject property in order to support a grossly inflated value for the subject property. The selected comparables include a property that was sold *two full years* before the subject property's sale, when the real estate market was significantly better. The newer, more similar comparables were in the $3 to $4 million range, $2 to $3 million lower than the $5.9 million value the appraiser gave the subject property. The appraiser also failed to make fair and appropriate adjustments for the comparables he did select. For example, the appraiser failed to adjust for the difference in a comparable's garage versus the subject property's carport. The appraiser failed to make appropriate adjustments for a comparable's superior grounds, including a Moroccan inspired cooking/dining area outdoors, a higher-end black bottom pool and spa, and good views from an elevated hilltop. The appraiser adjusted another comparable down $500,000 based on traffic noise, while failing to make a similar adjustment to the subject property's value despite its location on a street with nearly identical traffic. Ultimately,

WaMu charged off $1,479,491.34 on the loan, a loss that never would have been sustained but for the appraiser's wrongful conduct and the approval of same by EA.

34. Another example of a grossly negligent appraisal service performed by EA occurred in Miami, Florida, in October 2006. The subject property, a high-rise condominium unit, was appraised at $3.18 million, which resulted in WaMu approving a $2,554,000.00 loan. (.) The appraiser failed to disclose that the same condominium had been sold the day before for $1.98 million and that it had been sold two years earlier for $1.6 million, almost half as much as the appraised value. The older sale was a matter of public record. The sale the day before was not of public record yet, but should have been discovered by the appraiser because the sellers in the subject transaction would not have been reflected as the owners of the property. The appraiser either failed to properly investigate and analyze the prior sales history and failed to review the names on the purchase contract, or, he deliberately chose to ignore the information in order to arrive at the inflated value he ultimately reached. In addition to failing to disclose the sales history, the appraiser cherry-picked the very highest priced comparables rather than use any of five recent sales of condominiums in the same building, with the same size and floor plan as the subject property. Instead, the appraiser chose to use higher-priced sales that were not comparable at all. One of the comparables used was the penthouse unit in the subject property building. Another was in a nearby, higher-end high rise condominium building, although there were over 90 sales in the same building as the subject property. The borrower later defaulted causing WaMu to charge off $1,169,377.58 on the loan.

35. A list of the 194 loans that WaMu made in reliance on EA's grossly negligent appraisal services that have so far been identified by the FDIC

, and sets forth the damages suffered by WaMu with respect to each loan. The damages total $129,102,303.77. The list also identifies by Code

number the primary deficiencies in each of the 194 appraisals.

Of the 194 grossly negligent appraisal services identified, WaMu relied upon 168 of those products in making loans after the EA Agreement was entered into on November 1, 2006. The damages on those 168 loans total $113;140.271.76.

F. The Role of EA's Related Entities

36. During the 18 month period in which the EA appraisal services at issue were provided, EA's ultimate parent company was The First American Corporation ("First American"). First American owned First American Real Estate Information Services, LLC, now known as CoreLogic Real Estate Information Services, LLC ("First American Information Services"). First American Information Services, in turn, formed a joint venture with Experian Information Solutions, Inc. ("Experian") called First American Real Estate Solutions, LLC ("First American Solutions"). First American Information Services owns 80% of and has the contractual right to control the operations of First American Solutions. Experian owns the remaining 20% of First American Solutions. First American Solutions owns 100 percent of EA. On June 1, 2010, First American divided its assets and operations into two publicly traded companies – CoreLogic, Inc. ("CoreLogic"), and First American Financial Corporation ("First American Financial") – which agreed to share responsibility for First American's contingent liabilities arising before June 1, 2010, including liability for the claims asserted herein. CoreLogic is the new name of the entity formerly known as First American. CoreLogic continues to own First American Information Services, and thus remains the ultimate parent of EA.

37. First American, First American Information Services, and First American Solutions effectively controlled and directed EA's wrongful acts and omissions. Many of EA's business practices and its relationships with the EA related entities establish that all of the Defendants were in fact operating as a single business entity. For example, the original proposal to provide appraisal services to WaMu was actually made by First

American, and only later was EA put into place as the actual service provider. In addition, EA is a wholly owned subsidiary, whose ultimate parent during the relevant time period was First American. First American, in turn, had complete ownership interest in the intermediate entities.

38. There was such a unity of interest and ownership among these entities that the separateness of the entities ceased to exist with regard to the appraisal services provided by EA to WaMu. Treating the grossly negligent appraisal services provided by EA to WaMu as the acts of EA alone would cause an inequitable result. The direction and control asserted by CoreLogic, First American Information Services, and First American Solutions over the actions of EA with regard to the appraisal services provided by EA to WaMu constitutes a joint undertaking to accomplish a common commercial purpose, with each of the participants having a right of control and agreeing to share in profits.

39. The EA Agreement itself designates senior officers of First American to oversee and manage the appraisal services to be provided by EA to WaMu. The president of EA, Anthony Merlo, has testified in an administrative deposition, under oath, that he had to obtain authorization from senior management at First American in order to take any substantive action with respect to the appraisal services provided by EA to WaMu. Mr. Merlo also characterized the senior management of First American as his "boss," specifically indicating that Barry Sando, the current President of Information and Outsourcing Solutions Segment for CoreLogic, was his "boss." Mr. Merlo also noted that Mr. Sando, as Merlo's "boss," would see EA's profit and loss statements.

40. As a result of this conduct, the FDIC asserts claims against First American, First American Information Services, and First American Solutions under theories of alter ego, single business enterprise, joint venture, and direct liability. First American Financial's liability is based on the fact that it is a successor in interest to First American, and the fact that it contractually assumed liability in the Separation and Distribution Agreement executed by First American and First American Financial on June 1, 2010.

V. CLAIMS FOR RELIEF

COUNT 1
Gross Negligence
(Against All Defendants)

41. The FDIC re-alleges and incorporates by reference the allegations contained in paragraphs 1–40 above as if fully set out in this Count.

42. Defendants owed duties to WaMu to use such skill, prudence, and diligence as other appraisers commonly possess and exercise. These duties included the duty to ensure that each appraisal service provided by EA for WaMu was compliant with USPAP and all applicable state and federal statutes and regulations, as well as all other applicable industry standards.

43. Defendants breached their duties and were grossly negligent by, among other things, (a) failing to provide WaMu with appraisals that were prepared with such skill, prudence, and diligence as other appraisers commonly possess and exercise; (b) failing to provide WaMu with appraisals that complied with USPAP and other applicable state and federal statutes and regulations; and (c) failing to provide WaMu with appraisals that complied with standards applicable to the appraisal industry. More specifically, but without limitation, Defendants violated the applicable standard of care with respect to the 194 grossly negligent appraisals in the following respects:

- the use of improper comparables,
- the failure to include adequate comparables,
- the failure to accurately disclose prior sales history,
- the failure to perform site visits,
- the use of appraisers unlikely to be familiar with the area,
- the failure to identify information obtained from interested parties,
- the use of improper factors that impact value,
- the failure to consider factors that impact value,
- the failure to address long unsold listing periods, and

- inadequate or improper licensing of appraisers.

44. Defendants' conduct amounted to the want of even scant care or, alternatively, an extreme departure from the ordinary standard of care.

45. As a direct and proximate result of Defendants' gross negligence, WaMu suffered damages in the amount of at least $129,102,303.77.

COUNT 2
Breach of Contract
(Against EA)

46. The FDIC re-alleges and incorporates by reference the allegations contained in paragraphs 1–45 above as if fully set out in this Count.

47. WaMu and EA entered into the EA Agreement on November 1, 2006. Pursuant to the EA Agreement, EA agreed to provide WaMu with Appraisal Services, and other ancillary services, all of a certain type and quality in exchange for an agreed upon fee.

48. WaMu fully performed its obligations pursuant to the terms of the EA Agreement, but EA has materially failed to comply with its own obligations and is liable to WaMu for the provision of non-compliant Services under the EA Agreement. Specifically, and as set forth above, EA failed to comply with sections 2.1(a)-(d), 4.3, 4.4, 7.1(j), 15.2(a) & (l), Exhibit A, and Exhibit A-1 (2).

49. EA breached the EA Agreement with respect to the 168 loans that are the subject of this Complaint with regard to the appraisal services that were provided by EA and relied upon by WaMu after the EA Agreement was entered into on November 1, 2006, by, among other things, (a) failing to provide WaMu with Appraisals that were prepared by appropriately licensed or certificated appraisers; (b) failing to provide WaMu with Appraisals that were prepared by appraisers with the experience and competence necessary to complete the assignment; (c) failing to provide WaMu with Appraisals and Appraisal Services that complied with USPAP and other applicable state and federal statutes and regulations; (d) failing to provide WaMu with Appraisals and Appraisal Services that complied with standards applicable to the appraisal industry; (e) failing to

take responsibility and assume liability for the Appraisals and Appraisal Services provided to WaMu; and (f) failing to indemnify WaMu for losses incurred by WaMu relating to the inadequacy of EA's Services.

50. As a direct and proximate result of EA's breaches of the EA Agreement, WaMu suffered damages in the amount of at least $113,140,271.76.

COUNT 3
Breach of Contract
(Against First American Solutions)

51. The FDIC re-alleges and incorporates by reference the allegations contained in paragraphs 1–50 above as if fully set out in this Count.

52. As additional consideration for entering into the EA Agreement, WaMu and First American Solutions entered into the Performance Guaranty Agreement on November 14, 2006. Pursuant to the Performance Guaranty Agreement, First American Solutions agreed unconditionally and irrevocably to guarantee "all obligations" undertaken by EA under the EA Agreement.

53. WaMu fully performed its obligations pursuant to the terms of the Performance Guaranty Agreement.

54. First American Solutions breached the Performance Guaranty Agreement by failing to compensate WaMu or the FDIC for the damages cause by EA's breach of the EA Agreement as set forth above.

55. As a direct and proximate result of First American Solutions' breach of the Performance Guaranty Agreement, WaMu suffered damages in the amount of at least $113,140,271.76.

COUNT 4
Alter Ego, Single Business Enterprise, Joint Venture
(Against CoreLogic, First American Information Services, and First American Solutions)

56. The FDIC re-alleges and incorporates by reference the allegations contained in paragraphs 1–55 above as if fully set out in this Count.

57. As set forth above, CoreLogic, First American Information Services, and First American Solutions directed and controlled the actions of EA with regard to the appraisal services provided by EA to WaMu. There was such a unity of interest and ownership among these entities that the separateness of the entities ceased to exist with regard to the appraisal services provided by EA to WaMu. Treating the grossly negligent appraisals provided by EA to WaMu as the acts of EA alone would cause an inequitable result.

58. Accordingly, CoreLogic, First American Information Services, and First American Solutions should alternatively be held jointly and severally liable for the wrongful acts of EA under both the Alter Ego Doctrine and the Single Enterprise Doctrine.

59. The direction and control asserted by CoreLogic, First American Information Services, and First American Solutions over the actions of EA with regard to the appraisal services provided by EA to WaMu constitutes a joint undertaking to accomplish a common commercial purpose, with each of the participants having a right of control and agreeing to share in profits.

60. Accordingly, CoreLogic, First American Information Services, and First American Solutions should alternatively be held jointly and severally liable for the wrongful acts of EA under the Joint Venture Doctrine.

VI. ATTORNEYS' FEES

61. Pursuant to section 1717(a) of the California Civil Code, the FDIC is entitled to recover its reasonable attorneys' fees against EA incurred in this case, because this is a suit on a contract and the contract specifically provides for attorneys' fees and costs.

* * *

PRAYER

WHEREFORE, PREMISES CONSIDERED, the FDIC prays that Defendants be cited to appear and answer, and that upon final hearing, the FDIC have and recover judgment against Defendants for the damages described above and for such other relief, general or special, to which the FDIC may show itself justly entitled at law or in equity, together with attorneys' fees and all costs of court.

Dated: May 9, 2011

BIENERT, MILLER & KATZMAN, PLC

By: _____

Steven Jay Katzman
Attorneys for Plaintiff
FEDERAL DEPOSIT INSURANCE CORPORATION, as Receiver of Washington Mutual Bank

MULLIN HOARD & BROWN, L.L.P
Steven L. Hoard
John Mozola
Greg Dimmick
Sarah D. Pelley
Attorneys for Plaintiff
FEDERAL DEPOSIT INSURANCE CORPORATION, as Receiver of Washington Mutual Bank

Leonard J. DePasquale
Counsel, Legal Division - FDIC
Attorney for Plaintiff
FEDERAL DEPOSIT INSURANCE CORPORATION, as Receiver of Washington Mutual Bank

DEMAND FOR JURY TRIAL

Pursuant to Rule 38 of the Federal Rules of Civil Procedure and Local Rule 38-1, the Plaintiff in this action, by and through its counsel of record, hereby demands trial of this cause by jury.

Dated: May 9, 2011

BIENERT, MILLER & KATZMAN, PLC

By: _____

Steven Jay Katzman
Attorneys for Plaintiff
FEDERAL DEPOSIT INSURANCE CORPORATION, as Receiver of Washington Mutual Bank

MULLIN HOARD & BROWN, L.L.P
Steven L. Hoard
John Mozola
Greg Dimmick
Sarah D. Pelley
Attorneys for Plaintiff
FEDERAL DEPOSIT INSURANCE CORPORATION, as Receiver of Washington Mutual Bank

Leonard J. DePasquale
Counsel, Legal Division - FDIC
Attorney for Plaintiff
FEDERAL DEPOSIT INSURANCE CORPORATION, as Receiver of Washington Mutual Bank

EXHIBIT

"A"

EXHIBIT A

Execution Copy

APPRAISAL OUTSOURCING SERVICES AGREEMENT

This **Appraisal Outsourcing Services Agreement** (this "Agreement"), is made and entered into as of the 1st day of November, 2006, (the "Effective Date") by and between **eAppraiseIT, LLC**, a Delaware limited liability company ("Supplier"), with its principal office located at 12395 First American, Way, Poway, CA 92064, and **Washington Mutual Bank**, a Federal savings association ("WM"), with its principal office located at 2273 North Green Valley Parkway, Suite 14, Henderson, NV 89014 (both Supplier and WM sometimes hereinafter referred to singularly as, a "Party" and, collectively as, the "Parties").

WITNESSETH:

WHEREAS, Supplier manages a network of residential real estate appraisers acting as both staff and independent contractors in all fifty (50) states of the United States and the District of Columbia;

WHEREAS, WM is in the business of making loans secured by a security interest in residential real estate and requires that certain appraisal services be performed in connection with said loans; and

WHEREAS, the Parties desire to enter into a business relationship pursuant to which Supplier will perform certain services, as more particularly specified herein, for and on behalf of WM in connection with residential mortgage loans made by WM.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants contained herein, and other good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

TERMS

1. Definitions and General Interpretive Rules.

(a) **Definitions.** All words or phases defined in this Section 1 (except as herein otherwise expressly provided or unless the context otherwise requires) shall, for the purposes of this Agreement, have the respective meanings specified in this Section 1:

(1) **Appraisal Warranty.** Supplier's Appraisal Warranty as set forth in Exhibit B (Appraisal Warranty).

(2) **Deliverables.** All data, materials, Work Product and deliverables to be developed or delivered by Supplier in connection with the Services with respect to a Project (as defined in Section 2.3) hereunder as set forth in an applicable SOW.

(3) **Fee Schedule.** The schedule of fees specifically described in Exhibit C (Fee Schedule), or any amendments thereto, which specifies the fees which WM will pay to Supplier for Services provided by Supplier under this Agreement

(4) **FHLMC.** The Federal Home Loan Mortgage Corporation, also known as FreddieMac.

(5) **FNMA.** The Federal National Mortgage Association, also known as FannieMae.

(6) **FIRREA.** The Financial Institution Reform, Recovery and Enforcement Act of 1989, Title X, as amended from time to time

(7) **Governmental Authority.** Any federal, state, municipal, local, territorial, or other governmental department, regulatory authority, judicial or administrative body in any jurisdiction in which the Services are, or may be, performed or received.

(8) **Supplier Consents.** All licenses, consents, permits, approvals and authorizations that are necessary to allow (A) Supplier and Supplier agents to use (1) the Supplier Software and (2) any assets owned or leased by Supplier, (B) Supplier and Supplier agents to (1) use any third party services retained by Supplier to provide the Services, (2) grant any license contemplated by this Agreement, and (3) assign to WM the Work Product and (C) WM and WM agents to use the Supplier Third Party Software.

(9) **Supplier Governmental Approvals.** All licenses, consents, permits, approvals and authorizations of any Governmental Authority, or any notice to any Governmental Authority, the granting of which is required by law or regulatory requirements, for Supplier to perform the Services or fulfill any other obligation contemplated by this Agreement.

(10) **Order.** The request from WM to Supplier for Supplier to provide certain Services specified in the Order (as such Services are further defined by this Agreement).

(11) **Pre-Existing Materials.** Any Software or Work Product owned or licensed by Supplier before the Effective Date, or developed by Supplier or Supplier agents independently of the Services during the Term of the Agreement.

(12) **Project Staff.** The personnel of Supplier or Supplier's agents or subcontractors, including without limitation appraisers, who provide any of the Services.

(13) **Services.** The products and/or services listed in Exhibit A (Services), or any amendment thereto, which are available to WM through Supplier under the terms of this Agreement.

(14) **Software.** Unless the source code version is specifically identified in a particular case, the object code versions of any applications programs, operating system software, computer software languages, utilities, other computer programs and related documentation, together with all corrections, modifications, enhancements, improvements, updates and

releases thereof. For avoidance of ambiguity, Software will include the tangible media on which the Software is contained

(15) **USPAP.** Uniform Standards of Professional Appraisal Practice.

(16) **WM Consents.** All licenses, consents, permits, approvals and authorizations that are necessary to allow Supplier or Supplier agents to access and (A) use WM's owned and leased assets, (B) use the services provided for the benefit of WM under WM's third party services contracts or (C) Use the WM Proprietary Software or WM Third Party Software.

(17) **WM Governmental Approvals.** All licenses, consents, permits, approvals and authorizations of any Governmental Authority, or any notice to any Governmental Authority, the granting of which is required by law or regulatory requirements, for WM to consummate the transactions contemplated by this Agreement.

(18) **WM Proprietary Software.** The Software, including the Software set forth in this Agreement, owned, acquired or developed by WM and used by Supplier in connection with the provision of the Services.

(19) **WM Third Party Software.** The Software that is licensed or leased by WM from a third party and used by Supplier in connection with the provision of the Services.

(20) **Work Product.** Literary works or other works of authorship created under this Agreement, including reports with respect to the Services, training materials and documentation, but excluding Software and Pre-Existing Materials.

(b) **General Interpretive Rules.** For purposes of this Agreement, except as otherwise expressly provided, (1) the terms defined in this Agreement have the meanings assigned to them in this Agreement and include the plural as well as the singular and the use of any gender herein shall be deemed to include the other gender; (2) reference herein to "Paragraphs," "Sections," and to "Exhibits" without reference to a document, are to designated Paragraphs, Sections, and Exhibits to this Agreement; and (3) the words "herein," "hereunder," "hereto," or words of similar import refer to this Agreement as a whole and not to particular provisions.

2. **Services.**

2.1 **Scope of Services.** Supplier will provide the following services to WM:

(a) Services set forth in Exhibit A (Services);

(b) Services set forth in one or more New Services Schedules (as defined in Section 2.4), if applicable;

(c) Project services; and

(d) all ancillary services, functions or responsibilities related to the services referred to in subsection (a) through subsection (b) of this Section which are normal, customary and incidental to the provision of the Services or which are subtasks of the services, functions and responsibilities set forth herein, and are reasonably required for the proper performance and provision of such services, functions and responsibilities, whether they are documented or not, including measurement and reporting of Service Levels (as defined in Exhibit A-1) and relationship and contract management; (collectively, the "Services").

2.2 **Provision of Services.** Upon receipt by Supplier of an Order from WM, Supplier shall provide WM with those Services specified in the Order All Orders shall be transmitted by WM to Supplier by facsimile or by such other electronic means as agreed to by the Parties.

2.3 **Projects.** From time to time during the Term, WM may engage Supplier to perform non-recurring discrete services other than the Services (a "Project") in accordance with the project engagement procedure set forth in Exhibit G (Governance). Each Project will be documented via a Statement of Work (an "SOW") setting forth the specific services and fees, if any, associated with and encompassed in the Project, and such SOW will be made an attachment to this Agreement. Supplier will comply with Exhibit G and perform each Project, complete all Project milestones, and provide all Deliverables in accordance with the applicable SOW.

2.4 **New Services.** From time to time during the Term, WM may wish to add one or more new services to the scope of the Services (the "New Services"). WM will provide Supplier with a description of such new services setting out the services, functions and responsibilities within the New Services (a "New Services Request"). In response to a New Services Request, Supplier will prepare a proposal to WM setting forth:

(a) how it would perform the New Services;

(b) the proposed fees for the New Services;

(c) when appropriate, a transition plan, including a timetable for commencing the New Services;

(d) Service Levels to be applied to the New Services;

(e) when appropriate, a description of any new or existing Software to be provided by Supplier in connection with such New Service; and

(f) any other information related to the New Services requested by WM.

Pricing of New Services will be agreed upon by the Parties and will be consistent with the then current mechanisms in this Agreement. New Services shall be documented by one or more New Services Schedules attached hereto as an Amendment.

2.5 **Governmental Approvals and Consents.** Supplier will, at its own expense, obtain and maintain all licenses, consents, permits, approvals and authorizations of or from any Governmental Authority, or any notice to any Governmental Authority, the granting of which is required by law or regulation, for Supplier to provide the Services contemplated by this Agreement.

3. **Service Levels.**

3.1 **Service Levels.** Supplier will perform the Services in accordance with the Service Levels set forth in Exhibit A-1 (Service Level Agreement).

3.2 **New Service Levels.** Supplier will perform any New Services in accordance with the New Service Levels applicable to such New Services

3.3 **Adjustment of Service Levels.** The Executive Review Team (as defined in Exhibit G (Governance)) (1) will review the Service Levels for the preceding 12 months on or before the anniversary of the Effective Date each year during the Term of the Agreement, (2) with respect to those Service Levels that are no longer appropriate because of an increase, decrease or change to the Services, will adjust the Service Levels for the subsequent contract year, and (3) with respect to all other Service Levels, may adjust the Service Levels for the subsequent contract year. In addition, either Party may, at any time upon notice to the other Party, initiate negotiations to review and, upon agreement by the Executive Review Team, adjust any Service Level which such Party in good faith believes is inappropriate at the time.

In addition, WM may, from time to time, change the Service Levels to reflect its changing business needs, including adding or removing a Service Level. A new Service Level for which there is historical data will take effect sixty (60) days after WM gives Supplier a notice specifying the new Service Level. A new Service Level for which there is no historical data will take effect ninety (90) days after WM gives Supplier a notice specifying the new Service Level, during which time the parties will measure the new Service Level. If Supplier can demonstrate to WM's reasonable satisfaction that such new Service Level will materially increase Supplier's cost of performing the Services, WM may only add that new Service Level if:

(a) Supplier agrees; or

(b) Supplier does not agree, but:
(i) WM removes an existing Service Level at the same time as introducing the new Service Level and the cost of providing the Services in accordance with the new Service Level and the cost of measuring and reporting on such new Service Level is not materially higher than the cost of providing the Services under the existing Service Level and the cost of measuring and reporting on the existing Service Level; or

(ii) WM agrees to pay Supplier for its incremental cost of providing the Services under the new Service Level and the cost of measuring and reporting on the new Service Level.

3.4 **Measurement and Monitoring Tools.** As of the Effective Date (or other date specified in Exhibit A-1 (Service Level Agreement), Supplier will implement the measurement and monitoring tools and procedures required to measure and report Supplier's performance of the Services against the applicable Service Levels. Such measurement and monitoring and procedures will (1) permit reporting at a level of detail specified by WM that is sufficient to verify compliance with the Service Levels and (2) be subject to audit by WM or its designee.

(a) Supplier will provide WM with on-line access to Service Level measurement and monitoring tools and information, so that WM is able to access the same information as soon as it is available on-line to Supplier.

(b) Supplier will provide WM with periodic reports on Supplier's compliance with the Service Levels as set forth in Exhibit A-1, or Exhibit A-2 (Reporting).

(c) Supplier will provide WM and its designees access to and information concerning such measurement and monitoring tools and procedures upon request, for inspection and verification purposes.

3.5 **Root-Cause Analysis.** If Supplier fails to provide the Services in accordance with the Service Levels, Supplier will (1) promptly investigate, perform a root cause analysis on the failure in accordance with Exhibit G (Governance), identify the problem causing the failure and report to WM, (2) correct the problem as soon as practicable and resume meeting the Service Levels, (3) advise WM of the status of the problem at stages determined by WM and (4) demonstrate to WM that all reasonable action has been taken to prevent any recurrence of such default or failure. Supplier will, at any time at which Supplier anticipates that it will fail to meet a Service Level, advise WM of the status of the problem at time intervals determined by WM.

3.6 **Service Level Termination Threshold.** In the event of a failure to provide the Services set forth in this Agreement in accordance with the applicable Service Levels, WM may upon notice to Supplier, terminate this Agreement, in whole or in party, in which case Section 9.3 (Termination for Breach) (including the Default Cure Period) will not apply, if:

(a) Supplier fails to meet the same Service Level four (4) consecutive months;

(b) Supplier fails to meet the same Service Level six (6) months within a rolling twelve (12) month period; or

(c) Supplier fails to meet the Quality Service Level for acceptable appraisals two (2) consecutive months; or

(d) Supplier fails to meet the Quality Service Level for acceptable appraisals three (3) months within a rolling twelve (12) month period

4. Staffing Requirements.

4.1 **Key Personnel**. With respect to the Key Personnel set forth in Exhibit E (Key Personnel), the Parties agree as follows:

(a) All Key Personnel will be dedicated to the WM account as a primary focus of their daily operational duties.

(b) Before assigning an individual to a Key Personnel position, whether as an initial assignment or as a replacement, Supplier will (1) notify WM of the proposed assignment at least ten (10) business days prior to such assignment, (2) unless otherwise agreed by WM, introduce the individual to appropriate representatives of WM, (3) provide WM with any information regarding the individual that may be requested by WM.

(c) Supplier will not replace or reassign (1) the Supplier Relationship Manager for six (6) months from the Effective Date or (2) the other Key Personnel for six (6) months from the Effective Date, unless WM is properly notified of such reassignment based on criteria in section 4.1(b) and WM consents to such replacement or such Key Personnel (a) voluntarily resigns from Supplier, (b) is dismissed by Supplier for misconduct (e.g., fraud, drug abuse, theft), (c) fails to perform his or her duties and responsibilities pursuant to this Agreement or (d) dies or is unable to work due to his or her disability.

(d) If WM decides that any Key Personnel should not continue in that position, then WM, in its sole discretion and upon notice to Supplier, may require removal of such Key Personnel from the Project Staff. Supplier will, as soon as reasonably practicable, replace such Key Personnel.

(e) Supplier will maintain backup procedures and conduct the replacement procedures for the Key Personnel in such a manner so as to assure an orderly succession for Key Personnel who are replaced.

4.2 **Project Staff.** Supplier will appoint individuals to the Project Staff with suitable training and skills to perform the Services. Prior to assignment to the Project Staff: Supplier will:

(a) subject each member of the Project Staff to such background checks as WM may require from time to time. Supplier will not assign any person to the Project Staff who has been convicted of either (i) any felony or (ii) any misdemeanor involving a crime of moral turpitude (or the local equivalent of similarly serious crimes); and

(b) cause each member of the Project Staff to sign a written agreement, in a form reasonably satisfactory to WM and Supplier, in which such person agrees to (i) comply with (x) the safety and security procedures that are applicable to WM premises when at the WM premises, including those set forth in "Working with WaMu" included in Exhibit H (WM Policies and Procedures), (y) WM information security policies, and (z) the confidentiality provisions of this Agreement, and (ii) assign intellectual property rights that Supplier is required to assign to WM under this Agreement.

4.3 **Appraiser Requirements.** Prior to retaining any appraiser to perform services contemplated in Exhibit A (Services), Supplier shall ensure with respect to each such appraiser that he/she (i) holds a current appraisal license/certificate from the state in which the property resides, and (ii) has the experience and competence necessary to complete the assignment. The appraiser may not be on the FHLMC exclusionary list, nor may he/she have had his/her certificate or license revoked or suspended by any state prior to or as of the date of the appraisal. In addition, Supplier shall not utilize any appraiser on WM's "Ineligible Appraiser" list to provide the Services, as such list may be provided to Supplier's Key Personnel or their designees and updated by WM from time to time.

(a) When an appraiser is added to the WM Ineligible Appraiser list, or the FHLMC exclusionary list, or is published as having a state revocation or suspension against him/her, Supplier shall provide WM with a report of all Services such appraiser has performed for WM, denoting Supplier & WM reference numbers, valuation, date of valuation, and full address of the subject property. This report is to be delivered monthly and consolidate all such data for the immediately preceding month.

(b) WM issues compliance notifications to appraisers who are identified during WM quality assurance reviews as not complying with USPAP, FNMA or FHLMC, or investor guidelines. Copies of these notifications will be provided to Supplier where Supplier has engaged the appraiser in question. Supplier is not prohibited from assigning work to an appraiser who has received a compliance notification, nor is it required to block broker-provided appraisals performed by appraisers who have received a compliance notification. However, Supplier shall provide a monthly report of services completed by appraisers who have received compliance notifications containing the same information as required with respect to ineligible appraisers in subsection 4.3(a).

(c) The WM Ineligible Appraiser list shall be treated as Confidential Information of WM and may not be redistributed by Supplier except to those employees of Supplier who have a need to know for purposes of compliance with this Agreement and are under written obligation to comply with the Confidentiality obligations of this Agreement.

4.4 **Subcontracting.** Except for retaining appraisers as independent contractors to provide the appraisal services contemplated in Exhibit A (Services), Supplier may not subcontract any other Services, or any subpart thereof, without the prior written consent of WM. As with appraisers retained by Supplier to provide the Services, if WM authorizes Supplier to subcontract Services, Supplier shall remain responsible and liable for a subcontractor's compliance with this Agreement and performance hereunder. WM may require Supplier to remove or replace any subcontractors whose performance is deemed unacceptable to WM.

4.5 **Compliance with WM Policies.** Supplier will comply with the physical safety and security policies that are applicable to the WM locations, including those set forth in Exhibit H (WM Policies and Procedures), when at the WM locations.

4.6 **Offshore Activities.** Except as set forth in Exhibit I (Offshore Services), Supplier may not perform, or permit or cause to be performed, any of the Services, or any subpart thereof, outside the geographic boundaries of the United States absent WM's advance

written approval. Supplier agrees to cooperate fully with WM to comply with its regulatory obligations regarding such activities.

5. Relationship Management.

5.1 Governance Guidelines and Principles. Governance of the Parties' relationship pursuant to this Agreement will follow the guidelines and principles set out in Exhibit G (Governance), as such guidelines and principles are amended or supplemented by the Parties from time to time during the Term.

5.2 Responsibilities. Each of WM and Supplier will make management decisions in a timely manner and perform its responsibilities set forth in this Agreement

5.3 WM Appointments. WM will appoint a WM Relationship Manager to manage the operation of this Agreement, in accordance with its terms, for WM. Wherever WM's approval is required under this Agreement, WM will only give that approval through the WM Relationship Manager or a duly authorized delegate of the WM Relationship Manager, except as contemplated by this Section or Exhibit G (Governance). Supplier agrees that it will not rely on the apparent or ostensible authority of any other WM personnel in relation to this Agreement, except as contemplated by this Section or Exhibit G.

5.4 Supplier Appointments. Supplier will appoint

(a) a Supplier Relationship Manager to manage the operation of this Agreement, in accordance with its terms, for Supplier. Wherever Supplier's approval is required under this Agreement, Supplier will only give that approval through the Supplier Relationship Manager or a duly authorized delegate of Supplier Relationship Manager, except as contemplated by this Section or Exhibit G (Governance). WM agrees that it will not rely on the apparent or ostensible authority of any other Personnel of Supplier in relation to this Agreement, except as contemplated by this Section or Exhibit G. Supplier will ensure that Supplier Relationship Manager is the single point of contact for WM for the purposes of this Agreement, has the authority and will be given the responsibility to perform for Supplier each of the tasks referred to in Section 5.5 (Role of Relationship Managers) and is a full-time employee of Supplier; and

(b) an Operational Executive (as defined in Exhibit G (Governance)) to manage day-to-day operations with respect to the Services

5.5 Role of Relationship Managers. The Relationship Managers (A) will meet at times as set forth in Exhibit G (Governance) or as otherwise agreed by the Parties, (B) will review and discuss reports submitted by Supplier, proposed changes to the Services or any part of this Agreement, any audits, the status of individual existing or planned Projects and financial performance; (C) as contemplated by Exhibit G, will prepare a monthly executive summary report for WM and Supplier reviewing Supplier's performance of the Services, (D) may raise any issues of concern or interest relating to this Agreement, and (E) will work in good faith to resolve any issues of concern in accordance with the procedures as set forth in Exhibit G.

5.6 Escalation Procedure for Relationship Issues. The Parties will follow the escalation procedure set out in Exhibit G (Governance) to resolve any issues concerning this Agreement.

6. Compensation.

6.1 **Fees.** WM shall pay Supplier on each transaction for which Supplier performs Services hereunder in accordance with the Fee Schedule as set forth in Exhibit C (Fee Schedule) and/or, with respect to a Project, only, on the basis set forth in the applicable SOW. Supplier shall not proceed with or be reimbursed for any Services in respect of a Project that (i) have not been authorized in advance by a WM Representative in connection with an applicable SOW, or (ii) exceed any budget or expenditure limit set forth in an applicable SOW. There shall be no compensation due under this Agreement except as set forth in Exhibit C (Fee Schedule), as duly amended, or – in the case of a Project – an SOW.

6.2 **Adjustments to Fees.** There shall be no adjustments to fees during the Term except as set forth in the Exhibit C (Fee Schedule). The Fee Schedule may be updated by Supplier with respect to a Renewal Term, provided Supplier must provide written notice to WM at least one hundred eighty (180) calendar days prior to the end of the Term or then current Renewal Term in order for fee changes to be effective. If notice is given pursuant to this section, revised fees shall take effect on the inception date of the subsequent Renewal Term.

6.3 **Billing.** Supplier will submit to WM each month a statement showing charges due for all Services provided by Supplier to WM during the previous month (the "Monthly Statement"). Supplier shall submit invoices to the address and WM Representative set forth in this Agreement or the applicable SOW and all Monthly Statements must include a detailed statement of the Services covered by such Monthly Statement. WM agrees to remit to Supplier all undisputed portions of the balance due shown on correct and complete Monthly Statements within thirty (30) calendar days following WM's receipt of the Monthly Statement. Supplier shall waive all charges, fees and approved expenses that are not invoiced within ninety (90) days after the end of the calendar year in which the charges were incurred.

6.4 **Expenses.** Out of town travel expenses that are pre-approved in writing and are reasonable and necessary shall be reimbursed at actual cost without markup. In no event will WM pay for travel time. Airfares must be at coach rates, although Supplier may choose to upgrade at its own expense. Where practical, airfares shall be booked at least seven (7) days in advance. Daily meal allowance is $35 per day ($50 per day in NY and IL) per Supplier personnel providing Services hereunder. Ground transportation will be reimbursed at actual cost, not to exceed $40 per Supplier personnel per day. Unless otherwise agreed in writing, hotels shall be reserved using WM's designated hotels where discounts have been negotiated.

6.5 **Taxes.** WM is responsible for all applicable taxes, duties or other charges, including sales or use taxes, imposed by any federal, state, or local Governmental Authority on Services furnished by Supplier under this Agreement, except for taxes based on Supplier's net income, gross revenue or employment obligations. If Supplier is obligated by applicable law or regulation to collect and remit any taxes relating to the Services, then Supplier will add the appropriate amount to WM's invoices as a separate line item. Supplier will indemnify, defend and hold harmless WM from and against any interest, penalties or other charges resulting from the non-payment or late payment of taxes or other charges for which Supplier failed to invoice WM or which Supplier otherwise failed to pay in a timely manner.

7. Indemnity.

7.1 **Indemnities by Supplier.** Supplier will indemnify and hold harmless WM and its affiliates, directors, officers, and employees, for loss, damage, claim, or expense arising out of or relating to any claim:

(a) that the Services, the Supplier Software, the Work Product, or any other resources or items provided to WM by Supplier infringe upon or misappropriates the proprietary or other rights of any third party;

(b) relating to duties or obligations of Supplier in respect of a third party;

(c) relating to the inaccuracy, untruthfulness or breach of any representation or warranty made by Supplier under this Agreement;

(d) relating to death, bodily injury, or damage to tangible property resulting from Supplier's acts or omissions;

(e) relating to Supplier's breach of Section 13.1 (Information Security);

(f) relating to breach by Supplier of Section 11 (Confidentiality);

(g) relating to breach of any of the covenants in Section 15.2 (Warranties and Additional Covenants by Supplier);

(h) by an employee of Supplier or Supplier agents arising under applicable employment-related laws;

(i) relating to gross negligence, fraud, or willful misconduct by Supplier; or

(j) by WM relating to the inadequacy of Services, including without limitation appraisals, provided by Supplier pursuant to this Agreement.

7.2 **Indemnities by WM.** WM will indemnify and hold harmless Supplier and its directors, officers, and employees for loss, damage, liability, claim or expense arising out of or relating to any claim:

(a) relating to bodily injury, death, or damage to tangible property resulting from WM's acts or omissions;

(b) by a third party arising from WM's modification of any appraisal report;

(c) relating to WM's failure to timely deliver any appraisal report, provided such failure is not caused by any non-performance of Supplier; or

(d) relating to gross negligence, fraud, or willful misconduct by WM.

7.3 **Indemnification Procedures.** A Party seeking indemnification under this section agrees to notify in writing the other Party from whom indemnification is sought of such action, claim, or proceeding and provide the Party from whom indemnification is sought with all information reasonably accessible to it for such Party to defend the action, claim or proceeding as promptly as is practicable. The indemnified Party will cooperate, at the cost of the indemnifying Party, in all reasonable respects with the indemnifying Party and its attorneys in the investigation, trial and defense of such claim and any appeal arising therefrom; provided, however, that the indemnified Party may, at its own cost and expense, participate, through its attorneys or otherwise, in such investigation, trial and defense of such claim and any appeal

arising therefrom. No settlement of a claim that involves a remedy other than the payment of money by the indemnifying Party will be entered into without the consent of the indemnified Party. After notice by the indemnifying Party to the indemnified Party of its election to assume full control of the defense of any such claim, the indemnifying Party will not be liable to the indemnified Party for any legal expenses incurred thereafter by such indemnified Party in connection with the defense of that claim.

8. Disclaimer and Liability Limitation.

8.1 WARRANTY DISCLAIMER. BOTH PARTIES DISCLAIM ANY AND ALL WARRANTIES, EXCEPT AS EXPRESSLY SET FORTH IN SECTION 15 WITH RESPECT TO ANY SERVICES PROVIDED HEREUNDER OR ANY COMPONENT THEREOF, INCLUDING THE CONFORMITY TO ANY REPRESENTATION OR DESCRIPTION OF SERVICES OTHER THAN THOSE REPRESENTATIONS AND DESCRIPTIONS SET FORTH IN THIS AGREEMENT. BOTH PARTIES EXPRESSLY DISCLAIM ANY IMPLIED WARRANTIES, INCLUDING THE WARRANTIES OF MERCHANTIBILITY OR FITNESS FOR A PARTICULAR PURPOSE.

8.2 DAMAGE CAP. EXCEPT FOR INDEMNIFICATION OBLIGATIONS ARISING UNDER SECTION 7 AND DAMAGES ARISING FROM A BREACH OF CONFIDENTIALITY OBLIGATIONS UNDER SECTION 11 NEITHER PARTY'S TOTAL LIABILITY FOR ANY CLAIM OR CAUSE OF ACTION WHETHER BASED IN CONTRACT, TORT OR OTHERWISE WHICH ARISES UNDER OR IS RELATED TO THIS AGREEMENT SHALL EXCEED IN THE AGGREGATE, THE AMOUNT OF FEES PAID BY WM TO SUPPLIER UNDER THIS AGREEMENT.

8.3 LIMITATION OF LIABILITY. EXCEPT FOR INDEMNIFICATION OBLIGATIONS ARISING UNDER SECTION 7 AND DAMAGES ARISING FROM A BREACH OF CONFIDENTIALITY OBLIGATIONS UNDER SECTION 11, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR INDIRECT, SPECIAL CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGES OF THE OTHER PARTY FOR ANY CLAIM ARISING UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO LOST PROFITS, LOSS OF DATA, LACK OR LOSS OF PRODUCTIVITY, COST OF SUBSTITUTE EQUIPMENT, SERVICES, OR DOWNTIME COSTS, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES IN ADVANCE.

9. Term and Termination of Agreement.

9.1 Term. The initial term ("Initial Term") of this Agreement shall commence on the Effective Date and shall terminate on the second anniversary of the Effective Date Thereafter, WM may choose to renew the Agreement for two (2) additional two-year terms (each, a "Renewal Term") by giving Supplier written notice at least thirty (30) days prior to the end of the Initial Term or Renewal Term.

9.2 Termination for Convenience. WM may terminate this Agreement at any time on sixty (60) days notice, provided, however, that upon such termination the rights and obligations of the Parties under this Agreement shall continue with respect to (a) Services which had been provided prior to, or (b) until the completion of any Services in progress commenced prior to the effective date of such termination.

9.3 **Termination for Breach.** Either Party may terminate this Agreement, by written notice to the other Party in the event of upon any material breach of this Agreement by the other Party if the breaching party does not cure such breach within thirty (30) days of notice of breach by the non-breaching party. Any such notice of termination for cause shall state the cause for termination. In the event that this Agreement is terminated by Supplier by reason or breach of this Agreement by WM for nonpayment or for any other material breach, Supplier may require prepayment by WM to provide Services or to complete any work in progress prior to the effective date of such termination for cause. Any notice of termination shall be in writing and shall be delivered in accordance with Section 10 (Notices) below.

9.4 **Termination for Adverse Financial Condition.** WM or the Office of Thrift Supervision (the "OTS") may immediately terminate this Agreement by giving notice to Supplier if WM is determined by a Governmental Authority to be troubled pursuant to the Code of Federal Regulations at 12 C.F.R. Part 563.555

10. **Notices.**

Any notice that is to be given or served by either Party hereto upon the other Party must be in writing and shall be deemed given or served in accordance with the provisions of this Agreement when the notice is hand delivered or delivered by traceable express mail carrier or deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, and addressed to the Parties at the respective addresses set forth below, or at such other addresses as may have been theretofore specified by written notice delivered in accordance herewith:

(a) **If to Supplier:**

eAppraiseIT, LLC
12395 First American Way
Poway, CA. 92064
Attn: Donald Dobson

(b) **If to WM:**

Washington Mutual Bank
1301 Second Avenue, WMC1101
Seattle, WA 98101
Attn: Sushuma Bull

With a copy for notices of breach, termination, and all notices pursuant to Section 11.5 or Section 15.2(m), only, to:

Washington Mutual Bank
Attn: General Counsel
1301 Second Avenue, WMC 3501
Seattle, WA 98101
Fax: 206-377-2877

11. Confidentiality and Use of Data.

11.1 Definition. "Confidential Information" of a Party means all confidential or proprietary information, including without limitation, all information not generally known to the public, the terms of this Agreement and WM Data. "WM Data" shall mean all data and information that is submitted, directly or indirectly, to Supplier by WM or obtained or learned by Supplier in connection with the Services provided by Supplier under this Agreement and any SOW, including without limitation information relating to WM's customers, technology, operations, facilities, consumer markets, products, capacities, systems, procedures, security practices, research, development, business affairs, ideas, concepts, innovations, inventions, designs, business methodologies, improvements, trade secrets, copyrightable subject matter and other proprietary information. All WM Data is and shall remain the property of WM and shall be protected as described in this Section 11. Without limiting the foregoing, Confidential Information shall include all such information provided to each party by the other party both before and after the date of this Agreement.

11.2 Use and Disclosure. All Confidential Information relating to a Party shall be held in confidence by the other Party to the same extent and with at least the same degree of care as such Party protects its own confidential or proprietary information of like kind and import, but in no event using less than a reasonable degree of care. Neither Party shall disclose, duplicate, publish, release, transfer or otherwise make available Confidential Information of the other Party in any form to, or for the use or benefit of, any person or entity without the other Party's consent. Each Party shall, however, be permitted to disclose relevant aspects of the other party's Confidential Information to its officers, agents, subcontractors and employees to the extent that such disclosure is reasonably necessary for the performance of its duties and obligations under this Agreement and such disclosure is not prohibited by the Gramm-Leach-Bliley Act of 1999 (15 U.S.C. §6801 et seq.), as it may be amended from time to time (the "GLB Act"), the regulations promulgated thereunder or other applicable law. Each Party shall establish commercially reasonable controls to ensure the confidentiality of the Confidential Information and to ensure that the Confidential Information is not disclosed contrary to the provisions of this Agreement, the GLB Act or any other applicable privacy laws and regulations. Without limiting the foregoing, each Party shall implement such physical and other security measures as are necessary to (i) ensure the security and confidentiality of the Confidential Information, (ii) protect against any threats or hazards to the security and integrity of the Confidential Information, and (iii) protect against any unauthorized access to or use of the Confidential Information. The Parties shall, at a minimum establish and maintain such data security program as is necessary to meet the objectives of the Interagency Guidelines Establishing Standards for Safeguarding Customer Information as set forth in the Code of Federal Regulations at 12 C.F.R. Parts 30, 208, 211, 225, 263, 308, 364, 568 and 570. To the extent that a Party hereto delegates any duties and responsibilities under this Agreement to an agent or other subcontractor in accordance with the terms hereof, such Party ensures that such agents and subcontractor will adhere to the same requirements with which such Party is required to comply under this Agreement. Each Party shall have the right, during regular office hours, upon reasonable notice, and limited to matters relevant to such Party's obligations under this Agreement, to audit the other Party to ensure compliance with the terms of the GLB Act and other privacy laws and regulations.

11.3 Disclosure by Supplier to Ancillary Providers. If Supplier proposes to disclose WM Data to a third party, including a subcontractor, in order to perform the Services contemplated under this Agreement (an "Ancillary Provider"), Supplier will remain responsible

for any breach of these covenants by such person. Except with respect to disclosure of Appraisal Order Data by Supplier to fee appraisers retained as independent contractors to provide Services, Supplier must enter into an agreement with each Ancillary Provider under which the Ancillary Provider: (I) is restricted from disclosing, using or duplicating Customer Confidential Information except as consistent with this Section 11, and (ii) agrees to protect the security of all WM Data in its possession. For purposes of this Section 11.3, "Appraisal Order Data" means a borrower name, borrower address, borrower contact information, or an agreement for the sale of real property

11.4 **Exceptions.** The restrictions on use and disclosure set forth in this Section 11 will not restrict any disclosure by either party when, and to the extent that, the Confidential Information is required to be disclosed pursuant to applicable law or by lawful order or requirement of a court or Governmental Authority having jurisdiction over the Parties, provided that the disclosing party shall use all reasonable efforts to provide the non-disclosing Party with prior notice of such required disclosure and shall disclose only that portion of the Confidential Information that is legally required to be furnished pursuant to the opinion of legal counsel of the disclosing Party. The restrictions on use and disclosure set forth in this Section 11 shall not apply with respect to information that (i) is developed by the other Party without violating the disclosing Party's proprietary rights; (ii) is or becomes publicly known (other than through unauthorized disclosure); (iii) is disclosed to, or learned by, the recipient from a third party free of any obligation of confidentiality; (iv) is already known by such Party without an obligation of confidentiality other than pursuant to this Agreement or any confidentiality agreements entered into before the Effective Date between WM and Supplier. If the GLB Act, the regulations promulgated thereunder or other applicable law now or hereafter in effect imposes a higher standard of confidentiality to the Confidential Information, such standard shall prevail over the provisions of this Section 11.

11.5 **Disclosure of Confidential Information.** In the event of a breach of this Section 11 or other compromise of WM Confidential Information of which Supplier is or should be aware (whether or not resulting from a breach), Supplier shall promptly notify WM in a writing detailing all information known to Supplier about the compromise, the WM Confidential Information affected, and the steps taken by Supplier to prevent the recurrence of such breach and to mitigate the risk to WM. Such notice shall be sent to the address indicated in the Notice section of this Agreement, including a copy to General Counsel as identified therein. If and to the extent that any compromised WM Confidential Information includes any customer data, Supplier will also identify the customers and customer information affected. Supplier shall provide WM with access to all information related to the security breach as reasonably requested by WM.

11.6 **Return of Materials.** Upon request and upon termination of this Agreement for any reason, Supplier shall return any and all records or copies of records relating to WM or its business, including without limitation, Confidential Information, except for Confidential Information of WM that is rightfully contained in Supplier's work papers, provided Supplier maintains the confidentiality of such Confidential Information as required herein. Notwithstanding the foregoing provision, Confidential Information stored electronically in Supplier's archives may be retained in accordance with Supplier's archive policies and procedures, provided that all such Confidential Information so retained shall remain subject to the use and disclosure restrictions of this Agreement until such Confidential Information is destroyed.

11.7 **Permitted Use of Appraisal Information.** WM and Supplier agree that descriptions of the size and value of comparable and subject residences used in a specific appraisal provided to WM hereunder may be used by both Parties without restriction. No other information obtained by Supplier while providing the Services to WM may be used by Supplier for any purpose absent prior express written permission from WM.

12. Proprietary Rights.

12.1 **WM Software.** As between the Parties, WM is the exclusive owner of WM Software and Supplier will have no rights or interest in the WM Software except as set forth in this Agreement. WM hereby grants to Supplier, during the Term Period and solely to provide the Services, a non-exclusive, non-transferable, limited right to have access to and (1) Use the WM Proprietary Software, and (2) Use, to the extent permissible under the applicable third party agreements, the WM Third Party Software. Supplier may sublicense, to the extent permissible under the applicable third party agreements, to Supplier Agents the right to have access to and Use the WM Software solely to provide those Services that such Supplier Agents are responsible for providing.

12.2 **Supplier Software** As between the Parties, Supplier is the exclusive owner of the Supplier Software. WM will have no rights or interests in the Supplier Software except as set forth in this Agreement.

(a) WM will have the right to approve any Software prior to Supplier's use of such Software to provide the Services. Exhibit F (Supplier Software) sets forth any Supplier Software that Supplier will use to provide the Services as of the Agreement Date. WM may withhold its approval in respect of any Software if Supplier does not have the right to grant the rights described in subsections (b) and (c) of this Section.

(b) During the Term (including any post-termination wind down period), Supplier hereby grants to WM a non-exclusive, non-sublicenseable, non-transferable license to access and use the Supplier Software.

(c) During the Term (including any post-termination wind down period), Supplier will provide WM with access to the Supplier Software as necessary or appropriate to enable WM to perform its responsibilities in respect of the Services.

12.3 **Work Product.** Work Product will be owned by WM unless specifically stated otherwise in any SOW. WM acknowledges that Work Product does not include appraisal reports. WM will have all right, title and interest, including worldwide ownership of copyright and patent, in and to the Work Product and all copies made from them unless stated otherwise in a SOW. Supplier hereby irrevocably assigns, transfers and conveys, and will cause Supplier Agents to assign, transfer and convey, to WM without further consideration all of its and their right, title and interest in and to such Work Product, including all rights of patent, copyright, trade secret or other proprietary rights in such materials. Supplier acknowledges, and will cause Supplier Agents to acknowledge, that WM and the successors and permitted assigns of WM will have the right to obtain and hold in their own name any intellectual property rights in and to such Work Product. Supplier agrees to execute, and will cause Supplier Agents to execute, any documents or take any other actions as may reasonably be necessary, or as WM may reasonably request, to perfect WM's ownership of any such Work Product

12.4 **Pre-Existing Materials.** Supplier will not incorporate any Pre-Existing Materials in any Work Product without the prior approval of WM. Supplier hereby grants (and will ensure that Supplier agents, as applicable, grant) to WM a perpetual, royalty-free, non-exclusive, worldwide, enterprise-wide, license to use, and to grant sub-licenses for the use of any Pre-Existing Materials of Supplier (or Supplier agents, as applicable) embedded or incorporated in any or Work Product.

13. Security and Audit.

13.1 **Information Security.** Supplier acknowledges that WM has established, and during the Term may amend, minimum appropriate levels of security for information residing on WM systems or for WM Data and other Confidential Information of WM residing on the Supplier Systems. WM's information security policies as of the Agreement Date are set forth in Exhibit D (Information Security Requirements). WM will have the right to amend these security policies on thirty (30) days' notice to Supplier or such shorter notice period as required in order to comply with Law. Supplier will, and will cause each member of the Project Staff to, comply with WM's information security policies at all locations, whether WM premises or Supplier premises, to which they have access in connection with the performance of Services hereunder. In the event Supplier discovers or is notified of a breach or potential breach of security relating to WM Data, Supplier will as promptly as is commercially practicable (1) notify the WM Relationship Manager of such breach or potential breach and (2) if the applicable WM Data was in the possession of Supplier or Supplier agents at the time of such breach or potential breach, Supplier will (a) investigate and remedy the effects of the breach or potential breach and (b) provide WM with assurance satisfactory to WM that such breach or potential breach will not recur.

13.2 **Service Audits.** Upon notice from WM and mutual agreement of WM and Supplier as to the scope of any audit, Supplier will provide WM, WM Agents and any regulators of WM ("WM Auditors") with reasonable access to and assistance that they may require with respect to the Supplier Services locations and/or Supplier systems for the purpose of performing audits or inspections of the Services and the business of WM relating to the Services, including operational, security, financial and other audits. If any audit by a WM Auditor results in Supplier being notified that Supplier or Supplier Agents are not in compliance with any Law, audit requirement or other requirement set forth in this Agreement, Supplier will, and will cause Supplier Agents to, promptly take actions to comply with such Law, audit requirement or other requirement.

13.3 **Fees Audits.** Upon notice from WM, Supplier will provide WM and WM agents with access to such financial records and supporting documentation as may be requested by WM. WM and WM Agents may audit the Fees charged to WM to determine if such Fees are accurate and in accordance with this Agreement. If, as a result of such audit, WM determines that Supplier has overcharged WM, WM will notify Supplier of the amount of such overcharge and Supplier will promptly pay to WM the amount of the overcharge, plus (i) interest calculated from the date of receipt by Supplier of the overcharged amount until the date of payment to WM; and (ii) reimbursement for WM's costs to research the overcharged transaction to determine if WM's customer(s) is/are entitled to the reimbursement if the transaction was subject to the Real Estate Settlement Procedures Act ("RESPA"). In addition, in the event any such audit reveals an overcharge to WM of three percent (3%) or more of the total amount changed to WM for the Services subject to the audit, Supplier will reimburse WM for the cost of such audit.

13.4 **Office of Thrift Supervision Audit Requirements.** By entering into this Agreement, Supplier agrees that the OTS will have the authority and responsibility provided by Section 5(d)(7)(D) of the Home Owners Loan Act, as amended, 12 U.S.C. §1464(d)(7)(D), relating to services performed by the contract or otherwise. Supplier will, at no charge, provide the OTS district director any district designated by WM with one copy, and WM with two copies, of the current Service Auditor's Report (SAS 70), if and when such a review has been performed.

13.5 **Supplier Audits.** Supplier will, as soon as practicable prior to each internal Supplier audit relating to the Services, advise WM of the scope of each such audit and will consider suggestions from WM as to the scope and any other matters raised by WM relating to the proposed audit.

(a) Supplier will (1) make available to WM the a summary of any independent audit or other report of Supplier's or any Supplier Agent's operations relating to the Services (with such summary prepared by the independent auditor at Supplier's expense), except to the extent that any such report deals with Supplier's costing structures (in which event information about Supplier's cost structure will be redacted) and (2) promptly take corrective action to rectify (i) any material error identified in any such report that could reasonably be expected to have an adverse impact on the Services and (ii) any control deficiencies identified in the report.

(b) At WM's request, Supplier will, at WM's cost, instruct Supplier external auditors:
(i) to provide by December 31st of each Contract Year a report which is consistent with US GAAP and Statements of Auditing Standards on the control procedures used by Supplier in the performance of the Services, including specifically an assessment of whether (a) the control procedures were suitably designed to provide reasonable assurance that the stated internal control objectives of the system would be achieved if the procedures operated as designed and (b) the control procedures operated effectively and continuously at all times during the reporting period; and

(ii) provide a copy of the auditor's reports to WM

Without limiting Supplier's obligations under this subsection (b), if WM believes the cost of compliance is unreasonable, WM may notify Supplier and the Parties will discuss what is reasonable in the circumstances. Supplier will ensure that any audit firm engaged by Supplier is completely independent. Specifically, the auditor will not provide to Supplier or any Affiliate of Supplier any consulting services, including information technology, strategy, process improvement, tax, or human resources related consulting services.

13.6 **Record Retention.** Supplier will retain records and supporting documentation sufficient to document the Services and the Fees paid or payable by WM under this Agreement for a period of three (3) years after the termination of this Agreement, or in accordance with WM's then-current record retention procedures, as in effect from time to time and communicated to Supplier. If requested by a Governmental Authority, or by WM in compliance with a request to the WM Group from a Governmental Authority, Supplier will provide copies of any or all records related to the provision of the Services hereunder (a) to be delivered to a located as specified by the Governmental Authority or WM, as the case may be, (b) at Supplier's expenses,

and (c) within 10 business days after such request or such lesser period as may be specified in any request from such Governmental Authority Without limiting the foregoing, Supplier will retain copies of all appraisal reports prepared under this Agreement for a minimum of seven (7) years from the date such appraisal reports are prepared. During the term, Supplier will provide WM copies of appraisal reports on WM's written request without charge. Post termination of this Agreement, Supplier will provide WM copies of appraisal reports within two (2) business days of receipt of written request from WM, for a fee of $75.00 per appraisal report requested.

14. **Representations.**

14.1 **By WM.** WM represents that as of the Effective Date:

(a) Washington Mutual Bank is a federal savings association, duly organized and in good standing;

(b) Washington Mutual Bank, fsb, is a federal savings association, duly organized and in good standing;

(c) WM has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement;

(d) the execution, delivery and performance of this Agreement by WM (1) has been duly authorized by WM and (2) will not conflict with, result in a breach of or constitute a default under any other agreement to which WM is a party or by which WM is bound;

(e) WM is duly licensed, authorized or qualified to do business and is in good standing in every jurisdiction in which a license, authorization or qualification is required for the ownership or leasing of its assets or the transaction of business of the character transacted by it, except where the failure to be so licensed, authorized or qualified would not have a material adverse effect on WM's ability to fulfill its obligations under this Agreement; and

(f) there is no outstanding litigation, arbitrated matter or other dispute to which WM is a party which, if decided unfavorably to WM, would reasonably be expected to have a material adverse effect on Supplier's or WM's ability to fulfill their respective obligations under this Agreement.

14.2 **By Supplier.** Supplier represents that as of the Agreement Date:

(a) Supplier is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware;

(b) Supplier has all requisite power and authority to execute, deliver and perform its obligations under this Agreement;

(c) the execution, delivery and performance of this Agreement by Supplier (1) has been duly authorized by Supplier and (2) will not conflict with, result in a breach of or constitute a default under any other agreement to which Supplier is a party or by which Supplier is bound;

(d) Supplier is duly licensed, authorized or qualified to do business and is in good standing in every jurisdiction in which a license, authorization or qualification is required for the ownership or leasing of its assets or the transaction of business of the character transacted by it, except where the failure to be so licensed, authorized or qualified would not have a material adverse effect on Supplier's ability to fulfill its obligations under this Agreement;

(e) Supplier is the owner of the Supplier Software and has the authority to grant the licenses to be granted hereunder, free and clear of any liens, restrictions, claims, charges, security interests or any other encumbrances;

(f) the Supplier Software complies with all Laws applicable to such Software;

(g) the Supplier Software does not infringe upon or misappropriate the proprietary rights of any third party;

(h) there is no claim or proceeding pending or threatened alleging that any of the Supplier Software infringes or misappropriates the proprietary rights of any third party;

(i) there is no outstanding litigation, arbitrated matter or other dispute to which Supplier is a party which, if decided unfavorably to Supplier, would reasonably be expected to have a material adverse effect on WM's or Supplier's ability to fulfill their respective obligations under this Agreement; and

(j) there is no code in the Supplier Software at this time that would have the effect of disabling or otherwise shutting down all or any portion of the Services or any such Software.

15. Warranties and Additional Covenants.

15.1 By WM. WM warrants to and covenants with Supplier that during the Term of the Agreement:

(a) WM will comply with all laws applicable to it in connection with its obligations under this Agreement;

(b) WM will be responsible for any fines and penalties arising from any noncompliance by WM with any Law relating to WM's use of the Services unless (1) such noncompliance was caused by Supplier or (2) such noncompliance was related to a change in such Law and Supplier failed to notify WM in a timely manner of such change in accordance with subsection (c) of Section 15.2 (Warranties and Additional Covenants of Supplier); and

(c) except as otherwise provided in this Agreement WM will obtain all applicable permits and licenses, including the WM Governmental Approvals and the WM Consents, required of WM in connection with its obligations under this Agreement.

15.2 **By Supplier**. Supplier warrants to and covenants with WM that during the Term of the Agreement:

(a) Supplier will comply with all laws, regulations, or guidance promulgated by any Governmental Authority applicable to it and to its performance of the Services under this Agreement, including without limitation FIRREA, the appraisal regulations set forth at 12 CFR § 564 et. seq , and guidance issued by the OTS as it or they may be amended from time to time;

(b) the Supplier Software will comply with all Laws applicable to such Software;

(c) Supplier will promptly identify and notify WM of any changes in Law that relate to Supplier's performance of the Services or WM's use of the Services or the Supplier Software;

(d) if any change in Law prevents Supplier from performing its obligations under this Agreement, Supplier will develop and, upon WM's approval, implement a suitable workaround until such time as Supplier can perform its obligations under this Agreement without such workaround; provided, however, that if such workaround results in an increase in the charges to WM under this Agreement, then WM will have the right to terminate the affected portion of the Services, in which case Section 9.3 (Termination for Breach) (including the Default Cure Period) will not apply, and, upon the implementation of such workaround, the Parties will negotiate and implement an equitable adjustment to the applicable Fees;

(e) Supplier will be responsible for any fines and penalties arising from any noncompliance with any Law relating to the delivery or use of the Services except as set forth in subsection (b) of Section 15.1 (Warranties and Additional Covenants of WM);

(f) Supplier will obtain, maintain and comply with all applicable permits and licenses, including Supplier Governmental Approvals and the Supplier Consents, required of Supplier in connection with its obligations under this Agreement and will comply with the WM Consents as applicable to Supplier's performance of the Services;

(g) the Supplier Software will operate in conformance with the specifications set forth in the related documentation;

(h) none of the Services or the Supplier Software will infringe upon or misappropriate the proprietary rights of any third party;

(i) In addition to performing the Services in accordance with the Service Levels, all Deliverables delivered pursuant to this Agreement will conform in all material respects to the design specifications or other parameters contained in the relevant documents with respect to any such Deliverable and Supplier will correct any non-conformance of the relevant Deliverable (and redeliver such corrected Deliverable) as soon as possible using dedicated, appropriate resources, which resources will not be charged to WM, and with no adverse impact on the performance of other Services;

(j) Supplier will ensure that it has taken commercially reasonable steps to prevent viruses or similar items being coded or introduced into the Supplier Systems, the WM Systems, or the Deliverables. Supplier agrees that, in the event a virus or similar item is found to have been introduced into the Supplier Systems or the WM Systems, Supplier will assist WM in reducing the effects of the virus or similar item and, if the virus or similar item causes a loss of operational efficiency or loss of data, or creates a security risk, to take commercially reasonable steps to mitigate and restore such losses and mitigate such risks;

(k) without the consent of WM, Supplier will not insert into the Supplier Software any code that would have the effect of disabling or otherwise shutting down all or any portion of the Services or any such Software. Supplier further represents and warrants that, with respect to any disabling code that may be part of (a) the Supplier Software which WM has the right to access or use or (b) the Software or tools used to provide the Services, Supplier will not invoke such disabling code at any time, including upon expiration or termination of this Agreement, without WM's consent;

(l) Supplier will perform the Services, and develop the Deliverables, in accordance with applicable professional standards in the appraisal management industry;

(m) Supplier will monitor, evaluate and adjust its information security systems and procedures to comply with WM's Information Security Requirements as set forth in Exhibit D (Information Security Requirements), and in response to relevant changes in technology, changes in the sensitivity of WM's Confidential Information, and internal and external threats to information security. Supplier will notify WM by email and facsimile to the following WM representative: Sushuma Bull, FVP – Credit Services, and WM's General Counsel, at the addresses set forth in Section 10 (Notices) within 24 hours after (1) any security breach of any part of the Services; or material unauthorized possession, use, or knowledge, or attempt thereof, of the WM Data, data-processing files, transmission messages or other Confidential Information by any person or entity that is or may become known; (2) the effect of such; and (3) the corrective action taken in response thereto; and

(n) as necessary from time to time and upon request by WM, Supplier will promptly take, as its expense, all necessary and appropriate actions to police compliance with and enforce its agreement with Project Staff, Supplier Agents and other third parties to the extent necessary to prevent or remedy breaches or potential breaches of Supplier's obligations under this Agreement.

16. Insurance.

16.1 Coverage Requirements. During the term of this Agreement, and for three (3) years thereafter, Supplier shall maintain the following insurance coverages with insurance carriers with an A.M. Best rating of at least A-VII, or such other insurance carriers approved in writing by WM: (i) all insurance coverages required by federal, state or local law, including without limitation, statutory worker's compensation insurance and employers' liability insurance (and such employers' liability insurance shall provide a limit of at least $500,000 for each person); (ii) comprehensive or commercial general liability insurance (which shall provide for a minimum combined bodily injury and property damage coverage limits of $10,000,000 per occurrence and shall name WM as an "additional insured"); (iii) comprehensive automobile

liability covering all vehicles that Supplier owns, hires or leases in an amount not less than $1,000,000 (and naming WM as an "additional insured"); (iv) a comprehensive crime policy with a limit of $10,000,000 that shall include employee dishonesty and fidelity coverage for all Supplier employees, officers and agents, and "on premises" loss (loss inside the premises) and "in-transit" loss (loss outside the premises); and (v) professional liability (also known as errors and omissions) insurance with combined single limits of not less than $10,000,000.

16.2 **Additional Requirements.** All Supplier insurance shall include a primary & non-contributing endorsement. Prior to commencing any Services under this Agreement, Supplier shall provide certificate(s) of insurance evidencing the coverages described in Section 16.1 above. Such certificates shall include a provision requiring the insurance carrier to provide directly to WM thirty (30) days advance written notice before any termination, change or cancellation takes effect for policies evidenced on the certificate, regardless of whether such termination, change or cancellation is initiated by Supplier or insurance carrier (please note, however, that the following language is NOT acceptable: "Insurance carrier will endeavor to provide advance notice of cancellation or termination and failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives"). The insurance carrier shall waive, and Supplier hereby waives, all rights of recovery or subrogation against WM which might arise with regard to damage or loss which is insured against under any WM policies in force at the time of the damage or loss The insurance requirements and coverages set forth in this Section 16 shall not limit Supplier's liability to WM or third parties under this agreement.

17. **Relationship Between Parties.** The Parties acknowledge and agree that Supplier is retained by WM as an independent contractor, and that nothing in this Agreement shall be deemed or construed as constituting an agency, partnership or joint venture between the Parties. To the extent not inconsistent with this Agreement, Supplier shall be entitled to devote its entire time, energy and skill in such a manner as it sees fit. Neither Party shall have any right to obligate or bind the other Party in any manner whatsoever.

18. **Non-exclusivity.** It is expressly acknowledged and agreed by Parties that Supplier shall provide Services to WM on a non-exclusive basis, and that nothing herein is intended to prohibit Supplier from performing Services for, or acting as agent on behalf of, any other party to a residential real estate transaction Nothing in this Agreement requires WM to purchase the Services from Supplier. WM may obtain services similar to the Services from a third party or third parties in WM's sole discretion or perform such services internally. During the Term, WM may from time to time increase or decrease volumes within the Services. No change in volume shall be deemed a termination of the Agreement.

19. **Invalidity.** The invalidity or unenforceability of any term or condition of this Agreement shall not invalidate, make unenforceable or otherwise affect any other term or condition of this Agreement, which shall remain in full force and effect.

20. **Title and Headings.** Title and headings to sections herein are inserted for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

21. **Governing Law.** This Agreement shall be construed and governed in accordance with the laws of the State of New York without reference to the conflicts of laws principles thereof.

22. **No Assignment.** Except for assignment by WM to a parent or affiliate entity, neither of the Parties hereto shall without the written consent of the other Party – which consent shall not unreasonably be withheld - assign or transfer their rights or obligations under this Agreement.

23. **Binding Nature.** The obligations of this Agreement shall be binding upon, and the benefits thereunder shall inure to, the respective successors and permitted assigns of the Parties.

24. **Force Majeure.** Notwithstanding anything to the contrary contained herein and subject to the responsibility of both Parties to maintain commercially reasonable disaster recovery and business interruptions plans, systems, policies and procedure, neither Party shall be responsible for any respective failure to perform any obligation under this Agreement or for the breach of any representation or warranty contained in this Agreement if such failure or breach is the result of war, famine, flood, any act of God or nature or is the result of any other event beyond the reasonable control of a Party, as applicable.

25. **Attorneys' Fees.** In the event of any legal action between the Parties arising out of the subject matter of this Agreement or arbitration between the parties as provided for in Section 10 of the Appraisal Warranty set forth in Exhibit B (Appraisal Warranty), the prevailing Party in the action shall be entitled to have and recover from the other Party its reasonable attorneys' fees and other reasonable expenses in connection with the action or proceeding in addition to its recoverable court costs.

26. **Agreement in Entirety.** This Agreement and the Exhibits hereto represent the entire understanding and agreement between Supplier and WM with respect to the matters identified herein. Any representations or agreements that may have been made by any Party prior to the execution of this Agreement with respect to such matters are void, and none of the Parties have relied on such prior representations in executing this Agreement.

27. **Amendment.** No modifications or changes in the terms and conditions of this Agreement may be made, except by written amendment to this Agreement duly executed by both Parties

28. **Multiple Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

29. **Remedies Cumulative.** No right or remedy herein conferred upon or reserved to either Party is intended to be exclusive of any other right or remedy, and each and every right and remedy will be cumulative and in addition to any other right or remedy under this Agreement, or under applicable Law, whether now or hereafter existing.

30. **Survival of Terms.** The terms of Section 1 (Definitions and General Interpretive Rules), Section 6 5 (Taxes), Sections 7 (Indemnity), 8 (Disclaimer and Liability Limitation), 10 (Notices), 11 (Confidentiality and Use of Data), 12 (Proprietary Rights), Section 13.1 (Information Security) [only with respect to information retained by Supplier post termination], 13.4 (Office of Thrift Supervision Audit Requirements), Section 13.6 (Record Retention) [for the period stated therein], Section 16 (Insurance) [for the period stated in Section 16 1], and Sections 17 – 32, inclusive, shall survive the expiration or termination of this Agreement.

31. **No Third-Party Beneficiaries.** The Parties intend that this Agreement shall not benefit or create any right or cause of action in or on behalf of any person or entity other than the Parties hereto.

32. **No Publicity.** Neither Party shall use the other Party's name or mark in any advertising, written sales promotion, press releases and/or other publicity matters relating to this Agreement without the other Party's written consent. Supplier acknowledges that WM has a no publicity policy regarding its vendor relationships Notwithstanding the above, during the term of this Agreement only, Supplier may list WM's name on a customer list which it provides to prospective buyers of its products or services.

* * *

IN WITNESS WHEREOF, Supplier and WM have caused this Agreement to be signed and delivered by their duly authorized officers, all as of the date herein below written.

eAppraiseIT, LLC

By: _____
Name: Anthony R. Hetlo, Sr.
Title: President
Date: 12/6/06

WASHINGTON MUTUAL BANK

By: _____
Name : _____
Title: _____
Date: _____

By: _____
Name : Tom Casey
Title: CFO
Date: 1-12-07

EXHIBIT A
SERVICES

1. Appraisal Services.

Supplier will provide Appraisal Services for residential properties located in the fifty (50) United States and the District of Columbia (the "Service Territory"). The various types of Appraisals that Supplier will provide include the following:

1004 Appraisal without cost approach: An interior evaluation of property conducted by an Appraiser licensed or certified in the state in which the property is located, and conducted in accordance with USPAP guidelines for Appraisals on FNMA form 1004.

1004 Appraisal with cost approach: A full walk-through property valuation conducted by an Appraiser licensed or certified in the state in which the property is located and conducted within USPAP guidelines for FNMA form 1004 (URAR)

2055 Exterior Appraisal: A drive-by evaluation of property exterior conducted by an Appraiser licensed or certified in the state in which the property is located and conducted in accordance with USPAP guidelines for Appraisals on FNMA form 2055 (exterior)

2-4 Unit Appraisal (1025): A complete summary Appraisal for 2-4 unit residential properties

2075 Inspection: The 2075 reports basic property information based on public records, and relies on a visual assessment of the property (drive-by). It does not provide a property value.

Condo Appraisal Interior (1073): A complete summary Appraisal for condominium units, including an interior inspection.

Condo Appraisal Exterior (1075): A complete summary Appraisal for condominium units, limited to an exterior inspections.

Co-op Appraisal (2090): A complete summary Appraisal for cooperative units. (2095 exterior inspection co-op appraisals are currently not used by WM.)

Manufactured Home Appraisal (1004c): A complete summary Appraisal for manufactured homes

Reconsideration of value: Service completed when there is a disagreement with the Appraisal value based on supporting evidence (rebuttal). It is complete by either a standard 3 tech review using forms 2000 or 2000a, or by redrafting the appraisal as needed.

Desk Review (2000 & 2000a): A service that does not require interior or exterior inspection by the reviewer. Desk reviews should be performed if there is:

- A minor technical problem in the comparative analysis, usually in the application of the dollar adjustments or a simple math error

- A minor error found in the original report that does not significantly affect the report acceptability
- The reviewer disagrees with some adjustment(s) amounts but is in agreement with the comparable selection and conclusion

Field Review (2000 & 2000a): A service that requires the inspection of the subject property and sales comparables (and rental comparables if required) used in the report. The inspection may be an exterior drive by, an exterior on-site inspection, or an interior and exterior on-site inspection. Field reviews should be performed if:

- There is an imminent value change
- The factual data is in question and cannot be resolved without visual inspections or visit
- The issues can not be resolved using a desk review.

Appraisal update/completion report (1004D): On-site property re-inspection to ensure that the original requirements and conditions set forth in an Appraisal report have been met or completed in a manner conforming to the Specifications.

Appraisal update: A new Appraisal assigned to the original Appraiser to make current a recently completed Appraisal. The Appraisal update is also used to make corrections to Appraisals that have been logged out. Completion of this service may not require the completion of form 1004D.

Land Appraisal: A complete summary Appraisal for a buildable site.

In all cases, the Appraisal shall provide an estimated value of real property based on replacement costs, sales of comparable properties, and future income from income producing properties (where applicable).

All Appraisal, inspection, and evaluation services are to conform as applicable to USPAP and to the Appraisal Standards of FNMA, FHLMC, and other investors, as described in their respective Sellers and Servicers Manuals.

Supplier will report any inappropriate contacts or requests by WM employees concerning an appraisal or assigning an appraisal through the Governance Model, as described in Exhibit G (Governance Model).

2. Customer Support.

Supplier agrees to provide and manage a customer support center to service WM with respect to the Services under this Agreement. The support center's hours of operation must accommodate operating hours of Washington Mutual Stores (Financial Centers) and production centers in all geographic locations from 5:00 a.m – 6:00 p.m. Pacific Time, Monday through Friday.

Supplier shall maintain a dedicated toll-free number and customer support e-mail boxes for use by WM

Supplier shall provide a response to all customer support issues submitted by WM within four (4) business hours or less for the following statuses and queues:

- E-mails (from the Appraisal General Mailbox)
- Accepted with Conditions
- Administrative Review
- Manual Assign
- Exception Manual Assign
- Exception Duplicate
- Has New Message
- Second Signature

Unless otherwise directed by the WM Representative, all issues within each status or queue should be worked in the order in which they were received by Supplier.

Execution Copy

EXHIBIT A-1

1. **Service Level Agreement**

Service Level – Appraisal Order Turnaround Time	
Appraisal Service Type	Service Level
1004 with cost analysis	Each month, no less than eighty percent (80%) of the Supplier provided Appraisals will have a Turnaround Time less than or equal to seven (7) business days
2055 Exterior	Each month, no less than ninety percent (90%) of the Supplier provided Appraisals will have a Turnaround Time less than or equal to five (5) business days
1004 without cost analysis	Each month, no less than eighty percent (80%) of the Supplier provided Appraisals will have a Turnaround Time less than or equal to seven (7) business days
1004c Manufactured Home	Each month, no less than eighty percent (80%) of the Supplier provided Appraisals will have a Turnaround Time less than or equal to seven (7) business days
2075	Each month, no less than ninety percent (90%) of the Supplier provided Appraisals will have a Turnaround Time less than or equal to two (2) business days
2-4 units	Each month, no less than eighty percent (80%) of the Supplier provided Appraisals will have a Turnaround Time less than or equal to seven (7) business days
1004D Appraisal update and completion report	Each month, no less than ninety percent (90%) of the Supplier provided Appraisals will have a Turnaround Time less than or equal to two (2) business days
Condo Interior (1073)	Each month, no less than eighty percent (80%) of the Supplier provided Appraisals will have a Turnaround Time less than or equal to seven (7) business days
Condo Exterior (1075)	Each month, no less than ninety percent (90%) of the Supplier provided Appraisals will have a Turnaround Time less than or equal to five (5) business days
Co-op (2090)	Each month, no less than seventy percent (70%) of the Supplier provided Appraisals will have a Turnaround Time less than or equal to twelve (12) business days
Desk review	Each month, no less than ninety percent (90%) of the Supplier provided Appraisals will have a Turnaround Time less than or equal to two (2) business days
Field review	Each month, no less than ninety percent (90%) of the Supplier provided Appraisals will have a Turnaround Time less than or equal to four (4) business days
Land Appraisal	Each month, no less than eighty percent (80%) of the Supplier provided Appraisals will have a Turnaround Time less than or equal to seven (7) business days
Reconsideration of value	Each month, no less than ninety percent (90%) of the Supplier provided Appraisals will have a Turnaround Time less than or equal to three (3) business days

2. **Quality Standards and Monitoring.**

Appraisal quality will be monitored by WM based on a variety of testing and monitoring activities. Appraisal quality will be considered in assigning additional orders. Supplier will correct all repairable errors in appraisals discovered by WM at Supplier's expense if such errors were caused by Supplier.

All Appraisal, inspection, and evaluation services are to conform as applicable to USPAP and to the appraisal standards of FNMA and FHLMC as described in their respective Sellers and Servicers Manuals. Whenever FNMA or FHLMC standards differ, the more comprehensive guideline will apply, unless the product is specified as FNMA or FHMLC, in which case the specified entity's criteria shall prevail

WM requires Supplier to communicate and affirm that each appraisal complies with USPAP and all Supplemental Standards to include appraisal standards of FNMA and FHLMC

WM has the right to conduct independent reviews of the appraisal ordering controls.

Without limiting any provision in the Agreement or this Exhibit A-1, Supplier will cooperate, at its expense, with random audit(s) performed by WM not less than twice per calendar year.

If and to the extent that any Services provided by Supplier become subject of an OTS audit or finding, Supplier will participate in such audit, or respond to such finding, as reasonably requested by WM and at Supplier's expense

Supplier's performance will be reported and unacceptable performance levels will require increasing corrective actions to resolve significant issues. Supplier will be asked to respond within sixty (60) days of notification with a corrective action plan and implement that plan within an agreed upon time frame based on the facts which gave rise to the unacceptable performance. If no time frame is stated in the corrective action plan, it will be within ninety (90) days of notification of the issue by WM, unless a shorter period is dictated by legal or regulatory requirements.

To the extent Supplier is instructed to use WM's Optis Value system, or a designated successor information technology system thereto, for purposes of transmitting data with respect to the Services, data derived from such designated WM system shall be used to measure Supplier's Services for purposes of determining adherence to the Service Levels. Reports compiled from data provided by the designated WM system shall, unless Supplier proves to WM's reasonable satisfaction that such WM system is in error, prevail over reports compiled by Supplier based on data from any Supplier system. WM's reporting system(s) shall be presumed to be operating in a manner reasonably consistent with the Service Level and/or performance measurement processes described in this Agreement. Should material discrepancies exist between any of WM's and Supplier's reporting results, WM and Supplier will use reasonable efforts to reconcile said discrepancies in accordance with Exhibit G (Governance Model).

EXHIBIT A-2

Reporting Frequency and Samples

Supplier will provide WM with the following with respect to reports and data:

1. **General Requirements.**
   - Ability to pull data directly from the vendors' reporting and tracking systems
   - Ability to use a WM or third party system/platform for reporting and status information
   - All reports are to include a rolling 13 months of data and include appropriate graphing where requested

2. **Quantities.** Quantities by state, appraisal region, county, service type, and lending channel, or others as defined by WM for the following:
   - Ordered
   - Cancelled
   - Completed
   - On Hold
   - Services completed by appraiser resource type (staff or fee)

3. **Service Levels.** Service Level performance – number/percentage completed within SLA, broken down by:
   - Service type
   - State, appraisal region, or county
   - Resource type – staff vs. fee

   Aging report and graph by service type (completed services)
   Detailed exception report – orders completed outside of SLA by Loan Fulfillment Center and Area

4. **Turn Times.** Turn Times – high, low, and average turn times as follows:
   - By service type
   - By state, and/or appraisal region
   - For all completed services
   - For all completed services, broken out by state and/or appraisal region
   - For all completed services by appraisal resource type
   - For all non-AVM completed services
   - For all non-AVM completed services, broken out by state and/or appraisal region

5. **ROV.** ROV reporting by percentage and dollar variance from original value
   - Total Submitted
   - Total by Outcome

6. **Fees.** Reporting on Service Costs / Billing to include:
   - Total monthly billings
   - Total monthly billing by state, appraisal region, or county
   - Average billing by service type
   - Average billing by state, appraisal region, county, and/or footprint state

7. **Service Revisions.**
   - Quantity/percentage of orders in which an AVM was performed and subsequently another appraisal service was ordered
   - Valuation changes for service upgrades (benefits distribution) – property value increases
   - Upgrade benefit trend by service type
   - Final appraisal service ordered distribution by state, appraisal region, county, and/or footprint state
   - Transactions receiving multiple valuation services

8. **Vendor Management.**

   - Supplier to forward analytical data file to WM on such period basis as specified by WM to enable ad hoc analysis
   - Analytical data file should be delivered weekly at a minimum
   - File content should represent all available data elements from the standard FNMA appraisal forms
   - The data file shall contain a unique identifier for records and associated requests
   - The file shall contain data concerning order date, delivery date, hold dates, appraisal as of date, value and identification of the vendor and the appraiser
   - The file shall contain any associated quality scores or data for the appraisal or the appraiser.

9. ***Quality.***

   - Supplier's quality ranking on the appraisers or other factors that may help select targeted QA samples as reasonably requested by WM
   - Information about quality control weaknesses identified, resolved, or tolerated during appraisal processing, based on available information from the vendor

EXHIBIT B
APPRAISAL WARRANTY

1. **Appraisal Warranty.** eAppraiseIT, LLC ("Supplier") warrants that each "Original Appraisal" (which, for purposes of this Exhibit B, includes an Interior Appraisal, Exterior Appraisal, Field Review, or Desk Review (all as defined in USPAP), each prepared on the then-current FNMA form appropriate for such appraisal type) provided by Supplier shall be (a) prepared in compliance with USPAP and guidelines issued by FNMA and FHLMC, and (b) prepared without fraud or negligence by Supplier, its agents or employees, including without limitation all appraisers selected or utilized by Supplier to provide the Services. For avoidance of ambiguity, if and to the extent WM obtains a reconsideration of value from Company with respect to a particular Loan (as defined below), coverage available under this Appraisal Warranty shall be that applicable to the Original Appraisal obtained with respect to such Loan

2. **Claim Submission, Timing.** When WM believes that Supplier has breached the Appraisal Warranty, WM shall notify Supplier of such belief in writing. WM must submit any such notification to Supplier within: (a) ninety (90) calendar days after the date WM knew of the events causing the breach of this Appraisal Warranty; or (b) five (5) years following the date of the Original Appraisal, whichever date occurs first.

3. **General Conditions Precedent.** The following conditions precedent must be met with respect to any claim for a breach of this Appraisal Warranty:

A. WM shall have made a loan secured by residential property in reliance upon an Original Appraisal prepared pursuant to this Agreement (a "Loan"), which Loan utilized and conformed to (i) FNMA and FHLMC general guidelines, and (ii) standard industry underwriting practices, which shall be deemed rebuttable presumptions for purposes of this Appraisal Warranty;

B. The Original Appraisal of the subject residential property must have been provided to WM no more than one hundred twenty (120) calendar days prior to the closing of such Loan in the case of retail lending, or three hundred sixty-five (365) calendar days prior to the closing of such Loan in the case of consumer lending;

C. WM was not aware of the breach of the Appraisal Warranty prior to the closing of such Loan;

D. WM has suffered Actual Financial Loss (as defined below) arising from either:

(i) foreclosure or acceptance of a deed in lieu of foreclosure and subsequent sale of the property (for which purpose "Actual Financial Loss" is defined in Section 4(A)(ii) below); or

(ii) rejection of the Loan by the secondary market and subsequent discounted sale of the Loan (for which purpose "Actual Financial Loss" is defined in Section 5(C)(iv) below); or

(iii) liability for post-foreclosure recourse by a secondary market investor with respect to a Loan (for which purpose "Actual Financial Loss" is defined in Section 6(C)(iv) below).

For convenience, claims under (i), above, may be referred to as "Foreclosure/Deed in Lieu Claims;" claims under (ii), above, may be referred to as "Secondary Market Rejection Claims;" and claims under (iii), above, may be referred to as "Secondary Market Recourse Claims." Secondary

Market Rejection Claims and Secondary Market Recourse Claims may be referred to collectively as "Secondary Market Claims."

4. **Foreclosure/Deed In Lieu Claims.**

A. Establishing Loss. In order for WM to establish a claim related to a foreclosure or deed in lieu of foreclosure, WM must satisfy the following conditions precedent, which shall be deemed rebuttable presumptions for purposes of this Appraisal Warranty:

(i) WM must have foreclosed on the residential property that was subject of the Original Appraisal, with such property having been acquired by a third party unaffiliated with WM at a duly conducted foreclosure sale for a gross sales price (exclusive of any foreclosure costs or expenses, including, but not limited to, attorneys' fees, closing costs and brokers' commissions) which is less than the outstanding principal balance of the Loan made by WM in reliance on the Original Appraisal as of the date of the foreclosure sale,

OR

(ii) (a) WM must have acquired the residential property that was subject of the Original Appraisal through foreclosure or deed in lieu of foreclosure and have made commercially reasonable efforts to protect the value of the residential property, including, without limitation, (a) by preserving the residential property in substantially the same condition it was in at the time of borrower's default under the Loan; and (b) by undertaking commercially reasonable efforts to resell the residential property at the highest price possible within a reasonable time; and

(b) WM must resell the residential property for a gross sales price (exclusive of any foreclosure costs or expenses, including, but not limited to, attorneys' fees, closing costs and brokers' commissions) which is less than the outstanding principal balance of the Loan made by WM in reliance on the Original Appraisal as of the date of foreclosure or deed in lieu of foreclosure

(the shortfall described in either 4(A)(i) or 4(A)(ii), an "Actual Financial Loss").

B. Notice of Claim. In the event WM submits a claim for damages as a result of a breach of this Appraisal Warranty, WM's notice to Supplier shall include the following documents and information, if reasonably available:

(i) Identification of the mortgagor, mortgagee and secured property;

(ii) Copies of documents evidencing and supporting the Original Appraisal market value supplied by Supplier;

(iii) Materials in WM's possession supporting that a valuation error exists, including, but not limited to, a retrospective appraisal (as defined in USPAP) of the subject property performed on WM's behalf;

(iv) a closing statement, grant deed, trustee's deed or other documentation establishing either that WM sold the residential property via a foreclosure sale or acquired the residential property by foreclosure or deed in lieu of foreclosure;

(v) the name, address and telephone number of any real estate listing agent involved in the resale of the residential property, as well as the listing price;

(vi) the outstanding principal balance of the Loan made by WM as of the foreclosure date or date of acceptance of the deed in lieu of foreclosure; and

(vii) a copy of the sales contract and closing statement for the sale of the residential property by WM showing the gross sales price.

C. Second Appraisal. If Supplier disputes WM's claim of breach, the Parties shall choose a duly licensed or certified mutually acceptable appraiser whom the Parties deem to be competent to perform a new retrospective appraisal, as defined in USPAP, on the subject property based on historical information available to the Supplier appraiser at the time the Original Appraisal was made (such new appraisal, the "Second Appraisal"). The appraiser for the Second Appraisal shall not be a person who has previously acted in any capacity for either Party unless, after disclosure of a prior relationship, the Parties agree to allow the Second Appraisal to be performed by said appraiser (such appraiser, a "Disinterested Appraiser"). If the Parties cannot agree on an appraiser within thirty (30) calendar days, each Party will select an appraiser and the two appraisers shall select a third Disinterested Appraiser who shall perform the Second Appraisal.

If and to the extent that the Second Appraisal demonstrates that the Original Appraisal provided by Supplier overstated the market value of the subject property as of the date of the Original Appraisal by ten percent (10%) or more, Supplier shall—subject to the limitations set forth in Sections 8 and 9 hereof—compensate WM for WM's Actual Financial Loss.

5. Secondary Market Rejection Claims Process.

A. Notice of Claim. In the event of WM submitting a claim for damages as a result of a Loan being rejected by the secondary market due either to (i) an error (as defined in Section 5(A)(i), below) in the Original Appraisal documentation, or (ii) the fact that the market value in the Original Appraisal Report was overstated as evidenced by a retrospective appraisal obtained by the secondary market investor, WM's notice to Supplier shall include the following documents and information, if reasonably available:

(i) the reason for rejection of the Loan, which may be either: (a) an error in the Original Appraisal provided by Supplier (for which purpose an "error" shall be defined as a failure to comply with USPAP standards, FNMA or FHLMC guidelines, or a failure accurately to complete the appropriate appraisal forms for the particular appraisal service at issue), or (b) an overstatement of market value in the Original Appraisal provided by Supplier, where the secondary market has approved the appraisal type for the Loan submitted;

(ii) Documents evidencing that a secondary market entity rejected the Loan as a result of an error in the Original Appraisal or an inaccurate market value in the Original Appraisal supplied by Supplier;

(iii) Documents evidencing what the secondary market entity rejecting the Loan believed the market value should have been, if applicable;

(iv) Identification of the mortgagor, mortgagee and secured property;

(v) Copies of documents evidencing and supporting the Original Appraisal market value supplied by Supplier; and

(vi) Any materials in WM's possession supporting that a valuation error exists, including, but not limited to, a retrospective appraisal of the secured property performed on WM's behalf after the date the Loan was rejected by the secondary market.

B. Cure of Rejection.

(i) If a Loan is rejected by a secondary market entity due to an error in the Original Appraisal provided by Supplier, and the secondary market entity provides an opportunity to cure such document error, Supplier will cure the error if possible.

(ii) If a Loan is rejected due to an overstatement of market value in an Original Appraisal provided by Supplier, and WM is given an opportunity by the secondary market entity to oppose such rejection by defending the Original Appraisal, Supplier will—upon notice, at WM's request, and at Supplier's expense—provide WM with assistance in defending the Original Appraisal to oppose rejection of the Loan.

(iii) In the event that either: (a) Supplier is unable to cure an Original Appraisal error, or (b) Supplier and WM are unsuccessful in defending the market value in the Original Appraisal, and WM is obligated to repurchase the Loan from the secondary market entity, Supplier shall—subject to Section 5(D) and the limitations set forth in Sections 8 and 9 hereof—compensate WM for WM's Actual Financial Loss (as defined in Section 5(C)(iv), below).

C. Proof of Loss. WM's proof of loss for a Secondary Market Rejection Claim shall include the following documentation:

(i) Identification of the mortgagor, mortgagee and secured property;

(ii) Documents evidencing the value obtained in the original (rejected) sale of the Loan to the secondary market;

(iii) Documents evidencing the sale of the rejected Loan to the secondary market at a discounted value; and

(iv) Any other documents evidencing the difference between the amount for which the Loan was originally sold in the secondary market and the amount actually received by WM via a discounted sale in the secondary market subsequent to secondary market rejection and WM's repurchase of such Loan (such difference, an "Actual Financial Loss").

NO COVERAGE FOR SECONDARY MARKET REJECTION SHALL BE PROVIDED UNLESS WM HAS SOLD THE LOAN AT A DISCOUNTED RATE TO THE SECONDARY MARKET.

In the event WM retains the Loan in its portfolio subsequent to rejection by the secondary market, WM may not maintain a Secondary Market Rejection Claim but shall be permitted to assert a Foreclosure/Deed in Lieu Claim under Section 4 if and as applicable.

6. <u>Secondary Market Recourse Claims Process</u>.

A. Notice of Claim. In the event of WM submitting a claim for damages as a result of WM's actual or potential liability arising from or related to a secondary market investor's claim for post-foreclosure recourse due to the fact that the market value in the Original Appraisal was overstated based on a retrospective appraisal obtained by such secondary market investor,

WM's notice to Supplier shall include the following documents and information, if reasonably available:

(i) Documents provided to WM by the secondary market investor claiming an inaccurate market value in the Original Appraisal was the cause of loss to the secondary market investor, where the secondary market has approved the Original Appraisal appraisal type for the Loan submitted;

(ii) Documents evidencing what the secondary market entity rejecting the Loan believed the market value should have been, if applicable;

(iii) Identification of the mortgagor, mortgagee and secured property;

(iv) Copies of documents evidencing and supporting the Original Appraisal market value supplied by Supplier;

(v) Any materials in WM's possession supporting that a valuation error exists, including, but not limited to, a retrospective appraisal of the secured property performed on WM's behalf after the date the Loan was rejected by the secondary market;

(vi) Documents evidencing the secondary market investor's foreclosure on the subject property, including a closing statement, grant deed, trustee's deed, or other documentation establishing that the secondary market investor acquired the residential property by foreclosure or deed in lieu of foreclosure;

(vii) the outstanding principal balance of the Loan as of the foreclosure date or date of acceptance of a deed in lieu of foreclosure; and

(viii) Documents evidencing the gross sales price for the sale of the residential property by the secondary market investor

B. Defense of Secondary Market Recourse Claim.

(i) If a secondary market investor seeks recourse due to an alleged overstatement of market value in an Original Appraisal provided by Supplier, Supplier will—upon notice, at WM's request, and at Supplier's expense—provide WM with assistance in defending the Original Appraisal to oppose the Secondary Market Recourse Claim.

(ii) In the event that Supplier and WM are unsuccessful in defending the market value in the Original Appraisal, and WM is obligated to pay sums to the secondary market investor to settle the Secondary Market Recourse Claim asserted by such secondary market investor, Supplier shall—subject to the limitations set forth in Sections 8 and 9 hereof—compensate WM for WM's Actual Financial Loss (as defined in Section 6(C)(iv), below).

C. Proof of Loss. WM's proof of loss for a Secondary Market Recourse Claim shall include the following:

(i) Identification of the mortgagor, mortgagee and secured property;

(ii) Documents evidencing the market value in the Original Appraisal;

(iii) Documents evidencing the market value in the retrospective appraisal obtained by the secondary market investor; and

(iv) Documents evidencing WM's payment to the secondary market investor in settlement of the Secondary Market Recourse Claim (such amount, an "Actual Financial Loss.")

7. **Cooperation.**

WM will provide reasonable cooperation with any investigation conducted by Supplier and made pursuant to a notice of breach by WM, and will provide Supplier with information reasonably requested by Supplier in order to resolve or settle the matter relating to the Original Appraisal.

8. **Limitation of Liability.**

8.1 Subjective Nature of Appraisals. WM acknowledges that the performance of appraisal services and any opinion of value is inherently subjective in nature and that different appraisers, acting reasonably and competently, may reach disparate conclusions on the value of a parcel of real property. WM agrees that (in addition to the other limitations provided herein) Supplier shall not be liable under this Appraisal Warranty to WM for WM's direct damages attributable to Original Appraisals in the case of a claim related to or arising from a Foreclosure/Deed in Lieu Claim unless the market value of the residential property as set forth in the Second Appraisal is less than the market value of said residential property as set forth in the Original Appraisal multiplied by ninety percent (90%).

8.2 Limitation on Loss—Foreclosure/Deed in Lieu Claim. In the case of a Foreclosure/Deed in Lieu Claim, recovery by WM for WM's damages attributable to breach of the Appraisal Warranty shall be limited to the lesser of the following amounts:

A. The difference between the outstanding principal balance of the Loan as of the date WM takes title to the subject property (or in the case of a Loan factored under negative amortization or reverse mortgage criteria, the original principal balance of such Loan) and the resale price actually realized by WM (inclusive of all expenses that would have been incurred notwithstanding the Original Appraisal, including, without limitation, foreclosure/legal fees, eviction fees, reasonable selling costs and delinquent taxes, less any sales credits, insurance claim payments, holdback amounts and escrow balances held by the lender); OR

B. The difference between (i) the market value of the residential property as set forth in the Original Appraisal multiplied by ninety percent (90%) and (ii) the market value of the property as established by the Second Appraisal; OR

C. Fifty percent (50%) of the outstanding principal balance of the Loan as of the date WM takes title to the subject property.

8.3 Limitation on Loss—Secondary Market Rejection Claim. In the case of a Secondary Market Rejection Claim, recovery by WM for breach of this Appraisal Warranty shall be limited to the lesser of the following amounts:

A. The difference between the amount for which WM originally sold the Loan in the secondary market and the amount for which WM sold the Loan in the secondary market subsequent to secondary market rejection and WM's repurchase of such Loan; OR

B. Fifty percent (50%) of the market value in the Original Appraisal

8.4 **Limitation on Loss—Secondary Market Recourse Claim.** In the case of a Secondary Market Recourse Claim, recovery by WM for breach of this Appraisal Warranty shall be limited to the lesser of the following amounts:

A. The amount actually paid by WM to the secondary market investor to settle such investor's claim for post-foreclosure recourse; OR

B. The difference between the market value in the Original Appraisal and the greater of (x) the market value in the retrospective appraisal obtained by the secondary market investor seeking recourse, or (y) the market value as agreed by the parties subsequent to any proceeding to defend the secondary market investor's claim as described in Section 6(B), above; OR

C. Twenty-five percent (25%) of the market value in the Original Appraisal

8.5. **Limitation on Loss Desk—Review and Field Review.** Notwithstanding the foregoing limitations, in the case of a Foreclosure/Deed in Lieu Claim or Secondary Market Claim arising from or related to either a Desk Review or Field Review, recovery by WM for breach of the Appraisal Warranty: (a) shall not exceed ten percent (10%) of the market value in the Original Appraisal in the circumstance where a Desk Review or Field Review is the only Original Appraisal obtained by WM from Supplier as in, e g , a circumstance in which Supplier reviews an appraisal obtained by WM from a third party appraiser unaffiliated with Supplier; and (b) shall be limited to the recovery available with respect to the Interior Appraisal or Exterior Appraisal pertaining to the subject property in the circumstance where WM has obtained from Supplier both (x) a Desk or Field Appraisal, and (y) an Interior or Exterior Appraisal. To illustrate, if WM obtains an Interior Appraisal in which the market value of the subject property is stated to be $200,000.00 and subsequently obtains a Field Review in which the market value of the subject property is stated to be $210,000 00, any subsequent claim by WM under this Appraisal Warranty shall be subject to the limitations that would have been applicable hereunder to claims arising from or related to the Interior Appraisal without regard to the subsequent Field Review.

8.6 **Option to Purchase Property.** In lieu of paying WM for a claim under this Appraisal Warranty, Supplier shall, in its sole discretion and with obligation, have the option of purchasing the subject property from WM as set forth in this Section 8.6.

A. **Option Exercise.** Supplier may exercise its option to purchase by delivering written notice to WM no later than ninety (90) calendar days following Supplier's receipt of a notice of breach hereunder. The transfer of the property shall occur on the later of thirty (30) calendar days after the date; (i) Supplier exercises its option, or (ii) the date WM acquires fee title to the subject property. This option shall not exist if and to the extent WM has already resold the property following foreclosure as of the date notice is provided to Supplier or if the secondary market investor has already resold the property as of the date a Secondary Market Recourse Claim is asserted against WM.

B. **Purchase Price.** In the event Supplier elects to exercise the purchase option, the purchase price to be paid shall be: (i) the unpaid principal balance of WM's loan, plus (ii) all accrued and unpaid interest owing on said loan through the date Supplier acquires the subject property (at the regular and not default interest rate specified in the applicable loan documents with the borrower).

C. Application of Damage Cap. In the event Supplier elects to exercise the purchase option under this Section, amounts paid by Supplier to purchase the property shall not apply to the damages cap set forth in Section 9(B), below.

9. Additional Limitations and Miscellaneous Provisions.

A. COMPANY SHALL NOT BE LIABLE FOR, AND THIS APPRAISAL WARRANTY WILL NOT APPLY TO, EXTEND TO, OR COVER THE FOLLOWING:

(i) LOSSES CAUSED BY THE PARTIAL OR COMPLETE DESTRUCTION OR ENVIRONMENTAL CONTAMINATION OF THE SUBJECT PROPERTY SUBSEQUENT TO THE DATE OF THE ORIGINAL APPRAISAL;

(ii) LOSSES RESULTING FROM RIGHTS OF EMINENT DOMAIN OR FROM ANY LAW, ORDINANCE, OR GOVERNMENTAL REGULATIONS RELATED, BUT NOT LIMITED TO, USE OR OCCUPANCY OF THE SUBJECT PROPERTY SUBSEQUENT TO THE DATE OF THE ORIGINAL APPRAISAL;

(iii) ANY LOSS CAUSED SOLELY BY ANY DISHONEST OR FRAUDULENT ACT OR OMISSION, OR ANY CRIMINAL ACT OR OMISSION BY ANY DIRECTOR, OFFICER, AGENT, OR EMPLOYEE OF WM; OR

(iv) ANY LOSS RESULTING SOLELY FROM THE FAILURE OF WM TO COMPLY WITH APPLICABLE LAWS OR REGULATIONS, INCLUDING, BUT NOT LIMITED TO, USURY, CONSUMER CREDIT PROTECTION, OR TRUTH-IN-LENDING LAWS.

B. WM AGREES THAT IN NO EVENT SHALL COMPANY'S LIABILITY FOR WM'S DAMAGES ARISING AS A RESULT OF BREACH OF THE APPRAISAL WARRANTY EXCEED THE GREATER OF (i) THE TOTAL AMOUNT PAID BY WM TO COMPANY UNDER THE AGREEMENT DURING THE TWELVE (12) MONTHS PRECEDING THE CLAIM (LESS ANY WARRANTY CLAIMS ALREADY PAID BY COMPANY DURING SUCH PERIOD); OR (ii) ONE MILLION DOLLARS ($1,000,000.00). THIS LIMIT IS CUMULATIVE AND ALL PAYMENTS UNDER THE AGREEMENT WILL BE AGGREGATED TO CALCULATE SATISFACTION OF THE LIMIT. THE EXISTENCE OF MULTIPLE CLAIMS WILL NOT ENLARGE THE LIMIT.

C. FOR AVOIDANCE OF AMBIGUITY, LIMITATIONS SET FORTH IN THIS EXHIBIT B APPLY TO WM'S RECOVERY FOR DIRECT DAMAGES ATTRIBUTABLE TO BREACH OF THE APPRAISAL WARRANTY ONLY, AND SHALL NOT HAVE ANY EFFECT ON COMPANY'S OBLIGATIONS IN RESPECT OF THIRD PARTIES UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, COMPANY'S OBLIGATIONS TO INDEMNIFY WM IN RESPECT OF THIRD PARTY CLAIMS AS SET FORTH IN THE AGREEMENT.

D. If and to the extent that WM obtains any recovery from private mortgage or other insurance related to a Loan upon which WM has previously obtained relief from Supplier under this Appraisal Warranty, WM shall issue a credit to Supplier in an amount sufficient to eliminate any double recovery by WM on losses attributable to such Loan.

E. Supplier shall not be liable under the Appraisal Warranty to the extent losses are attributable to use of the Original Appraisal outside the scope of work as defined in each Original Appraisal (solely for illustrative purposes only and not by way of limitation, e.g., interior damage in

the case of an exterior only appraisal, or non-existence of the subject property in the case of a desk review).

10. **Dispute Resolution.**

Any controversy or claim arising out of or relating to this Exhibit B, Appraisal Warranty, or the breach thereof, shall be settled via binding arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Any proceeding under this Section 10 shall be held before a single arbitrator in Seattle, Washington. The prevailing party shall be entitled to an award of its reasonable expenses (including attorneys' fees and its share of arbitration fees) incurred in connection with the arbitration

The arbitrator shall employ comparative fault principles as set forth in the Revised Code of Washington (RCW 4.22 070) if and to the extent that the fault of (a) both WM and Supplier, or (b) Supplier and third parties for which it is not responsible under the Agreement, are the proximate cause of a loss to WM which becomes subject of a claim by WM under this Appraisal Warranty.

EXHIBIT C
FEE SCHEDULES

a Appraisal Fees. Appraisal Fees shall be as follows:

See Attachment A to Exhibit C (Appraisal Fees Table).

Fee exceptions shall be limited to 1% of appraisal service volume.

All requests for Additional Appraisal Fees shall be submitted to WM in writing and WM will respond to such requests (e.g., acceptance or non-acceptance) in writing, through WM's Appraisal Systems. Acceptance of any Additional Appraisal Fees is at the complete discretion of WM. Common Additional Fees that WM will not pay for include, but are not limited to:

1. Complex properties that WM does not consider obviously complex;
2. Distance fees for properties that are within the Supplier's listed coverage area, as set forth in Exhibit A;
3. Cancellation fees that do not include documentation of work to date; and
4. Reconsiderations of Appraisal values.

If additional fees are not approved by WM, the service will be completed in accordance with the established fee schedule.

b. Upgrading Appraisal Orders. In the event that WM requests an upgrade to an Appraisal order, Supplier shall be entitled to the following compensation:

The greater of (i) the Fee difference between the upgraded Appraisal order and the original Appraisal order, or (ii) one hundred dollars ($100 00). Example: The original Appraisal order is a 2055 Exterior Appraisal at a Fee of $200. The upgraded Appraisal order is a 1004 without cost analysis Appraisal at a Fee of $250. In such case, Supplier shall be compensated $100.00 for the upgraded order, since the difference between the upgraded order and the original order is $50.00

c Cancelled Appraisal Orders. In the event that WM cancels an Appraisal order, Supplier shall cease work immediately, and submit all documentation to WM. Supplier shall receive compensation for Appraisal work completed to date Fees shall be determined based on completion of Appraisal milestone and shall be as follows:

1. No work completed: 0% of Appraisal Fees
2. Property Inspection Completed: 50% of Appraisal Fees
3. Appraisal Forms Completed: 100% of Appraisal Fees

Supplier shall only receive Fees for cancelled orders, if Supplier provides documentation sufficient for WM to confirm work to date.

Attachment A to Exhibit C (Appraisal Fees Table)

State	1004 with COST ANALYSIS	1004 without COST ANALYSIS	1004d MANUFACTURED HOME	2055 EXTERIOR	2-4 UNITS	2075 INSPECTION	CONDO INTERIOR 1073	CONDO EXTERIOR 1075	CO-OP 2090	DESK REVIEW	FIELD REVIEW	COMPLETION REPORT 1004D	APPRAISAL UPDATE	1004 Upgrade from 2055 Exterior	LAND
AK	Quote	Quote	Quote	Quote	Quote	124	Quote	Quote	Quote	Quote	Quote	Quote	Quote	Quote	242
AL	385	361	361	266	480	124	385	266	314	195	290	100	147	171	195
AR	385	361	361	290	480	124	385	290	314	195	242	100	147	171	195
AZ	337	314	385	266	575	124	337	266	337	195	266	100	242	195	219
CA	385	361	409	290	622	124	385	290	361	195	290	100	195	171	385
CO	337	314	337	271	575	124	337	271	337	171	266	100	242	195	290
CT	337	314	337	266	527	124	314	276	376	171	242	138	147	138	242
DC	337	337	337	276	575	124	337	290	361	171	242	100	147	147	290
DE	318	290	337	228	527	124	314	219	314	195	266	114	147	124	195
FL	385	361	337	290	480	100	337	290	337	242	337	100	147	100	195
GA	361	318	385	271	480	124	337	290	337	219	266	100	147	171	195
HI	Quote	Quote	Quote	Quote	Quote	100	Quote	Quote	Quote	Quote	Quote	Quote	Quote	Quote	290
IA	337	314	337	266	504	124	314	266	290	195	242	100	242	195	-
ID	385	337	432	290	622	124	385	290	-	242	314	100	195	195	385
IL	314	290	337	252	480	124	290	252	337	195	242	124	147	147	242
IN	337	314	337	266	504	124	314	266	290	195	242	100	242	195	242
KS	337	314	337	266	504	124	314	266	290	195	242	100	242	195	-
KY	337	314	337	266	504	147	314	266	290	195	242	100	242	195	242
LA	337	314	456	266	480	124	337	290	385	171	242	100	147	124	266
MA	337	314	337	266	527	234	314	290	337	195	266	100	147	124	329
MD	337	337	337	276	575	124	337	290	361	171	242	100	147	147	242

FA0874038

Case 8:11-cv-00704-DOC -AN Document 1 Filed 05/09/11 Page 66 of 114 Page ID #:66

ME	385	385	337	361	527	124	361	361	385	176	290	100	147	124	219

FA0874039

Case 8:11-cv-00704-DOC -AN Document 1 Filed 05/09/11 Page 67 of 114 Page ID #:67

State	1004 with COST ANALYSIS	1004 without COST ANALYSIS	1004d MANUFACTURED HOME	2055 EXTERIOR	2-4 UNITS	2075 INSPECTION	CONDO INTERIOR 1073	CONDO EXTERIOR 1075	CO-OP 2090	DESK REVIEW	FIELD REVIEW	COMPLETION REPORT 1004D	APPRAISAL UPDATE	1004 Upgrade from 2055 Exterior	LAND
MI	337	314	337	266	504	124	314	266	290	195	242	100	242	195	242
MN	337	314	337	266	456	124	337	266	361	176	266	100	171	171	242
MO	337	314	337	266	504	124	314	266	290	195	242	100	242	195	242
MT	337	314	337	266	504	124	314	266	290	195	242	100	242	195	385
NC	385	361	361	266	527	124	337	266	480	171	266	100	147	171	195
ND	337	314	337	266	504	124	314	266	290	195	242	100	242	195	-
NE	337	314	337	266	504	124	314	266	290	195	242	100	242	195	-
NH	337	342	337	266	527	124	314	266	314	171	266	100	147	124	219
NJ	361	328	337	266	527	124	337	290	385	204	276	147	147	138	242
NM	385	409	409	290	622	124	385	290	361	195	290	100	195	171	290
NV	385	337	385	290	622	124	337	290	385	242	337	100	242	195	219
NY	361	328	337	271	551	124	337	290	361	195	290	138	147	171	231
OH	337	314	337	266	504	147	314	266	290	195	242	100	242	195	242
OK	337	290	361	242	527	124	337	242	480	176	266	100	147	124	266
OR	432	385	432	290	622	124	432	361	-	195	290	100	242	195	385
PA	337	328	337	280	527	137	314	280	337	195	252	128	147	138	242
RI	328	290	337	266	527	124	290	266	385	171	242	100	147	124	219
SC	337	314	361	266	480	171	314	266	385	176	266	100	147	124	195
SD	337	314	337	266	504	124	314	266	290	195	242	100	242	195	-
TN	361	337	337	266	480	124	361	290	385	176	242	100	147	124	195
TX	337	314	456	266	480	124	337	290	385	171	242	100	147	124	266
UT	361	337	385	266	622	100	361	266	337	195	266	100	242	195	219
VA	337	337	337	276	575	124	337	290	361	171	242	100	147	147	290

FA0874040

Case 8:11-cv-00704-DOC -AN Document 1 Filed 05/09/11 Page 68 of 114 Page ID #:68

VT	337	290	337	266	527	124	314	290	-	195	290	147	147	124	219
WA	432	385	480	290	670	124	432	290	504	195	337	100	247	195	242
WI	314	290	337	266	456	124	314	266	314	195	266	100	147	124	195
WV	337	337	337	276	575	124	337	290	361	171	242	100	147	147	-
WY	337	314	337	266	504	124	314	266	290	195	242	100	242	195	385

Manhattan and CA Co-ops

1.5 - 3 million	$800
3-5 Million	$950

FA0874041

Case 8:11-cv-00704-DOC -AN Document 1 Filed 05/09/11 Page 69 of 114 Page ID #:69

EXHIBIT D
INFORMATION SECURITY REQUIREMENTS

1. Security Management

1.a. Supplier acknowledges and agrees that it is obligated to comply with the Confidentiality provisions in the Agreement to which these Information Security Requirements ("ISRs") are attached (the "Agreement"), or such higher standard as required by law. If no other Agreement is in place, access to WM Information may only occur after a mutually agreed Non-Disclosure Agreement has been signed by both parties.

1.b. WM employees will be responsible for determining and specifying all levels of security for information residing on WM owned and managed systems as well as the classification and corresponding security controls over WM Information Assets that are processed and/or stored by Supplier.

1.c. **WM Information Assets:** "WM Information Assets" shall mean all data and information that is submitted directly or indirectly to Supplier for and/or by WM, or obtained, or learned by Supplier in connection with the services provided by Supplier under the Agreement. WM Information Assets are, and shall at all times remain, the property of WM and shall be protected as prescribed by the Agreement, these ISRs, and all applicable laws. WM Information Assets shall be deemed to be the Confidential Information of WM as that term is defined in the Agreement or Non-Disclosure Agreement.

1.d. Supplier shall maintain full responsibility for ensuring that WM Information Assets are protected in accordance with the WM requirements described in these ISRs. If assigned as permitted in accordance with the Agreement, Supplier must be able to determine that any delegated roles and responsibilities have been discharged correctly. Supplier also agrees to maintain policies or standards appropriate to govern the handling of Confidential Information, which policies and standards must be provided to and approved by WM Corporate Information Security. All WM Information Assets will be treated as Confidential Information under this Agreement.

1.e. Supplier acknowledges and agrees that security requirements will be incrementally implemented as access to production data by Supplier becomes more imminent. Supplier agrees that such connectivity requires that its security standards meet or exceed those of WM and that WM Information Assets may only reside within a secure environment. Supplier further agrees to allow WM or a mutually agreed upon independent third party to perform security assessments based on a schedule reasonably required by WM. Supplier understands that should an assessment reveal inappropriate or inadequate security, a remediation schedule will be developed, and appropriate actions will be taken to address and resolve all findings. WM may, at its sole discretion, disconnect Supplier from the WM network and require that all WM Information currently stored by Supplier be surrendered or destroyed by an independent document destruction party, or require some other solution, whichever WM deems as appropriate, until Supplier satisfactorily complies with the defined security requirements

1.f. WM Information Assets may not be stored at Supplier's facilities (including any offsite facilities under its control) until WM's Chief Information Security Officer or his or her designee has determined to his or her reasonable satisfaction that (i) Supplier's policies

and standards sufficiently protect such information, and (li) Supplier is in compliance with Supplier's own security policies and standards.

1 g. Supplier shall maintain a security alert process either through the employment of a third party service or by assigning personnel to be responsible for (i) monitoring the development of new threats related to any identified vulnerabilities, and (ii) taking effective corrective action to remediate those threats. During the implementation of security patches or corrective actions to remediate security risks, WM will be informed of any potential risk to WM Information Assets at the earliest opportunity through the Security Operations Services (**SOS**) at 888-497-3287 and notified when the threat is removed through remediation measures. For the purposes of these ISRs, "personnel" means employees and independent contractors.

1.h. For the purposes of these ISRs, an "Incident" includes but is not limited to any of (i) an act that violates an explicit or implied security policy, (ii) an unplanned service outage that prevents the normal operation of business, or (iii) unauthorized access to WM Information Assets or any data held by Supplier that would be required by law to be disclosed

During the term of the Agreement, Supplier shall maintain an Incident response function with the capabilities to perform activities such as prevention, planning, detection, analysis, containment, investigation, eradication, recovery, and follow-up of Incidents such as root cause analysis and forensic research. In the event of an Incident, Supplier shall (i) notify WM at CorpInformationSecurity@wamu.net within twenty-four (24) hours, (ii) if a security deficiency has been identified with any information system, coordinate with WM Corporate Information Security through the Security Operations Services (SOS) at 888-497-3287 in the conduct of an investigation within twenty-four (24) hours, (iii) provide a written report within three (3) days of any such notice, and (iv) respond promptly to any reasonable request from WM for detailed information pertaining to any Incident Any such notice and report must contain a description of the nature of the Incident, its impact, and any investigative, corrective, or remedial actions taken or planned. Supplier further agrees to permit WM, upon request, to review and verify relevant logs and data pertaining to any investigation performed by Supplier regarding any Incident for the purposes of protecting WM and its customers' and employees' information. Upon the conclusion of all investigative, corrective, and remedial actions, Supplier shall prepare and deliver to WM a final report that includes the extent of the Incident; a description of WM Information Assets disclosed, destroyed, or otherwise compromised or altered; all supporting evidence, including system, network, and application logs; a description of all corrective and remedial actions; and an assessment of the security impact to WM.

1.i. If an Incident occurs, Supplier will promptly take all necessary steps to prevent any further damage to/exposure of WM Information Assets as well as any future Incidents and will provide WM with the relevant details of the steps taken to remediate against any further Incidents within three (3) business days. Further, Supplier will, within the time period prescribed by law, take all actions required by law to notify the affected WM customers that an Incident involving a breach of security may have caused their personal information to be disclosed to unauthorized persons, provided, however, that any notification must first be approved by WM's Chief Information Security Officer or his or her designee.

1.j. Supplier acknowledges and agrees that WM Information Assets may only be used in connection with the provision of services to WM as contemplated in the Agreement. Supplier also acknowledges that relevant governing or regulatory agencies may, according to their respective charter and/or as required by law, request an audit of Supplier's business practices when WM's or its customer's non-public information is held or protected by Supplier as though it were an extension of WM.

2. Personnel Security

2.a. Prior to assigning any of its employees, independent contractors, or subcontractors to positions in which they will, or may reasonably be expected to, have access to WM Information Assets, Supplier shall conduct background checks on such persons and shall not permit any person to have access to WM Information Assets who has been convicted of, or entered into a pre-trial diversion program arising from prosecution with respect to: (a) any felony; or (b) any misdemeanor or other crime involving dishonesty, breach of trust, money laundering, or moral turpitude (including without limitation embezzlement, fraud, securities or financial related crime, perjury, money laundering, larceny, or illegal manufacture, sale, distribution, or trafficking in controlled substances). If Supplier's employees, independent contractors or subcontractors are convicted of any such crime(s) subsequent to the date they first have access to WM Information Assets, or Supplier learns of a prior conviction during the term of the Agreement, Supplier will inform WM of the conviction and remove such person from performing any services for WM, unless otherwise requested by WM in writing. If the Agreement to which these ISRs are attached provides for more stringent background check requirements, the provisions in the Agreement shall control over this Section 2.a.

2.b. Supplier certifies that its employees, independent contractors, and subcontractors are insured and bonded.

2.c. Supplier certifies that its employees, independent contractors, and subcontractors have been provided with a clear understanding of the necessary procedures and controls to comply with the security requirements set forth in these ISRs. Supplier also agrees to maintain a vendor security process to ensure that appropriate due diligence is conducted prior to utilizing other vendors or subcontractors to provide any services in support of the Agreement, and that the security capabilities of any such vendors or subcontractors are monitored on an ongoing basis. The due diligence and monitoring elements of this process must provide for the identification and resolution of significant security issues prior to engaging a vendor or subcontractor, and for the continuous identification and resolution of additional security issues over the term of the Agreement

3. Physical Security

The physical security processes in this section apply to all primary and secondary facilities used to provide the services, or facilities used by Supplier (the "Supplier Premises") to operate, store, maintain, or protect any and all WM Information Assets and physical connections, equipment, and any other materials owned by WM that are used by Supplier to provide the Services (collectively, the "WM Properties").

3.a. Supplier shall restrict, control, and monitor all physical areas in Supplier's Premises that contain WM Information Assets, including any servers, switches, or other equipment that

processes or stores WM Information Assets (the "Secure Area"). Access to any equipment used to deliver Services will be secured and monitored on a 24 hours per day, 7 days per week ("24/7") basis.

3.b. Supplier will develop a documented authorization process for all those Supplier personnel maintaining or viewing WM's Properties. Supplier's card access program will address documentation and logging of all persons whose duties require them to enter or support space storing the aforementioned WM Properties. This process must also include details addressing site visitor protocol including the following:

i Supplier will provide WM, upon request, badge reports detailing all access to areas storing WM Information Assets and Properties.
ii. Supplier will regularly test its physical protection methods Reports of tests will be made available for WM's review upon request.
iii. Upon request, and when applicable, Supplier will provide WM with access to facility log-in records on WM's personnel and any other persons having access to each Secure Area with their identities and dates and times of access
iv. Supplier will not allow outside support services personnel to access WM Secure Areas unless accompanied by authorized Supplier personnel.
v. Supplier Access Systems will be capable of monitoring and logging door alarms.
vi. Supplier will maintain active service agreements with card access and closed-circuit television (CCTV) support vendors.
vii. Supplier CCTV equipment and processes will support the following, unless otherwise approved by WM: all images will be recorded at "real time" settings; all image records will be retained for a minimum of one hundred twenty (120) days; and all images related to questionable activity or known incidents or investigations will be retained indefinitely or until Supplier receives notification from WM that the information is no longer needed.
viii. Supplier will maintain 24/7 physical security presence at all WM Properties.
ix. Supplier will control all access to Supplier areas or cabinets that house phone and other "data transmission lines" or equipment as follows: access must be controlled by badge reader at one or more entrance points; doors used only as exit points must have "one-way" doorknobs or crash bar exit devices installed; all doors must be equipped with door alarms contacts; all exit doors will have CCTV coverage; and all Card Access and CCTV systems will be tied into generator or UPS backup systems.
x. Supplier will not allow outside support services personnel to access Secure Areas unless accompanied at all times by Supplier's pre-approved staff.

4. Access Control

4.a. Supplier certifies that it employs access control mechanisms to prevent unauthorized access to WM Information Assets and to limit access to authorized personnel with a business need-to-know. Such mechanisms shall have the capability of detecting, logging, and reporting attempts to breach security. Additionally, all elements of Supplier's implementation that allow end user access must be capable of distinguishing access privileges, at a minimum, to the following separate categories:

- End user of services;
- WM employees and independent contractors; and

- Supplier employees, independent contractors, and subcontractors.

4.b. Supplier security systems will be configured and maintained to provide reasonable and effective levels of security pursuant to the sensitivity of the data being held, which levels may be determined by WM and in accordance with all applicable laws including laws pertaining to WM's obligations.

4.c. Supplier will limit systems access and use of resources solely to those of its employees, independent contractors, and subcontractors needed to perform specific responsibilities or functions in support of the services under the Agreement. Each person must have an individual account that authenticates that individual's access to WM Information Assets.

4 d. Supplier will maintain a process to review access controls regularly, but at least quarterly, for all systems containing WM's Information Assets including any system that can connect to a system on which WM Information Assets are stored via any form of communication interface This process shall at all times during the term of the Agreement (i) be in compliance with Supplier's Policies and Standards as provided to WM, and (ii) include documenting all systems access authorizations, which include procedures to disable or delete accounts following employment transfers, terminations, and account inactivity. Such reviews may be audited by WM or its third party auditor upon request and with reasonable notice.

5. Systems Development & Maintenance

5.a. Supplier agrees that there will be no access from platforms or use of protocols other than those in the current configuration presented to WM by Supplier.

5.b. Supplier shall establish and maintain all application and system logs under its domain and further agrees that a copy of all logs shall be provided to WM upon request in the event a security incident occurs or is believed to have occurred.

5.c. Supplier shall employ an effective, documented change management program with respect to the services under the Agreement as an integral part of its security profile WM reserves the right to review the change management reports upon reasonable notice and may require remedial action if any deficiencies are identified.

6. Telecommunication & Network Security

6.a. Supplier shall employ security practices and equipment sufficient to ensure that its end of the telecommunications connection will not allow unauthorized traffic to pass into WM networks through the common Internet connection. WM reserves the right to disconnect the Supplier service without notice if unauthorized access is discovered. Such disconnection, if it occurs, will not, however, relieve Supplier of its commitment to perform under the Agreement. Supplier will be obligated to provide either onsite servicing or another workaround acceptable to WM until the inappropriate access can be investigated and resolved to WM's satisfaction.

6.b. Supplier shall notify WM in writing as to the identity of each employee, independent contractor, or subcontractor (including name and purpose(s) of access) for whom access

is requested for connectivity to WM networks or systems, and shall notify WM within one (1) business day of any status change, including new hire, termination, or transfer.

6.c. Supplier agrees to review and update (for accuracy and any status changes) WM network and system access reports supplied by WM, and to return the reports to WM with any changes or updates within five (5) business days.

6.d. Supplier agrees that any remote server access required by the Supplier will be in a READ only mode, without prior written approval of a security plan for more intrusive access.

7. Storage, Handling, and Disposal

Supplier shall separate and segregate WM Information Assets from other client data. Supplier shall encrypt WM Confidential Information that is in electronic form while In-Transit (also known as "In-motion" or "en route"). "In-Transit" means information moving over wired and wireless local and/or wide area networks and the Internet. Supplier shall ensure all WM Confidential Information while In-Storage (also known as "at-rest") is placed in Secure Areas with adequate controls (which includes encryption) to prevent unauthorized access. "In-Storage" means information stored in databases, file systems, and on various forms of online and offline media (DASD, tape, etc.). Unless directed otherwise by WM, Confidential Information should be properly disposed of in accordance with federal and state requirements or as mandated by WM, provided that such destruction must occur only on the date specified by WM or requested in writing by WM At WM's request, Supplier will certify in writing that all WM Information Assets have been returned or destroyed as required in this section Supplier shall also comply with any other WM security requirements regarding the storage, handling and disposal of WM Confidential Information that is in a physical form.

8. Disaster Recovery and Business Continuity

Supplier shall provide WM with documentation of its disaster recovery strategy and/or capability. The description will address actions to be taken in the event of an extended outage of service. (Such an outage could be caused by a number of events ranging from technical hardware/software/network related malfunctions to a catastrophic disaster) Prior to the Effective Date of the Agreement, Supplier will deliver to WM a copy of the Plan dated not more than twelve (12) months old. Supplier will ensure that the Disaster Recovery and Business Continuity Plan will address the following requirements:

8.a. Content - Supplier will describe in the Plan the actions and resources required to provide for the continuous operation, and, in the event of an interruption, the recovery of the functions required in the Agreement, including all Agreement-required systems, hardware, software, and data that support these functions, within a Recovery Time Objective sufficient to sustain contracted levels of service. If WM raises issues or concerns regarding the Plan, Supplier will use reasonable efforts in good faith to address them.

8.b. Updates - Supplier will update and resubmit the Plan to WM whenever there are significant or material changes in the Agreement-required systems, recovery strategies, recovery resources, actions described in the Plan, or other information affecting the

recovery of Agreement-required functions, but at least once in every twelve (12) month period starting with the Effective Date.

8.c Resources - Supplier will ensure that all continuity and recovery resources, including without limitation systems, facilities, equipment, and personnel as described in the Plan and as needed to perform the Agreement-required services or functions, remain available in sufficient quantities throughout the term of this Agreement.

8.d. Disaster Reporting - Within two (2) hours of an interruption of an Agreement-required function, Supplier will provide to the WM designated representative an initial report that includes the nature of the interruption and an estimate of the time it will take to return to Agreement-required service levels.

8.e. Recovery - Following restoration of Agreement-required functions to normal, Supplier will provide to the WM designated representative a complete report within ten (10) days of such restoration, including a description of each Agreement-required function interrupted, the time required for recovery and return to Agreement-required service levels, Agreement-required products or services that were not provided or only partially provided as a result of the interruption, the specific corrective action taken, the material effect, if any, on WM, and whether or not the Plan was adhered to and, if not, what changes will be made to the Plan.

8.f. Continuity - Supplier will continue to meet the terms and requirements of this Agreement through alternative means until the Agreement-required functions are recovered

8.g. Plan Testing - Supplier will test the Plan each time the Plan is revised, but not less than once every twelve (12) months, by using any of several industry standard testing methods.

8.h. Reporting - Supplier will report in writing the results of each Plan test, and deliver the test results, certified by Supplier's authorized officer, to WM within thirty (30) days following completion of the test. The report must include all errors, omissions, inaccuracies, and outdated information discovered in the Plan, corrective action planned for these errors, omissions, inaccuracies, and outdated information, and the date by which corrective actions will be completed.

8 I. WM's Participation - Supplier will notify WM at least thirty (30) days in advance of any Plan testing that requires WM's participation. WM will have the option to decide upon the nature and extent of its participation, including the opportunity to participate in the planning and scope of the test.

EXHIBIT E
KEY PERSONNEL

1. Anthony Merlo, President
2. Don Dobson, SVP - Operations
3. Peter Galitis, Chief Appraiser
4. Vicky Hamilton, VP – Operations
5. Rose Lusk, VP – Operations
6. Adeline Matton – Customer Service Supervisor
7. Barbie Hein – Customer Service Manager

Execution Copy

EXHIBIT F
SUPPLIER SOFTWARE

SourceNet

EXHIBIT G
GOVERNANCE

No term of this Exhibit G shall relieve the parties of any obligations under the Agreement. For purposes of this Exhibit G, a subcontractor of Supplier is not considered another "service provider" of WM separate and apart from Supplier

1. Purpose of the Governance Model

The purpose of the Governance Model is to provide Supplier and WM with a governing document to guide management of the day-to-day relationship between Supplier and WM with regard to the Services under the Agreement and to encourage Supplier and WM to work together effectively. However, neither the provisions of the Governance Model, nor the duties of any of the teams created herein, will limit or in any way preclude WM or Supplier from exercising any of the rights or remedies granted to either of them under the Agreement or at law or in equity, or excuse either Party from performing its other obligations under the Agreement.

2. Teams

The following three teams will operate the Governance Model:

Delivery Management Team (the "DMT", whose roles and responsibilities are detailed in Section 3)

Relationship Management Team (the "RMT", whose roles and responsibilities are detailed in Section 4)

Executive Review Team (the "ERT", whose roles and responsibilities are detailed in Section 5).

3. Delivery Management Team

3.1 DMT Members - The Delivery Management Team ("DMT") will be comprised of the following Operations Managers and their successors as appointed from time to time by written notice from the Party replacing its Operations Manager.

WM – Jill Peterson – First Vice President, Kerry Bruton - First Vice President and Thomas Maloy - Assistant Vice President

Supplier – Vicky Hamilton, VP – Operations, Rose Lusk, VP – Operations, Adeline Matton – Customer Service Supervisor and Barbie Hein – Customer Service Manager

3.2 Specialist Teams - If Supplier utilizes Specialist Teams (e g. during Transition Periods or as part of a particular Project or New Service implementation by WM) (the "Specialist Teams"), such Specialist Teams will report to the DMT

3.3 DMT Objectives - The DMT will actively encourage operations and Specialist Team personnel at both the Supplier and WM to take responsibility for all aspects of the Supplier's delivery, and WM's efficient use, of the Service(s) assigned to the DMT and to operate as a single operations team. WM's Service needs will be their highest priority.

DMT members and operations personnel at both the Supplier and WM will cooperate to this end.

3.4 **DMT Responsibilities** - Each DMT member will refer any relationship or contractual issue to their respective organization's Relationship Manager, and will not attempt to resolve such issue within the DMT. The DMT is responsible for the following:

A. Manage all operational aspects of Service delivery and supervise Supplier's delivery of the Services in accordance with the Agreement, including day-to-day responsibility for monitoring compliance with contractual obligations (e.g., compliance with Service Levels, procedures manuals and WM Policies).

B. Monitor the progress of each Specialist Team and provide guidance when necessary.

C. Identify, from a technical and business delivery perspective, Projects within the scope of Services, potential or actual Changes to the Services or New Services being planned or considered by the RMT. Ensure that all issues relating to any such Change are identified and fully addressed (e.g., Transition Issues and additional management needed to manage Projects) in a manner protective of WM's operations, and WM's financial and business interests.

D. Integrate Services with services provided by WM or third-party suppliers.

E. Review all incident reports in which Service availability and compliance with Service Levels are implicated or concerned. Determine when a root cause analysis of a Service failure is appropriate. Perform any root cause analysis, including any analysis involving another service provider when appropriate in accordance with Attachment B of this Exhibit, and supervise Supplier's remediation of all failures involving a Service or that result in/implicate Supplier's failure to meet the Service Levels.

F. Consider any advisable (and feasible) change (including a Change) to the Services, or any people, process or technology used to deliver the Services, as a result of, and to address problems or concerns identified through, a root cause analysis, and advise the RMT of same.

G. Prioritize remedial actions based on the importance of affected WM operations and operational impact of lost functionality within the WM environment or any Supplier environment.

H. Develop rectification and maintain plans and disaster recovery plans and ensure that they are implemented in accordance with the terms of the Agreement.

I. Prioritize the identification, resolution, and escalation of Service Level Defaults.

J. Review the Supplier's performance of the Services and prepare reports as directed by the RMT for the RMT quarterly meetings.

K. Escalate major operational and technical problems, issues and risks that cannot be resolved promptly at the DMT level.

4. **Relationship Management Team**

4.1 **Members** - The Relationship Management Team (RMT) will be comprised of the following individuals, representing WM and Supplier, respectively:

WM – Sushuma Bull – First Vice President and Bruce Marshak – First Vice President

Supplier – Anthony Merlo, President, Don Dobson, SVP - Operations, Peter Galitis, Chief Appraiser and Mike Malone - First American Senior Vice President - National Accounts Director

4.2 **Responsibilities** - The RMT will be principally responsible for the following:

A. Ensure that the actual relationship between the Parties reflects as closely as possible each Party's intentions and achieves the business objectives.

B. Manage the process for changes to the Services, the Agreement, Projects and New Services and any changes to the Governance Model.

C. Review, on at least a quarterly basis, Supplier's performance, compliance with WM's audit, security and business recovery requirements; all performance reports; and overall customer satisfaction.

D. Supervise any fault analysis, taking into account the results of any root cause analysis (see Attachment B), including any multi-party analysis required for multi-party issues. However, all Supplier affiliates and any other service providers associated with the issue must agree to first attempt to resolve any issues between themselves without WM's involvement so that WM is not expected to adjudicate between its service providers in the case of a dispute.

E. Ensure compliance with all procedures for changing the Services, or any part of the environment used to deliver the Services, including as a result of any root cause or fault analysis.

F. Resolve any relationship and contractual issues escalated to the RMT, and only escalate any such issue to the ERT after all realistic avenues for resolving the issue have been thoroughly and cooperatively exhausted.

G. Ensure Supplier is informed of, and understands, the evolving needs of WM's business and keep WM advised of developments in the areas of the outsourced services and technology applicable thereto.

H. Ensure that each Party complies with the Governance Model and does not attempt to manage around it.

5. **Executive Review Team**

5.1 – **ERT Members** - The Executive Review Team (ERT) will be comprised of the following individuals:

WM – Cheryl Feltgen – Senior Vice President, Joe Healan – Senior Vice President, Wayne Pollack – Senior Vice President

Supplier – Anthony Merlo – President, eAppraiseIT, Barry Sando – President, First American Mortgage Information Services Group and Dennis Gilmore – CEO, First American Mortgage Information Services Group

5.2 – **ERT Responsibilities** – The ERT will be principally responsible for the following:

A. Create a forum that will enable Supplier to understand WM's business strategy evolving business needs and give Supplier an opportunity to contribute to that strategy by providing high-level insight on emerging business trends relevant to WM. Ensure that each Party complies with Governance Model and does not attempt to manage around it.

B. Meet at least semi-annually for the first twelve (12) months of the Agreement and at least annually thereafter.

C. Provide guidance and leadership to the relationship as a whole.

D. Provide the final escalation level on technical, contractual and relationship issues from the DMT and RMT.

6. **Appointment and Removal of Team Members**

As the output, vigor and usefulness of the teams will largely be determined by the commitment, ability and availability of their members, appointment and removal of Supplier's team members will be governed by the following requirements:

A. Supplier will consider the appointment of each Supplier team member carefully.

B. Supplier will maintain similar executive level positions within each team to ensure an appropriate focus and direction is provided to the other.

C. WM will be entitled to approve (and require removal and replacement of) Supplier team members. WM will, whenever reasonably practicable, give Supplier one (1) month written notice in the event it wishes to change a Supplier team member, unless Supplier team member violates the WM Code of Conduct whereby removal of the Supplier team member may be, at WM's discretion, immediate.

7. **Decisions of Teams**

All team decisions will be made in accordance with the Agreement. If the Agreement specifies that an issue will only take effect if agreed between the Parties, then the resolution will only be passed if representatives of both Parties agree. If the Agreement specifies that WM has an approval right or the discretion or the Agreement is silent on a matter, then Supplier representatives can make suggestions but cannot prevent WM from making a particular decision or force WM to make a particular decision

8. **Change Control Procedures**

Within 75 days after the Effective Date, Supplier will deliver to WM, in the form and scope agreed upon by WM and Supplier, a draft of the Change Control Procedures, which will be finalized, including by obtaining WM's approval, no later than 120 days after the Effective Date. On an ongoing basis throughout the Term, Supplier will update the Change Control Procedures as appropriate or upon WM's request, with WM's review and right to approve any updates to the Change Control Procedures. Supplier will adhere to the Change Control Procedures in effect and documented at the time. WM and Supplier agree that the Change Control Procedures shall provide, at a minimum, that:

A. no operational change that will or may reasonably be expected to impact WM from either a cost or operational perspective shall be implemented without WM's prior written approval unless otherwise expressly provided in the Change Control Procedures;

B. with respect to all operational changes, Supplier shall (i) schedule operational changes so as not to unreasonably interrupt WM's business operations, (ii) each month, prepare and deliver to WM a rolling schedule for ongoing and planned operational changes for the next 90-day period, (iii) promptly notify WM of any schedule or impact to the operational changes, and (iv) monitor the status of operational changes against the applicable schedule; and

C. Supplier shall update the Change Control Procedures as necessary and shall provide such updated Change Control Procedures to WM for its approval.

9. Attachments to the Governance Model

There are several exhibits to this Governance Model. Each Party agrees that it will comply with each of the following Attachments:

Attachment A – Project Managers' Scope
Attachment B – Root Cause and Fault Analysis Procedure
Attachment C – Approvals Procedure

10. Dispute Resolution

10.1 In accordance with the Agreement, the Parties shall use commercially reasonable efforts to resolve, promptly and in good faith, any and all disputes that may arise under, or in the course of the administration of, the Agreement.

10.2 It is the intent of WM and Supplier to resolve disputes and other issues in a constructive manner that reflects the concerns and commercial interests of each Party. Each team or committee shall work in good faith to promptly and fully resolve all disputes or issues submitted for their review. It is also the Parties' intention to have the disputes or issues resolved by the appropriate levels of authority without the need for escalation. From time to time, however, disputes may arise that cannot be resolved despite the best efforts of the members of the applicable team or committee. In such cases, the following steps are to be followed in escalating disputes between the Parties.

10.3 Either Party may decide that escalation is appropriate when resolution of an issue appears unachievable within two Business Days [I put definition in SLA, but we should add to Agreement] at the operational level or at the DMT or RMT level if the problem originates at the DMT or RMT level.

10.4 **Escalation Mechanics:** If a resolution is not reached in accordance with Subsection C above, the issue will be escalated. If an issue is escalated:

A. **Documentation.** The Parties will jointly develop a short briefing document called 'Statement of Issue for Escalation' that describes the dispute, relevant impact of the dispute, and the position of each Party

B. **DMT Authority.** If the issue arises at the operation level, the DMT shall be the initial point of escalation if the dispute involves or relates to Service quality, Deliverable quality, timely performance or other performance-related matters.

C. **RMT Authority.** If the issue arises at the operational level, the RMT shall be the initial point of escalation if the dispute involves or relates to the Parties' business relationship, such as disputes regarding the scope of Services, billing or payment or personnel.

10.5 **Escalation.**

A If the issue is escalated from the operational level, a meeting will be scheduled with the DMT or RMT, as applicable within two Business Days. Such meeting may be carried out by telephone or video conference. The Statement of Issue for Escalation will be sent in advance to the participants. If, for any reason, including the failure to meet or communicate, the DMT or RMT, as applicable, is not able to resolve the dispute or issue within five Business Days after initial escalation to such team, the dispute or issue shall be escalated to the ERT.

B. If the issue arises at the DMT or RMT level and is not resolved in accordance with Subsection 10.4 above, the issue shall be escalated directly to the ERT.

10.6 **Final Resolution.** A meeting will be scheduled with the ERT as promptly as possible. The Statement of Issue for Escalation will be sent in advance to the ERT. If, for any reason, including failure to meet or communicate, the members of the ERT (or any other representatives of the Parties) are unable to resolve a dispute within ten (10) Business Days after the dispute is first escalated, either Party may proceed to pursue any rights and remedies not prohibited by the Agreement.

10.7 **Documentation.** Upon the resolution of a dispute at any level of escalation, the Parties' decision or resolution thereof shall be documented and the documentation provided to the Relationship Managers of both Parties.

11. Withheld Fees

If a dispute arises regarding fees, such dispute shall be immediately referred to the DMT for resolution in accordance with Section 10 of this Exhibit G above.

Attachment A to Exhibit G
Project Managers' Scope

Monitoring Compliance with Agreement

The Project Managers are the delegates of each of Supplier and WM representatives on the RMT. They are responsible for monitoring day to day compliance with the Agreement. Those issues include the following (and will be updated to reflect any changes to the Agreement):

1. **Performance measurement**
   - Reviewing compliance with the Performance Requirements
   - Reviewing compliance with cost reduction and efficiency improvement obligations
   - Reviewing status of individual existing or planned Projects
   - Benchmarking
   - Reviewing Customer Satisfaction Survey results

2. **Financial**
   - Reviewing compliance including reviewing invoices against backup documentation
   - Approving Projects and managing adherence to project documents
   - Evaluation and approval of New Services requests
   - Business development monitoring
   - Approve business proposals

3. **Approvals**
   - Ensuring compliance with approval requirements and facilitating approvals where necessary
   - Implementing processes to ensure approvals are obtained in a timely manner

4. **Reporting and auditing**
   - Reviewing Supplier compliance with reporting requirements as set out in the Agreement including audit and benchmarking activities

5. **Issue Management**
   - Approving rectification plans and reviewing compliance with those plans
   - Identifying and raising issues of concern under the Agreement
   - Managing Root Cause and Fault Analysis (see Exhibit B)
   - Supervising Performance Credit regime
   - Supervising disaster recovery
   - Initiating the dispute resolution process

Attachment B to Exhibit G
Root Cause and Fault Analysis

1. This procedure describes how the Parties will address any problems and faults affecting Supplier's performance of the Services in the WM environment, including any failure by Supplier to provide the Services in conformance with applicable Service Levels ('**Problems**'). Supplier agrees to comply fully with this procedure and to deal with issues as they arise.

2. The key principle is that Supplier must first work to fix the Problem and only conduct any root cause or fault analysis once the Problem is fixed

3. As soon as Supplier becomes aware of a Problem (either because the WM team notifies Supplier, or as a result of Supplier monitoring its environment), Supplier must take responsibility for diagnosing and rectifying the Problem.

4. Supplier will have fulfilled its responsibility to fix the Problem if:

   a. another organization (including possibly WM) that Supplier reasonably believes will be able to fix the Problem to Supplier's satisfaction has taken responsibility for the issue ('Third Party Fixer'); and

   b. the Third Party Fixer has undertaken to fix the Problem within a period of time that does not result in any additional adverse effect on WM and to report regularly to Supplier on progress for fixing the Problem.

5. However, if at any stage it becomes apparent that the Third Party Fixer will not be able to fix the Problem as required under point 4, Supplier will again assume responsibility for fixing the Problem from the time at which that becomes apparent.

6. Once the Problem has been fixed, the DMT (with the assistance of appropriate specialist working groups), with the RMT's supervision, will conduct root cause analysis to determine the root cause of the Problem.

7. If the root cause analysis does not result in a clear picture of the party responsible for the root cause(s), and more than one third-party supplier is involved, the suppliers must agree to first attempt to resolve the issue between them without WM's involvement WM will not adjudicate between its suppliers in the case of a dispute.

8. If (and only if) the suppliers are not able to resolve the issue under paragraph 7, or if the only parties involved are one supplier and WM, the RMT will conduct fault analysis to determine to what extent each supplier to WM (and possibly WM itself) is or are contractually responsible for the root cause(s) If the parties involved in the root cause analysis or fault analysis do not agree on its outcome, WM's determination will be final.

9. If Supplier spends time working on the Problem but the root cause analysis (or fault analysis if conducted) shows that Supplier was not responsible for the Problem, then:

   a. Supplier can charge the party who was responsible for the Problem (to the extent of that party's responsibility determined by root cause or fault analysis);

b The rate at which Supplier can charge that party will be based on the skill level of the person or people who worked on the Problem and at the applicable rates for that skill level determined in accordance with the Agreement;

c. Supplier will be excused from any resulting breach of Service Levels; and

d. WM will reimburse Supplier's charges on behalf of the other party.

10. This same procedure will be contained in WM's agreements with its telecommunications supplier and any other supplier that will provide key services to WM that need to work seamlessly with Supplier's Services to WM (**'Key Supplier'**), so that Supplier can count on those suppliers also being bound to work on fixing Problems first and dealing with root cause and fault analysis later.

11. Supplier agrees that if any root cause or fault analysis results in Supplier being responsible for a Problem that another key supplier has worked on fixing, then to the extent of Supplier's responsibility for that Problem, it must pay that key supplier (through WM as that key supplier's agent) the agreed blended rate (in the same way as any such key supplier must pay Supplier under point 6 to the extent of its responsibility).

12. Supplier appoints WM as its agent to collect charges payable by a third-party to Supplier as a result of this procedure Supplier agrees that WM may offset against the Fees any amount payable to a key supplier under Paragraph 11 above.

13. The DMT and /or RMT may look at steps that can be taken to minimize the likelihood of the Problem occurring again.

14. If root cause analysis determines that Supplier was responsible for the Problem, Supplier must take any steps determined during the root cause analysis or as a result of any subsequent recommendation by the DMT or RMT to prevent any recurrence of the Problem occurring again

Attachment C to Exhibit G
Approvals Procedure

A. If Supplier is required to obtain WM's approval in relation to any matter, it must comply with the following procedure:

(1) **Approving Officer** - If the Agreement or any Exhibit or Attachment to it (such as the Procedures Manual or Scope of Services) specifies the WM person who is authorized to give the approval, Supplier must obtain that person's approval. In any other case, Supplier must obtain the consent of the, SVP, Loan Services Support. That person may delegate that approval right to other WM Management from time to time as deemed appropriate.

(2) **Escalation** - If Supplier has used reasonable efforts to seek WM's approval and the Approving Officer has not responded within the time specified in the Agreement (or, if no time is specified, a reasonable time given the nature and urgency of the matter that requires approval), Supplier must escalate the matter and seek approval from the SVP, Loan Services Support.

(3) **Action** - If, having escalated the matter for approval as required above, Supplier has not received a response from WM, Supplier must:

- make an assessment of whether acting as if the approval has been given or rejected would be in WM's better interest;
- take the action determined above to be in WM's better interest;
- use its commercially reasonable efforts to mitigate any loss to WM arising as a result of Supplier taking the action referred to above; and
- notify the WM Senior Vice President, immediately of the action taken.

Provided Supplier complies with the procedure set out above, Supplier will not be liable to WM for any breach of any Performance Requirement or other breach of the Agreement caused solely by the fact that WM did not give the approval sought by Supplier.

EXHIBIT H
WM POLICIES AND PROCEDURES

This Exhibit H consists of the following two WM policies: Vendor Code of Conduct; Working with WaMu, provided as separate documents and incorporated by this reference.

In addition, to the extent that Supplier provides Services from a location outside the United States, Supplier shall comply with the Code of Conduct for WaMu Suppliers Operating Abroad, as set forth below:

Code of Conduct for WaMu Suppliers Operating Abroad

While Washington Mutual ("WaMu," and may also be referred to as "We" or "our") recognizes that its suppliers operate in different cultural, political, and legal environments throughout the world, this Code of Conduct for WaMu Suppliers Operating Abroad (the "Code") establishes basic requirements with which all suppliers must comply in order to do business with WaMu. This Code also sets forth the foundation for WaMu's ongoing evaluation of a supplier's employment, environmental, and human rights practices. Without limiting any provision in the Agreement to which this Code is attached, WaMu reserves the right to take affirmative steps, such as on-site inspections of a vendor's facilities, to ensure compliance with the standards set forth in this Code.

WaMu may update this Code from time to time on written notice to its suppliers.

Applicability

This Code applies to all locations outside the boundaries of the United States from which WaMu suppliers provide services to or on behalf of WaMu.

Ethical Standards

We seek to identify and utilize suppliers that embrace the highest standards of ethics in the conduct of their businesses. This encompasses a vendor's relationship not only with WaMu, but also with other business partners, clients, customers, competitors, shareholders, and the communities in which they operate. We expect our suppliers to create company cultures in which ethical conduct is valued, expected, and exemplified by employees.

Legal Requirements

We require suppliers to adhere to all applicable laws and regulations. If a vendor commits legal violations, we will take appropriate steps, which may include terminating our relationship with the vendor or commencing legal action against the vendor.

Health and Safety

We require our suppliers to provide clean, safe, and healthy working conditions for their workers. This includes, but is not limited to, providing clean restrooms, well-lit workstations, fire exits and safety equipment, and first aid material Any vendor that provides residential accommodations must provide clean, safe, and healthy facilities that meet the basic needs of the workers.

Employment Practices

WaMu's suppliers must treat their workers with respect and dignity.

- Forced or Compulsory Labor - We believe that utilizing forced, prison, or other compulsory labor is inhumane. We will not work with suppliers that use such labor.
- Child Labor - The use of child labor is unacceptable. Under no circumstances, may a person under the age of 15 (or 14 where the law of the vendor's country of operation allows), or younger than the age for completing compulsory education if such age is higher than 15, work in one of our vendor's facilities. We reserve the right to require a higher minimum age for those individuals working on WaMu matters.
- Wages and Benefits - WaMu's suppliers must offer their employees fair compensation through wages and other benefits, in accordance with minimum wage requirements or prevailing local industry practice, whichever is higher.
- Working Hours - WaMu's suppliers must comply with all applicable hour laws and regulations, including those related to overtime.
- Discrimination - WaMu does not discriminate on the basis of race, color, ethnicity, gender, national origin, religion, disability, sexual orientation, or political opinion, and we expect our suppliers to comply with this standard.
- Disciplinary Practices - We will not tolerate our suppliers using corporal punishment or other physical or mental coercion.

Environment

We expect our suppliers to adhere to their national laws and regulations regarding environmental protection and preservation

Freedom of Association

We expect our suppliers to respect the right of employees to associate freely with whichever individuals or organizations they choose.

EXHIBIT I
OFFSHORE SERVICES

The following subcontractor entity is approved by WM to perform the Services listed below:

India Service Location:

Entity Name: First Indian Corporation Pvt. Ltd. ("FIC")

Address: **5th Floor, Bagmane Lakeview**
C.V. Raman Nagar
Bangalore – 560 093, India

Brief Description of sub-part of Services to be provided from the above Service Location:

Appraisal Services (property network management and panel management services)

Information and Physical Security:

Supplier and FIC will complete all risk mitigation activities applicable to the India Service Location in the time and manner set forth in the WM document entitled, "Risk Acceptance and Mitigation – First Indian Hyderabad and Bangalore v1.3 11/14/2006" to WM's reasonable satisfaction.

Supplier acknowledges that it may not perform any of the Services at a location outside the United States other than that listed in this Exhibit I without the prior written approval of WM.

Exhibit I-1
Five Part Background Check

The requirements set forth in this Exhibit I-1 (Five Part Background Check) are applicable to all personnel providing Services to WM in or from the Republic of India and only to such persons These requirements shall prevail over the requirements set forth in Section 2(a) of Exhibit D (Information Security Requirements).

1. **Five-Part Background Check.**

Supplier, by itself or through the use of a third-party contractor, agrees to subject each member of the Project Staff to the five-part background check (the "Five-Part Background Check") described in this Schedule L-3 before Supplier allows him or her to perform any Services on behalf of WM.

A. Education Verification. This verification shall include verification of an actual copy of the certificate of the highest level of education achieved and the marks received from that institution, along with any release form necessary to legally share the information with WM or WM's regulators.

B. Employment Verification. The Project Staff person shall provide the exact location of his or her prior employment, including identifying his/her supervisor. Supplier will verify the information provided by the Project Staff person. Verification will include, but not be limited to, verifying that the Project Staff person has the required employment experience in the subject matter of the Services and that the Project Staff person has not been subject to disciplinary actions by previous employer(s).

C. Address Verification. The Project Staff person will supply Supplier with his or her current and prior addresses (if any) for the previous four (4) years.

D Criminal Record Verification. Supplier shall obtain three (3) original photographs of the Project Staff person, a photocopy of the Personal Particulars Form from the Office of the Deputy Commissioner of Police, Special Branch, and an identity document (in order of preference) such as a passport, ration card, or drivers license that corresponds to the current address for the Project Staff person. The Criminal Records Verification shall verify whether the Project Staff has had any contact with any of the following courts and the nature of such contact, if any: Civil and Criminal divisions of High Courts, Session Courts, and Magistrate Court record checks for the preceding five years with the courts in the regions of Chennai, Bangalore, and Hyderabad.

E. Database Searches. Supplier will search each of the following databases for information about each member of the Project Staff:

I. Criminal Records Checks: Central Bureau of Investigation Most Wanted List, Supreme Courts Records Check, Central Vigilance Commission Corrupt Officers Database, High Court Records Check;

II. Civil Litigation Database Checks: Labor and Service Law Violations, Consumer Protection Violation, Environmental Protection Violation, Arbitration and Conciliation, Direct Taxes Violation, Excise and Customs Violations, Supplier Law Violations, Sales Tax Violations;

iii. Credit Risk: Indian Civil, Credit Check with The Reserve Bank of India Loan Defaulters List, Fake Universities Database, Securities and Exchange Board of India Watch List, Board of Industries and Financial Reconstruction Companies, Global Media Database Searches, Department of Supplier Affairs Vanishing Companies Database, Directorship Watch List, Cross Directorships Database;

iv. India-Specific Internet Searches: Indian Prosecuted Companies Database; Bombay Stock Exchange & National Stock Exchange Companies Watch List; Indian Politically Exposed Persons Database;

v. American Databases: US Securities Exchange Commission, New York Stock Exchange, Commodity Futures Trading Commission, National Association of Securities Dealers, Federal Deposit Insurance Corporation, Office of Comptroller of Currency, Office of Thrift Supervision, The Federal Reserve Board, The National Credit Union Association, Office of Superintendent of Financial Institutions, Alberta Securities Commission, British Columbia Securities Commission, Ontario Securities Commission, Investment Dealers Association of Canadian;

vi. Asian Databases: Pakistan Securities & Exchange Commission, India Securities & Exchange Board, Hong Kong Securities & Futures Commission, Malaysian Securities Commission, Japan Securities and Exchange Surveillance Commission, Indonesian Capital Market Supervisory Agency, New Zealand Securities Commission, Thailand Securities and Exchange Commission, China Securities Regulatory Commission, Bangladesh Securities & Exchange Commission, Australian Securities and Investment Commission;

vii. European Databases: Financial Services Authority, Investment Management Regulatory Organization, Securities and Futures Authority, Lloyds of London, Italian Securities Commission;

viii. Compliance Databases: OFAC's Specially Designated Nationals and Blocked Persons, Officials of OFAC Blocked Countries, Department of State Defense Trade Controls (DTC) Debarred Parties List, Bank of England Sanctions List, United Nations Consolidated List, Global Money Laundering Database, World Bank International Investment Disputes, International Court of Justice, Asian Corrupt Government Officials Database, Interpol Most Wanted, International War Crimes Tribunal, US Bureau of Export Administration Denied Parties List, Bureau of Industry and Security Denied List, Non-cooperative Countries and Territories, Politically Exposed Persons, EU Terrorism List, FBI Hijack Suspects List, FBI Most Wanted, FBI Most Wanted Terrorists, FBI Seeking Information, FBI Top Ten Most Wanted, Royal Canadian Mounted Police Most Wanted, Dubai Police Most Wanted, Consolidated List – Canada, Asian Fraud and Corruption, Asian Money Laundering, Asian Fraud Risk and Asian Stolen Passports

F In any of the preceding five verifications, if the Project Staff person is found to have provided any false or misleading information, such Project Staff person shall not be assigned, or allowed to continue, to provide Services to WM unless WM is first notified of the circumstances surrounding the misrepresentation and specifically consents to use of that Project Staff person in a separate, signed written notice.

G In any of the preceding five (5) verifications, if the Project Staff person is found to have committed any acts or crimes comparable to fraud or theft, or any crimes or acts of

violence, that Project Staff person shall not be assigned to perform Services or, if already assigned, shall be immediately barred from providing Services.

2. Retention.

Supplier shall retain the results of all Five-Part Background Check referenced herein as well as any supporting documentation sufficient to document Supplier's background check process and procedures. The results and supporting documentation shall be retained in accordance with WM's then-current record retention procedures, as in effect from time to time and communicated to Supplier.

3. Audit.

Upon notice from WM, Supplier will provide WM, WM Agents, or OTS Agents with access to the Five-Part Background Check results referenced herein and any supporting documentation as may be requested by WM or the OTS.

EXHIBIT

"B"

EXHIBIT B

Execution Copy

PERFORMANCE GUARANTY AGREEMENT

THIS PERFORMANCE GUARANTY AGREEMENT is made and entered into as of the 14th day of November, 2006 ("Effective Date"), by and between First American Real Estate Solutions LLC, a California limited liability company ("Guarantor"), and **WASHINGTON MUTUAL BANK**, a federal savings association ("WM").

WITNESSETH:

WHEREAS, WM and eAppraiseIT, LLC ("eAppraiseIT") are entering into that certain Appraisal Outsourcing Services Agreement of even date herewith (the "Agreement") for eAppraiseIT to provide certain services to WM. The defined term "Agreement" shall include any amendments, modifications, change orders, statements of work, extensions of time, supplements, and exhibits (along with all documents of like type or effect and all documents referenced therein) to the Agreement;

WHEREAS, Guarantor is the corporate parent company of eAppraiseIT;

WHEREAS, as a condition to the execution of the Agreement, WM has required that Guarantor execute this Performance Guaranty Agreement; and

WHEREAS, Guarantor is willing to guarantee to WM the performance of eAppraiseIT to include all obligations and undertakings by eAppraiseIT as the same may be amended from time to time under the Agreement.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants contained herein, and other good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereby agree as follows:

1. Guarantor hereby unconditionally and irrevocably guarantees to WM due performance of all obligations undertaken by eAppraiseIT in connection with the Agreement, and all obligations undertaken by eAppraiseIT in the Agreement are incorporated herein by reference, the same as if set forth herein in full.

2. This Performance Guaranty Agreement shall continue in full force and effect until the Agreement has been fully performed and shall include all obligations under the Agreement.

3. This Performance Guaranty Agreement shall be one of guaranty as well as one of performance. WM shall be required to first pursue remedies against eAppraiseIT before involving the benefits of this Performance Guaranty Agreement.

4. This Performance Guaranty Agreement shall be a continuing guaranty and (whether or not Guarantor shall have notice or knowledge of any of the following, notice of such being hereby expressly waived) the liability and obligation of Guarantor hereunder shall be absolute and unconditional and shall remain in full force and effect

Oct 09 2007 Plaintiff's Exhibit FDIC-2 FCMT-047

without regard to, and shall not be released, discharged, diminished, limited, or in any way impaired by:

(a) any amendment, modification, change order, extension of time, or supplement to the Agreement duly executed by eAppraiseIT, unless eAppraiseIT is no longer owned by Guarantor, or one of its affiliates, at the time of the amendment, modification, change order, extension of time, or supplement to the Agreement;

(b) any exercise or nonexercise of any right, power, remedy, or privilege under or in respect of the Agreement or other contract documents or this Performance Guaranty Agreement or any other indulgences, forbearances, or extensions of time for performance or observance allowed to eAppraiseIT except that, to the extent such is a defense for eAppraiseIT, such shall also be a defense for Guarantor; or

(c) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation, or similar proceeding relating to eAppraiseIT or its properties or creditors.

5. This Performance Guaranty Agreement shall be binding upon Guarantor, its successors and assigns, and shall inure to the benefit of WM and its respective successors and assigns. Guarantor may not assign its obligations under this Performance Guaranty Agreement by operation of law or otherwise, without the advance written consent of WM.

6. Notwithstanding anything contained herein to the contrary, the obligations of Guarantor hereunder shall not be construed to be broader than the obligations of eAppraiseIT pursuant to the Agreement, and all defenses, excuses and limitations, including, but not limited to, limitations of liability and damages, and other rights of eAppraiseIT with respect to eAppraiseIT's obligations available to eAppraiseIT under the Agreement, shall also be available to the Guarantor, except for bankruptcy or insolvency of eAppraiseIT. All payments made by eAppraiseIT to WM under the Agreement and by Guarantor under this Performance Guaranty Agreement shall be aggregated for purposes of liability limitations applicable to eAppraiseIT under the Agreement.

7. This writing is intended by the parties as the final, complete, and exclusive statement of the terms of this Performance Guaranty Agreement. No course of dealing between the parties, no usage of the trade, and no parol or extrinsic evidence of any nature shall be used or be relevant to supplement, explain, or modify any term used herein. If any provision of this Performance Guaranty Agreement shall to any extent be held invalid or unenforceable, then only such provision shall be deemed ineffective and the remainder of this Performance Guaranty Agreement shall not be affected.

8. This Performance Guaranty Agreement may not be amended, changed, or discharged without the written approval, expressly referring to this Performance Guaranty Agreement, of both WM and Guarantor, and no such amendment, change, or

commercial Smith DEC 2008 DRAFT

discharge shall extend to, affect, or impair any right with respect to any liability or obligation that is not expressly dealt with therein. The terms and conditions of this Performance Guaranty Agreement shall be effective only and automatically upon the Effective Date.

9. This Performance Guaranty Agreement shall be construed and governed in accordance with the laws of the State of New York without reference to the conflict of laws principles thereof.

10. GUARANTOR AND WM IRREVOCABLY WAIVE ALL RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING HEREAFTER INSTITUTED BY OR AGAINST GUARANTOR OR WM IN RESPECT OF THIS PERFORMANCE GUARANTY AGREEMENT OR ARISING OUT THE LIABILITIES GUARANTIED BY THIS PERFORMANCE GUARANTY AGREEMENT.

IN WITNESS WHEREOF, Guarantor and WM have caused this Performance Guaranty Agreement to be signed and delivered by their duly authorized officers, all as of the Effective Date.

FIRST AMERICAN REAL ESTATE SOLUTIONS LLC

By: _____
Name: Barry M. Sardo
Title: Executive Vice President

WASHINGTON MUTUAL BANK

By: _____
Name: _____
Title: _____

confidential
Bill Smith
FDIC
Oct 09, 2008 12:37:04 AST, EDT

confidential

Bill Smith

FDIC

Oct 09, 2008 12:37 GMT-04 AST, EDT