

HCO-02-01
Effective Date: September 19, 2002

HOME COUNSELOR ONLINE™ BULLETIN

This Bulletin is issued in accordance with the section of the Fannie Mae Software Subscription Agreement (the "Agreement") entitled "Issued Bulletins; Amendment," and contains amendments to the Home Counselor Online (Non-Profit Version) Schedule thereto (the "HCO Schedule"). All terms defined in the Agreement or the HCO Schedule and not otherwise defined herein shall have the meaning set forth in the Agreement or the HCO Schedule, as the case may be.

AMENDMENT TO SCHEDULE

The HCO Schedule is hereby amended by replacing its terms and conditions with the attached Home Counselor Online Schedule Terms and Conditions.

All of the terms and conditions of the Agreement and the HCO Schedule shall continue in full force and effect as modified herein. In the event of any inconsistency between or among the provisions contained in the Agreement or the HCO Schedule and this Bulletin, the provisions of this Bulletin shall govern.

HOME COUNSELOR ONLINE™
Schedule

Terms and Conditions

PART I

LICENSED SOFTWARE/ADDITIONAL TERMS

1. **Licensed Software.** Fannie Mae's software product known as Home Counselor Online, which, among other things as of the date set forth on the Order Form, is designed to support and facilitate: (i) the input of Data, including Consumer Credit Data, the analysis of such information and, based on such information, the development of a home purchase affordability analysis for a specific geographic area and financing option; and (ii) in the case of the Credit Retrieval Module, the communication and the exchange of Data between Licensee and consumer reporting agencies accessible through the Credit Retrieval Module, is licensed pursuant to this Schedule.

2. **Definitions.** The following definitions are used in this Schedule as defined below:

"**Client**" shall mean the potential home purchaser/mortgage applicant who works with Licensee to prepare for homeownership and whose Data is entered into the Licensed Software.

"**Consumer Credit Data**" shall mean any information obtained by Licensee, either directly or indirectly, which bears on Client's creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living (the "Seven Factors") and which is used or expected to be used or collected in whole or in part to provide an assessment of Client's financial readiness to purchase a home. Such data may include, but is not limited to, data contained in: (i) residential mortgage credit reports, "in-file" credit reports, or "consumer reports," as defined in the FCRA; and (ii) any correspondence or communication from Client or any third party which includes information relating to one of the Seven Factors.

"**Credit Retrieval Module**" shall mean that component of the Licensed Software that: (i) facilitates the retrieval of a consumer report from a "consumer reporting agency," as defined in the FCRA, with which Licensee has a direct independent contractual relationship; and (ii) acts solely as an interface between Licensee and such consumer reporting agency in the process of obtaining a consumer report upon Licensee's request.

"**Data**" shall mean any numbers, information, or other data, including Consumer Credit Data, provided by the Client to Licensee to be entered into the Licensed Software.

"ECRA" shall mean the federal Fair Credit Reporting Act, codified at 15 U.S.C. § 1681 ~~et seq.~~, and the Federal Trade Commission's Official Staff Commentary (the "Commentary") to the Fair Credit Reporting Act.

"Lender" shall mean any potential provider of mortgage loan financing for Client.

3. **Restrictions on Use.** For purposes of this Schedule, Section 3.4(b) of the Agreement is replaced by the following:

(b) Licensee shall only use the Licensed Materials for its own internal business purposes. Without derogating the generality of the foregoing, (i) Licensee shall not use or allow others to use the Licensed Materials in a multiple-use arrangement or as a part of a service bureau, and (ii) Licensee shall only use the Licensed Materials in support of its mortgage industry activities if it is a Lender or mortgage broker or in support of its home purchase or other counseling activities if it is not a Lender or mortgage broker.

4. **Licensee's Obligations.**

(a) Licensee is required to obtain Client's written authorization prior to obtaining any Consumer Credit Data on such Client, except such Consumer Credit Data as may be furnished to Licensee by Client. Licensee is explicitly prohibited from using the Credit Retrieval Module to request and receive consumer reports if Licensee has not obtained Client's prior written authorization to request such consumer reports. Written authorization required by this Section shall be documented on the form titled "Credit Report Authorization and Privacy Disclosure Form" attached hereto as Exhibit A.

(b) Licensee shall preserve the confidentiality of Client's Data whether provided orally or in writing to Licensee. Further, Licensee shall protect against any disclosure of Client's Consumer Credit Data regardless of how such information is obtained by Licensee, to any party other than Client and a Lender that is not the Licensee. Licensee is required to obtain Client's written authorization, in the manner set forth in Section 4(a) above, prior to any disclosure of Client's Consumer Credit Data to a Lender that is not the Licensee. Licensee understands that state and/or federal laws may restrict the disclosure to third parties of Client's Consumer Credit Data.

(c) Licensee shall not be a party to any agreement or understanding, oral or otherwise, relating to the referral of Clients to any Lender or mortgage broker in return for any fee or "thing of value" as defined in the Real Estate Settlement Procedures Act and its implementing regulation, Regulation X (collectively "RESPA") and shall in all respects comply with RESPA's requirements and restrictions.

5. **Licensed Software Limitations.** Neither Fannie Mae nor any Third-Party Licensor guarantees that the Licensed Software will qualify a Client for a mortgage loan. Further, while a Lender may subsequently utilize some or all of the Client's Consumer Credit Data in connection with Client's mortgage loan application, the Licensed Software is not intended to constitute Client's mortgage loan application. Any documents or reports generated by the Licensed Software shall be used solely to provide an assessment of Client's financial readiness to purchase a home. Any written assessment which Licensee prepares shall clearly provide that such assessment
- (i) represents Licensee's opinion regarding Client's financial readiness to purchase a home and is not a guarantee that Client will qualify for mortgage loan financing,
 - (ii) is for Client's personal use and information only (and for the use of a Lender that is not the Licensee with Client's prior written authorization), and (iii) is not in any way to be construed as, or represented to Client or to third parties as, a credit approval by Fannie Mae.
6. **Use of Licensed Software.** Licensee will use the Licensed Software, including its Credit Retrieval Module, to request, receive and/or analyze Client's Consumer Credit Data to produce a report for Client regarding Client's financial readiness to purchase a home. Licensee understands and agrees that the computations and written assessments generated by the Licensed Software do not represent a credit decision. Licensee further understands and agrees that such computations and assessments (i) represent Licensee's opinion regarding Client's financial readiness to purchase a home and are not a guarantee that Client will qualify for mortgage financing; (ii) are for Client's personal use and information only; and (iii) are not intended to substitute for the obligation of the Licensee that is a Lender to evaluate and underwrite any information supplied by Client or a third party if such Licensee intends to originate a loan to Client. In circumstances where Licensee uses the Licensed Software to compile a written assessment, Licensee shall protect against the dissemination and duplication of any aspect of such assessment (e.g., consumer reports and its own written assessment) electronically or otherwise onto storage devices such as disks, tapes or other media that are made available to outside parties. Notwithstanding the foregoing, Licensee may, with Client's prior written authorization, provide the computations and assessments to a Lender on Client's behalf.
7. **Limited Agency Relationship.** Notwithstanding the Section of the Agreement entitled "Independent Parties," Licensee hereby expressly acknowledges, understands and agrees that, in obtaining and transferring Client's Consumer Credit Data by the Credit Retrieval Module of the Licensed Software for purposes of enabling Licensee to make an assessment of Client's financial readiness to purchase a home, Fannie Mae, as owner of the Licensed Software, shall be the "agent" of Licensee, as that term is defined in the FCRA. As Licensee's agent, Fannie Mae shall, and is hereby expressly authorized by Licensee to, obtain Client's Consumer Credit Data for the sole purpose of making an assessment of Client's financial readiness to purchase a home. Licensee also expressly acknowledges, understands and agrees that Fannie Mae's role as Licensee's agent shall not extend beyond the limited purpose set forth in this Section, and, for all other purposes, there shall be no such principal and agent relationship. Moreover, Licensee

shall in no way misrepresent to any third parties the limited extent of this principal/agent relationship.

8. **Obtaining Consumer Reports; Licensee's Certification.** Licensee shall, coterminous with this Agreement, maintain direct independent contractual agreement(s) with any "consumer reporting agency" (that is accessible via the Credit Retrieval Module of the Licensed Software) from which it shall order Clients' "consumer reports," as those terms are defined by the FCRA. Such agreement(s) shall govern the use of any and all consumer reports obtained electronically through the use of the Credit Retrieval Module of the Licensed Software. Licensee hereby certifies and warrants that any request for and/or use of consumer reports obtained through the Credit Retrieval Module shall be strictly for "permissible purposes," as defined in Section 604 of the FCRA, and for no other purpose and shall in all other respects comply with the requirements of the FCRA.
9. **Rights in Data.** Notwithstanding the Section of the Agreement captioned "Rights in Data," prior to accessing for evaluation of the Licensed Software any Data, Fannie Mae will cause the following borrower-specific information to be removed from the Data: name(s) of Client(s); current and previous addresses of Client(s); address of the mortgaged property to be purchased or purchased by Client(s); social security, alien registration card or other such identifying numbers; account numbers related to assets and liabilities of Client(s); names, addresses and phone numbers of employers; and phone numbers and e-mail addresses of Client(s).
10. **Compliance With Law.** For purposes of this Schedule, the Section of the Agreement entitled "Compliance With Law" is amended by adding the following:

Licensee also understands that it is responsible for complying with any applicable federal, state or local statutes, regulations or ordinances governing or regulating the licensing and/or operation of consumer counseling agencies and their activities.
11. **Recordkeeping.** Licensee acknowledges and agrees that it may be required to maintain records of certain data pursuant to the federal Equal Credit Opportunity Act and other state and/or federal laws and regulations. Licensee understands and agrees that: (i) it bears sole responsibility for such obligation; (ii) it may need to download Licensed Software data into its own systems storage facilities or print out hard copies of such data from the Licensed Software in order to generate or obtain information necessary to meet such recordkeeping requirements; and (iii) in no event will Fannie Mae be responsible for maintaining any such data for Licensee or to provide Licensee with any such data at any time, either in computerized or hard-copy format.

12. **Indemnification.** Subsection (iv) of the Section of the Agreement entitled “Indemnification” shall be expanded to also provide indemnification in the event of any breach of Sections 3, 4, 5, 6, 7, 8, 10 and 11 of this Schedule.
13. **Survival.** Any provisions of this Schedule that contemplate their continuing effectiveness, including, without limitation, Sections 4(b), 6, 7, 8, 9, 10 and 11 shall survive any termination of this Schedule.

PART II

There are no charges in connection with the Licensed Software in addition to those imposed pursuant to Section 8.1, "Fees, Taxes and Billing," of the Agreement. The fees for consumer reports will be paid by Licensee directly to the consumer reporting agency/agencies. Fees are at rates negotiated between Licensee and the agency/agencies.

EXHIBIT A

CREDIT REPORT AUTHORIZATION AND PRIVACY DISCLOSURE FORM

I hereby authorize and instruct _____
(hereinafter “_____”) to obtain and review my credit report. My credit report will be obtained from a credit reporting agency chosen by _____. I understand and agree that _____ intends to use the credit report for the purpose of evaluating my financial readiness to purchase a home.

My signature below also authorizes the release to credit reporting agencies of financial or other information that I have supplied to _____ in connection with such evaluation. Authorization is further granted to the credit reporting agency to use a copy of this form to obtain any information the credit reporting agency deems necessary to complete my credit report.

In addition, in connection with determining my ability to obtain a loan, I

- authorize
- do not authorize

_____ to share with potential mortgage lenders my credit report and any information that I have provided, including any computations and assessments that have been produced based upon such information. These lenders may contact me to discuss loans for which I may be eligible.

I understand that I may revoke my consent to these disclosures by notifying _____ in writing.

Client’s Name (Print)

Client’s Name (Print)

Client’s Signature

Client’s Signature

Social Security Number

Social Security Number

Date

Date