

HCO-10-01
Effective Date: April 05, 2010

BULLETIN

HOME COUNSELOR ONLINE™ 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 Home Counselor Online Schedule (the “Old HCO Schedule”) as set forth in the attached Home Counselor Online Schedule (the “New HCO Schedule”). All terms not defined in the New HCO Schedule shall have the meaning set forth in the Agreement.

The New HCO Schedule: (i) permits HCO Licensees to register Housing and Urban Development auditors as “Authorized Users” under their HCO license and (ii) includes compliance with laws as a permitted use of the Licensed Application.

All of the terms and conditions of the Agreement as supplemented by the New HCO 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 HCO schedule) and this Bulletin, the provisions of the Agreement shall govern.

HOME COUNSELOR ONLINE™

Schedule

Terms and Conditions

PART I

LICENSED APPLICATION/ADDITIONAL TERMS

1. **Licensed Application.** Fannie Mae's application software product known as Home Counselor Online, which, among other things as of the effective date of this Schedule, 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 or the development of reverse mortgage projections for various reverse mortgage products and payment plan options; 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:

"Auditor" shall mean an individual who (i) is a representative of the U.S. Department of Housing and Urban Development ("HUD") and (ii) has been directed by HUD to conduct an audit of Licensee's records.

"Authorized User" is restated in this Schedule to mean any employee, Auditor or Independent Contractor of, or loan origination or other system used by, Licensee, who or which, to the extent required by Fannie Mae, Licensee has registered through Fannie Mae's user registration process relating to the Licensed Application and has been issued an active Authentication Credential. The term "Authorized User" refers additionally to any loan origination or other system that constitutes a Third-Party Application, but only to the extent such system specifically facilitates Licensee's access to and use of the Licensed Application.

"Client" shall mean the potential home purchaser/mortgage applicant whose Data is entered into the Licensed Application and who works with Licensee to prepare for homeownership and/or to engage in refinance or post-purchase counseling activities or to evaluate reverse mortgage products and payment plan options.

"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 or to engage in post-purchase counseling activities. 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 Application 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 Application.

"FCRA" 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 3.3(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; Approval Procedure.**

- (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 or Exhibit B (Lender Version).
- (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, a Lender that is not the Licensee and/or a counseling agency 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 and/or a counseling agency 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.
- (d) Notwithstanding the Section of the Agreement entitled "Approval Procedure," Fannie Mae is authorized, without Licensee's prior approval, to include the Licensee's name in a list as part of the Licensed Application functionality in order to facilitate the establishment of data sharing arrangements involving the Client's Consumer Credit Data, as permitted by Section 4(b).

5. **Licensed Application Limitations.** Neither Fannie Mae nor any Third-Party Licensor guarantees that the Licensed Application 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 Application is not intended to constitute Client's mortgage loan application. Any documents or reports generated by the Licensed Application shall be used solely to provide (a) an assessment of Client's financial readiness to purchase a home or to engage in refinance or post-purchase counseling activities or (b) reverse mortgage scenarios for various reverse mortgage products and payment plan options. 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 or to engage in refinance or post-purchase counseling activities or regarding potential distributions to the Client under a reverse mortgage and is not a guarantee that Client will qualify for mortgage loan financing, (ii) is for Client's personal use and information only (and, with Client's prior written authorization, for the use of a Lender that is not the Licensee and/or a counseling agency that is not the Licensee), 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 Application.** Licensee will use the Licensed Application, including its Credit Retrieval Module (except in the case of reverse mortgage projections), to request, receive and/or analyze Client's Consumer Credit Data and/or Data and loan product information to produce a report for Client regarding (a) Client's financial readiness to purchase a home or to engage in refinance or post-purchase counseling activities or (b) reverse mortgage projections that may be available to Client under various reverse mortgage products and payment plan options. Licensee understands and agrees that the computations and written assessments generated by the Licensed Application 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 or to engage in post-purchase counseling activities or regarding potential distributions to the Client under a reverse mortgage 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 Application 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 and/or counseling agency on Client's behalf. Subject to the terms of the Agreement, Licensee may also use the Licensed Application to comply with applicable federal, state or local statutes, regulations or ordinances governing or regulating the operation of consumer counseling agencies and their activities.
7. **Authorized Users and Authentication Credentials.** For purposes of this Schedule, the first paragraph of Section 5.5 of the Agreement is replaced with the following:

Licensee's access to the Licensed Application may be dependent upon a security access system that requires each Authorized User to use one or more Authentication Credentials. Such security access system may rely on, among other things, the issuance by Fannie Mae (and/or a third party designated by Fannie Mae) of an Authentication Credential to an Authorized User. Licensee represents and warrants that each Authorized User (a) is an employee, Auditor or Independent Contractor of, or a system used by, Licensee, (b) is authorized to receive an Authentication Credential, (c) is the individual or system identified as such on the associated registration form submitted to Fannie Mae (and/or a third party designated by Fannie Mae), (d) is in fact authorized by Licensee to access and use the Licensed Application, and (e) possesses all licenses, certifications and other authorizations, whether required by applicable law or otherwise, to effect the transactions for which the Authorized User accesses and uses the Licensed Application.

Licensee acknowledges and agrees that actions of Authorized Users shall be deemed to be actions of Licensee and Licensee guarantees the full performance by its Authorized Users of all obligations under the Agreement.

8. **Auditors as Authorized Users.** Licensee may request and obtain an Authentication Credential for an Auditor only for temporary use by such Auditor during and in direct association with an active and specific audit of Licensee's records.
9. **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 Application for purposes of enabling Licensee to make an assessment of Client's financial readiness to purchase a home and/or to engage in post-purchase counseling activities, Fannie Mae, as owner of the Licensed Application, 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 only for the purposes of making an assessment of Client's financial readiness to purchase a home and/or to engage in post-purchase counseling activities. Licensee also expressly acknowledges, understands and agrees that Fannie Mae's role as Licensee's agent shall not extend beyond the limited purposes 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.
10. **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 Application) 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 Application. 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.
11. **Rights in Data.** Notwithstanding the Section of the Agreement captioned "Rights in Data," prior to accessing for evaluation of the Licensed Application 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).
12. **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.

13. **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 Application data into its own systems storage facilities or print out hard copies of such data from the Licensed

Application 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.

14. **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 3, 4, 5, 6, 7, 8, 10 and 11 of this Schedule.
15. **Survival.** Any provisions of this Schedule that contemplate their continuing effectiveness, including, without limitation, Sections 4(b), 6, 7, 8, 9, and 10-12 shall survive any termination of this Schedule.

PART II

There are no charges in connection with the Licensed Application in addition to those imposed pursuant to the Section of the Agreement captioned "Fees, Taxes and Billing.". 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.

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 and/or to engage in post-purchase counseling activities.

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 and/or counseling agencies my credit report and any information that I have provided, including observed information noted as required by law or to fulfill other requirements and 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, and these counseling agencies may contact me to discuss counseling services.

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

**EXHIBIT B
(Lender Version)**

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 and/or to engage in post-purchase counseling activities.

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 evaluating my financial readiness to purchase a home, I

- authorize
- do not authorize

_____ to share with counseling agencies my credit report and any information that I have provided, including observed information required by law and any computations and assessments that have been produced based upon such information. These counseling agencies may contact me to discuss counseling services.

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

