



REPRESENTING  
**ALEX SINK**  
CHIEF FINANCIAL OFFICER  
STATE OF FLORIDA

November 15, 2007

Steve Parton, Esq.  
General Counsel  
Office of Insurance Regulation  
Department of Financial Services  
200 East Gaines Street  
Tallahassee, FL 32399

Re: First American Title Insurance Company  
Settlement Agreement

Dear Steve:

I am pleased to provide duplicate original agreement with all original signatures affixed.

I will shortly be coordinating with Charles Stevens concerning matters further required under the agreement.

Congratulations are in order to all on a job well done.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Dean Andrews".

Dean Andrews

DA:mw

Enclosure

cc: Bill Tharpe, Esq.  
Peter Race, Esq.

FLORIDA DEPARTMENT OF FINANCIAL SERVICES  
Dean Andrews • Assistant General Counsel  
Division of Legal Services  
200 East Gaines Street, Tallahassee, Florida 32399-0333 Tel. (850) 413-4242 • Fax (850) 487-4907  
Email • dean.andrews@fldfs.com  
Affirmative Action • Equal Opportunity Employer

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NOV 16 2007



SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT ("Agreement") is entered into by and

between the U.S. Department of Housing and Urban Development ("HUD"), the Florida Department of Financial Services ("DFS"), the Florida Office of Insurance Regulation ("OIR") (collectively "the Departments"), and further The First American Title Insurance Company ("First American"), for and in consideration of the following:

WHEREAS, the Departments each have regulatory jurisdiction over the title insurance industry in the State of Florida pursuant to the Real Estate Settlement Procedures Act of 1974 ("RESPA"), 12 U.S.C. § 2601 *et seq.*, and its implementing regulations, 24 C.F.R. § 3500 *et seq.*, and Chapters 624 and 626, F.S.;

WHEREAS, the Departments have authority under federal and state law to investigate and prosecute violations involving certain business practices of the title insurance industry, 12 U.S.C. § 2617, and Sections 624.307 and 626.601, F.S.;

WHEREAS, Section 8(a) of RESPA, 12 U.S.C. § 2607(a), and the implementing regulations at 24 C.F.R. § 3500.14, prohibit the giving or accepting of any fee, kickback, or thing of value pursuant to an agreement or understanding, oral or otherwise, that business incident to or part of a real estate settlement service involving a federally related mortgage loan shall be referred to any person;

WHEREAS, Section 626.9541(1)(h)3.a., F.S., prohibits a title insurer from paying, allowing, giving, or offering to pay, allow, or give, directly or indirectly, as inducement to title insurance, any agent's, agency's or title insurer's share of the premium;

WHEREAS, First American is engaged in the title insurance business in the State of Florida;

626.9541(1)(h)3.a.  
F.S.  
TITLE INSURANCE  
REGULATION  
NOV 16 2007

WHEREAS, the Departments have undertaken a joint investigation of the title insurance business conducted by First American in the State of Florida;

WHEREAS, in the course of the investigation, the Departments have collected and reviewed numerous documents and have interviewed many witnesses;

WHEREAS, through the investigation the Departments allege that, since at least 2003, First American caused the formation or acquisition of limited partnership entities in Florida to act as title insurance agencies. These entities utilized real estate agents, mortgage brokers, banks, and homebuilders as "investors" in the limited partnership entities for the purpose of gaining referral of title insurance business from them and to pay them for such referral through a percentage of premium moneys resulting therefrom;

WHEREAS, the Departments allege that all regular title services required to effect title insurance were performed by First American, and not the limited partnership agency which acted only as a conduit or "pass through" to compensate for the referral of the business by the limited partners;

WHEREAS, the Departments allege that real estate agents, mortgage brokers, bankers, and homebuilders with ownership interest in the limited partnership title insurance agencies created by First American, received financial benefit for the referral of title insurance business to First American;

WHEREAS, the Departments allege that First American received significant financial benefits arising from its ownership and involvement with its limited partnership title insurance agencies, through the referral of business from the limited partners composed of real estate agents, mortgage brokers, banks, and homebuilders;

WHEREAS, through their joint investigation, the Departments allege that First American in its conduct of business practices in the state of Florida was and is in violation of federal and state laws:

WHEREAS, First American denies any violation of federal or state law and alleges that it attempted in good faith to comply with the federal regulations and guidelines applying to affiliated business arrangements;

WHEREAS, the Departments and First American desire to resolve this investigation to avoid further expense and burden of protracted investigation or litigation; and

WHEREAS, First American knowingly and voluntarily enters into this SETTLEMENT AGREEMENT, and the parties agree this Settlement Agreement is a full and reasonable resolution of the matters developed in the Departments' investigation in Florida and is in the public interest.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. This Settlement Agreement is effective on the date of signature of the last signatory to the Settlement Agreement (hereinafter the "effective date").
2. Conditioned on First American's full compliance with this Settlement Agreement, the Departments will terminate their investigation of First American in Florida and agree to take no further enforcement action against First American (including its shareholders, directors, officers, and employees) or its affiliated business arrangement entities (title insurance agencies) with respect to conduct occurring prior to the execution of this settlement regarding First American's alleged practice of using limited partnership or limited liability company agencies in Florida for the purpose of compensating the limited partners for the referral of business to the agencies.

3. By execution of this Settlement Agreement, the Departments and First American fully understand and agree that this Settlement Agreement does not resolve any investigation involving title insurance agents and individual limited partnership title agencies or similar arrangements that may be subject to licensure or other disciplinary actions for Florida Insurance Code violations separate and apart from the matters resolved herein.

4. By execution of the Settlement Agreement First American agrees to fully comply with RESPA and its implementing regulations and statements of policy, and the Florida Insurance Code.

5. In addition, for compliance with RESPA, its implementing regulations, and statement of policy, First American agrees that any title agency in Florida in which it maintains an ownership interest along with any other person in a position to refer business to such agency will be operated in accordance with the following terms:

a. The agency will have operating capital and net worth comparable to independent title agencies in the market area in which it operates and sufficient to conduct all the work and provide all the services typically provided by a title insurance agency in the market area where it conducts business.

b. The agency will manage its own business affairs, and will not be managed or controlled by any other entity or person, except that First American and other owners of such an entity shall be entitled to exercise the ownership and control typical for owners of a business entity.

c. The agency will have an office for its use in conducting business that is physically separate from that of any business partner or other settlement service provider, with a separate entrance, address, and signage.

d. The agency will pay fair market value for all goods and services it receives or uses and all facilities that it occupies in its business.

e. The agency will be staffed with its own employees, who will work exclusively for it and who will not be compensated or employed or managed by any affiliated real estate agent, mortgage broker, title insurance company, or homebuilder.

f. The agency will employ individuals who are licensed and experienced in the title insurance industry, and through its own employees will provide "core title services." These core title services will generally include evaluation of the title search to determine the insurability of title, clearance of the underwriting objections, issuance of the title commitment and title policy, and, where customary in the local marketplace, performance of the closing or settlement. The agency will not receive payment for duplicate evaluations of title performed in full or in part by First American. The agency will comply with HUD Policy Statement 1996-4 with regard to the performance of and payment for title services.

g. The agency will actively compete in the marketplace for title insurance business and will actively market its services and seek title business from persons other than the agency's owners and persons associated with First American.

h. First American shall be entitled to relief from the provisions of this Paragraph 5 in order to engage in conduct permitted by any potential amendments to RESPA, Section 8 of RESPA, or provisions of Regulation X interpreting and applying Section 8 of RESPA.

6. By execution of this Settlement Agreement, the Departments and First American intend to and do resolve all issues pertaining to the matters developed in the Departments' investigation as described in the recitals above. First American understands

and agrees, however, that any of the Departments may initiate enforcement action in the event that conduct after the execution of this Settlement Agreement is determined by any of the Departments to be in violation of federal or state law.

7. This document is a public record and contains information that may be routinely published by the Departments.

8. a. Within thirty (30) business days of the effective date, First American will, to the extent it has not provided evidence that it has already done so, withdraw from all limited partnership or limited liability company title insurance agencies identified in Exhibit "A" attached hereto as an owner, a member, and/or manager, and cease all operations with those agencies in Florida. First American shall terminate all relationships, contractual, by appointment or otherwise, with the agencies listed on Exhibit "A" hereto; and First American shall provide evidence to the Departments of having done so within thirty (30) days following the effective date hereof.

b. At all times in the future following the effective date hereof, First American (including its shareholders, directors, officers, and employees) or its affiliated business arrangement entities (title insurance agencies) will cease and desist from engaging in the practices described herein or any other arrangements to effect direct or indirect payments to real estate agents, mortgage brokers, banks, homebuilders or others for referral of title insurance business in violation of federal or state law.

c. Immediately upon and after execution of this Settlement Agreement and subject to a mutually acceptable process, the Departments shall appoint a monitor who, for a period of one year, shall review the business activities of First American as may attend its association with affiliated title insurance agencies in Florida for compliance with requirements set forth in this agreement. The monitor shall provide quarterly reports to the

Departments and First American reflecting results of his or her monitoring services. First American shall reimburse the Departments for the reasonable fees and costs incurred by the monitor. Nothing in this provision shall be construed to limit the investigatory or exam authority otherwise provided by law to the Departments, nor shall this provision be deemed to expand the Departments' rights under applicable law in the event the monitor concludes First American is not complying with this Settlement Agreement or applicable law or regulations concerning affiliated business arrangements.

d. First American shall pay to the Departments in accordance with instructions from and through their respective counsel a settlement payment that includes investigation costs in the total amount of five million dollars (\$5,000,000) within thirty (30) days of the effective date hereof.

9. Should First American fail to comply with the terms set out above, or should any of its representations prove to be false or incomplete in any material manner, the Departments may take enforcement action as they deem appropriate, and/or refer the matter to other governmental authorities for further action.

10. Each person who signs this Settlement Agreement in a representative capacity warrants that his or her execution of this Settlement Agreement is duly authorized, executed and delivered by and for the entity for which he or she signs.

11. This Settlement Agreement may be executed in counterparts, each of which constitutes an original, and all of which constitute the same agreement.

12. The Departments and First American hereby waive, release, remit and compromise any and all claims, directly or indirectly, against one another, or any of the employees, agents, or representatives, with respect to the Departments' investigation of those activities set out in paragraph 2.

13. This Settlement Agreement constitutes the complete agreement between the Departments and First American as to the matters addressed herein and may be amended only in writing.

14. This Settlement Agreement applies to and binds First American, its parents, affiliates, and subsidiaries, and their respective predecessors, successors, directors, officers, principals, assignees, and shareholders.

15. If any provision of this Settlement Agreement is determined to be invalid or unenforceable for any reason, then such provision shall be treated as severed from the remainder of this Settlement Agreement and shall not affect the validity and enforceability of all the other provisions of this Settlement Agreement.

FIRST AMERICAN TITLE INSURANCE COMPANY

By:   
Name: Parker S. Kennedy  
Title: Chairman

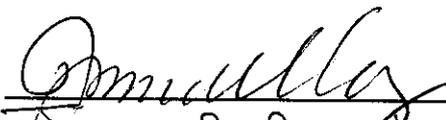
Date Executed: 9/21/07

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

By:   
Name: Brian D. Montgomery  
Title: Assistant Secretary for Housing-Federal Housing Commissioner

Date Executed: 10/31/07

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

By:   
Name: James B. Cassidy  
Title: Chief of Staff

Date Executed: 11-15-07

FLORIDA OFFICE OF INSURANCE REGULATION

By:   
Name: David Foy  
Title: Chief of Staff

Date Executed: 11/11/07

**EXHIBIT "A"**  
**(TO SETTLEMENT AGREEMENT BETWEEN**  
**HUD, DFS, OIR, AND FIRST AMERICAN**  
**DATED November 15, 2007)**

Title Agency	Title Agency	Title Agency	Title Agency	Title Agency	Title Agency	Title Agency	Title Agency
Able Title Partners of Florida, LLC	Security First Title Partners of Charlotte, Ltd	Security First Title Partners of Hillsborough, Ltd	Security First Title Partners of Orange Park, Ltd	Security First Title Partners Real Estate Network, LLC	Security First Title Partners of Suncoast, Ltd	Title Partners of Hillsborough County, LLC	
Homebanc Title Partners, LLC	Security First Title Partners of Clermont, LLC	Security First Title Partners of Jacksonville, Ltd	Security First Title Partners of Orlando, Ltd	Security First Title Partners of South Brevard, Ltd	Security First Title Partners of Sumrise, Ltd	Title Partners of Southwest Florida, LLC	
North Tampa Title Partners, LLC	Security First Title Partners of Destin, Ltd	Security First Title Partners of Kissimmee II, LLC	Security First Title Partners of the Palm Beaches, Ltd	Security First Title Partners of South Florida, Ltd	Security First Title Partners of Windermere, LLC	Title Partners of Tampa Bay, LLC	
Premier Title Partners of the Palm Beach, LLC	Security First Title Partners of Eastlake, Ltd	Security First Title Partners of Marion Ltd.	Security First Title Partners of the Palm Beaches, LLC	Security First Title Partners of the Southeast, LLC	Security First Title Solutions, LLC	USA Title Partners, LLC	
Security First Title Partners of Boca Raton, Ltd	Security First Title Partners of the Florida Coast, LLC	Security First Title Partners of Northwest Florida, Ltd	Security First Title Partners of Harbor, Ltd	Security First Title Partners of St Joe Beach, Ltd	Atachua Title Services LLC		
Security First Title Partners of Central Florida, LLC	Security First Title Partners of Highlands County, LLC	Security First Title Partners of Ocala, Ltd	Security First Title Partners of Pensacola, Ltd	Security First Title Partners of Stuart, Ltd	America Title, LLC		
			Security First Title Partners of Pinellas, Ltd				Brannen Title, Ltd Discount Title Services, LLC

**EXHIBIT "A"**

**Page Two**

Title Agency	Title Agency	Title Agency	Title Agency
Dynamic Title, LLC	Allied Title Agency, LLC	Excellence Title Partners, LLC	Eagle Title of East Tampa
First American Affiliates II	Florida Title of Marion County, LLC	First American Affiliates Fund X, LLC	Eagle Title of Jacksonville
First Florida Title Insurance Agency, LLC	Insured Land Title of North Florida, LLC	First United Title, LLC	Eagle Title of North Tampa
First Rotlund Title of Florida, LLC	Oceanfront Title, LLC	Hallmark Title Partners, LLC	Eagle Title of Southwest Florida
First Title Partners, LLC	All American Title of North East Florida, LLC	Mayflower Real Estate Services, Inc.	Freedom Title
First Title of Treasure Coast, LLC	Bayside Title, LLC	Prosperity Title Agency, LLC	Success Title
Success Title, LLC	First Title Services of Florida, LLC	Sunshine Title Partners, LLC	
Title Services of Tampa Bay, LLC	Apex Title Partners, LLC	Aadvantage Title, LLC	
TMB Title Group, Inc	Cascade Title Partners, LLC	Northeast Florida Title, LLC	
Trust Title, LLC	Gulf Beach Title, LLC	Tampa Bay Title, LLC	
All American Title of Northeast Florida, LLC	Gulf Coast Preferred Properties, LLC	Titan Title America, Inc.	
Alliance Title of Southwest Florida, LLC	Select Title Associates of Orlando, LLC	West Coast Title Services, LLC	
		Eagle Title of Brandon	