

APS-09-02
Effective Date: August 11, 2009

BULLETIN

AUTOMATED PROPERTY SERVICE SCHEDULE

This Bulletin is issued in accordance with the section of the Fannie Mae Software Subscription Agreement (the “Agreement”) entitled “Issued Bulletins; Amendments,” and amends and restates the Automated Property Service Schedule (the “Old APS Schedule”) as set forth in the attached Automated Property Service Schedule (the “New APS Schedule”). All terms not defined in the New APS Schedule shall have the meaning set forth in the Agreement.

The New APS Schedule (i) incorporates revised terminology to ensure consistency with revised terminology in the Agreement, (ii) eliminates redundancy with provisions in the Agreement regarding rights in data and (iii) corrects section citations in references to the Agreement and the Fannie Mae Selling Guide.

All of the terms and conditions of the Agreement as supplemented by the New APS Schedule shall continue in full force and effect. In the event of any inconsistency between or among the provisions contained in the Agreement (including the New APS Schedule) and this Bulletin, the provisions of the Agreement shall govern.

Automated Property Service Schedule

Terms and Conditions

Part I

LICENSED APPLICATION/ADDITIONAL TERMS

1. **Licensed Application.** Automated Property Service (“APS”), which allows Licensee, upon inputting a limited set of data, to obtain a loan-level property fieldwork recommendation, and/or a predicted value and confidence score for the subject property, as well as other property-related services such as a prior sales history report if available for the subject property and a waiver of the exterior-only property inspection requirement if offered for the particular casefile, as made available by Fannie Mae, is licensed pursuant to this Schedule.
2. **Restrictions on Use.** The following restrictions are in addition to the restrictions on use in the section of the Agreement entitled “Restrictions on Use; Audit Rights”:
 - a. Licensee may use the Licensed Application only in connection with the origination and servicing of mortgage loans. Licensee may not use the Licensed Application or its valuation output to solicit non-Licensee mortgagors.
 - b. For a mortgage loan to be eligible for delivery to Fannie Mae, Licensee may use the Licensed Application’s output for: (i) identifying the minimum level of property appraisal and inspection required, and/or (ii) conducting quality assurance reviews of appraisal reports.
 - c. For a mortgage loan to be eligible for delivery to Fannie Mae, Licensee: (i) must not disclose the Licensed Application’s valuation output to the property appraiser, loan originator, or any interested party to the loan transaction during the loan origination process, and (ii) must not use the Licensed Application’s valuation output as the basis for any property value submitted to Desktop Underwriter or as the basis for a value to be reported to Fannie Mae in the Loan Schedule or Schedule of Mortgages.
 - d. For a mortgage loan to be eligible for delivery to Fannie Mae, any property appraisal recommended by the Automated Property Service must meet the requirements specified in the Fannie Mae Selling Guide.
 - e. APS assigns a unique casefile ID to each casefile created in APS. The casefile ID is specifically assigned to one casefile and may not be used for any other loan or property.
 - f. Licensee may only use APS if it is a Fannie Mae seller/servicer.
3. **Reporting of APS Casefile ID.** For a mortgage loan to be eligible for delivery to Fannie Mae, Licensee must report the APS Casefile ID on the Loan Schedule or Schedule of Mortgages, as appropriate, if the mortgage loan was processed with the Licensed Application.
4. **Property Inspection Waiver.** In addition to the applicable provisions of the Automated Property Service User Guide, the following terms and conditions shall apply for each eligible mortgage loan processed via the Licensed Application and delivered to Fannie Mae, if Licensee exercises the Property Inspection Waiver offer to not perform the fieldwork otherwise recommended by APS:
 - a. The lender that delivers the mortgage loan to Fannie Mae (the “Delivering Lender”) is not required to make any representation or warranty as to property value, marketability, or condition with respect to any such mortgage loan;
 - b. Notwithstanding the above, the Delivering Lender represents and warrants that all of the information and data submitted to the Licensed Application are complete and accurate;
 - c. Licensee may only exercise a Property Inspection Waiver (“PIW”) offer and be relieved of the requirement to make representations and warranties with respect to property value, marketability and condition if the final

submission of the loan to APS resulted in a PIW offer. If the final submission of the loan to APS did not result in a PIW offer, Fannie Mae may require Licensee to repurchase any loan Licensee delivers to Fannie Mae with a Property Inspection Waiver Special Feature Code, regardless of the fact that an earlier submission of the loan to APS may have produced a Property Inspection Waiver offer;

- d. In order to exercise the Property Inspection Waiver offer, the Delivering Lender must enter Special Feature Code 357 and the APS casefile ID on the Loan Schedule or Schedule of Mortgages, as appropriate, and pay Fannie Mae the Property Inspection Waiver fee.
- e. The mortgage loan must meet the standard documentation requirements, as specified in the Fannie Mae Selling Guide (as it may be amended);
- f. The Property Inspection Waiver offer may not be more than four months old on the date of the note and the mortgage;
- g. Licensee may not exercise a Property Inspection Waiver offer and must order appropriate fieldwork if Licensee has reason to believe that fieldwork is warranted, based on additional information Licensee has about the property or subsequent events such as a hurricane or based on additional information that APS provides to Licensee in a message accompanying the PIW offer; and
- h. Licensee may not adversely select against Fannie Mae in determining which Property Inspection Waiver offers to accept. Fannie Mae may monitor Licensee's exercise of the Property Inspection Waiver offers and delivery of loans to Fannie Mae, and may terminate Licensee's use of APS or PIW or take other appropriate measures in the event Fannie Mae determines that the risk profile of loans on which Licensee exercises a PIW offer differs from the risk profile of the loans on which Licensee does not exercise a PIW offer.
- i. Licensee may not exercise a Property Inspection Waiver offer and is required to obtain an appraisal based on an interior and exterior property inspection for all properties that have been an REO property at any time in the 12 months prior to the loan application date, or that have been in foreclosure at any time in the 12 months prior to the loan application date.

5. **Unauthorized Representations.** Without limiting the generality of the prohibitions contained in the section of the Agreement entitled "Unauthorized Representations," such section prohibits Licensee from making any representations to any third parties, including but not limited to the respective borrowers, that Fannie Mae has performed any kind of a property review, appraisal or valuation of the property that is the subject property of the Licensed Application. Notwithstanding the previous sentence, Licensee is authorized to make the following (or substantially similar) representation to borrowers in conjunction with the origination of loans processed via the Licensed Application:

In underwriting your mortgage loan, we used an automated property service to determine that the property sales price (or your estimate of the property's value if this is a refinance) of \$_____ was reasonable compared to a predicted value of \$_____. Therefore no traditional appraisal of your property was required.

You, the borrower, should understand that the Lender's property review and risk analysis are designed and intended to be used solely by the Lender for underwriting the mortgage loan. This process is not designed or intended to protect your interest in the property. As stated in Section IX of the Residential Loan Application, the Lender and its agents make no representations or warranties, express or implied, to you regarding the property, the condition of the property, or the value of the property. You should make your own independent determination that the condition and the value of the property are satisfactory to you.

6. **Disclaimer of Warranty and Assumption of Risk.** In addition to the warranties specifically disclaimed by Fannie Mae in the section of the Agreement entitled "Warranty," Fannie Mae also specifically does not warrant that any predicted value generated by the Licensed Application represents the actual value of the subject property or that the property sales price (or the estimated value used to process the loan for a refinance transaction) accepted by the Licensed Application as the value for the transaction represents the actual value of the subject property. Unless Licensee exercises a Property Inspection Waiver offer in accordance with this Schedule,

Licensee retains sole responsibility for the representations and warranties to Fannie Mae related to the value, condition, and marketability of the subject property. Further, the Licensed Application was designed to be used to process mortgage loans for delivery to Fannie Mae. If Licensee uses the Licensed Application for non-Fannie Mae business, it does so at its own risk.

7. **Compliance With Law.** Laws and regulations regarding the use of appraisals and automated valuation models may vary, based for example on the type of transaction (purchase vs. refinance), the location of the property and Licensee's licensing within that jurisdiction. As stated in the Agreement, Licensee is responsible for compliance with all federal, state and local laws, rules and regulations applicable to its use of APS and the PIW Service.
8. **Mortgage Loan Sales.** A mortgage loan for which the Property Inspection Waiver has been elected by Licensee could be sold to Fannie Mae by a Delivering Lender that is not the Licensee. Such Delivering Lender may exercise the Property Inspection Waiver, provided that i) the Delivering Lender and the mortgage loan satisfy the applicable requirements specified in the APS Schedule, and ii) the Delivering Lender, if not a Licensee at loan delivery, becomes licensed to use the Automated Property Service and/or Desktop Underwriter® and the DU Property Inspection Waiver Service upon request by Fannie Mae. Accordingly, any time such loan is sold to another lender, the transferor lender must apprise the transferee lender of the content of the APS Schedule and include a copy in the applicable loan file that is transferred to such transferee lender.
9. **Termination.** Notwithstanding any provision to the contrary in the Agreement, Fannie Mae may terminate this Schedule upon thirty (30) days' written notice to Licensee, with or without cause.
10. **Indemnification.** Subsection (d) of the section of the Agreement entitled "Indemnification" shall be expanded to also provide indemnification in the event of any breach of Sections 2, 5 and 7 of Part I of this Schedule.
11. **Survival.** Any provisions of this Schedule that contemplate their continuing effectiveness, including, without limitation, Sections 5, 6, 7, 9 and 10 of Part I of this Schedule, shall survive any termination of this Schedule.

Part II

PRICING

1. **Subscription Fees.** Except as set forth below, there are no charges in addition to those imposed pursuant to the Section of the Agreement captioned "Fees, Taxes and Billing."
2. **Property Inspection Waiver Fee.** For all loans delivered to Fannie Mae on or after February 1, 2009, the Property Inspection Waiver fee is \$75. For loans delivered for MBS, the Delivering Lender must establish a bank account from which Fannie Mae can draft the Property Inspection Waiver fee in accordance with the requirements of the Selling Guide, as amended from time to time. For loans delivered pursuant to a cash commitment, the Property Inspection Waiver fee will be netted from the purchase price upon delivery. This fee is in addition to any other charges imposed in connection with the use of the Licensed Application and any other Fannie Mae application. The Property Inspection Waiver fee is not a Loan-Level Price Adjustment (LLPA).
3. **Other Charges.** Nothing set forth in Section 1 or 2 of Part II of this Schedule shall limit or waive the obligation of Licensee to pay any other charges due Fannie Mae or third parties, including, without limitation (i) Fannie Mae installation, training and connection time charges imposed under the Agreement or (ii) any charges imposed by third parties, including, but not limited to, any credit reporting agencies, processing service providers, authentication service providers, telecommunications service providers and telecommunications and computer equipment providers.