

APPLICATION

Customer (Company) Name: _____

Start Date of Business: MO _____ YR _____ Doing Business As: _____

Affiliated or Parent Company Name: _____

Physical Address: _____

City: _____ State: _____ ZIP: _____ How long? ____ yrs ____ mths.

Phone: (____) _____ Fax: (____) _____ Is this a residential address? ____ Yes ____ No

E-Mail: _____ Website: _____

Billing Address (if different): _____

Business Credit References:

Landlord / Mtg. Company: _____ Phone: (____) _____

Company: _____ Contact: _____ Phone: (____) _____

Indicate Business Structure (check one): Corporation LLC Sole Proprietorship Partnership

Complete for Corporation or LLC: Federal Tax ID #: _____

Officer Name: _____ Title: _____ SS#: _____

Resident Address: _____

Signature: _____ Date: _____

Officer Name: _____ Title: _____ SS#: _____

Resident Address: _____

Signature: _____ Date: _____

Complete for Sole Proprietorship or Partnership:

Owner Name: _____ SS#: _____

Resident Address: _____

Signature: _____ Date: _____

Owner Name: _____ SS#: _____

Resident Address: _____

Signature: _____ Date: _____

I certify, on behalf of Customer, that the information on this application is true. I understand by signing below I am authorizing American Reporting Company, LLC to pull a personal and business credit report on the officers or owners of Customer, as applicable, in connection with approval of this application.

Signature: _____ Date: _____

Printed Name: _____

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CREDIT CARD BILLING AUTHORIZATION

I understand that with my signature below I guarantee payment, on behalf of Customer (as defined below), of all monthly-accrued charges, obligations, liabilities and financial responsibilities to American Reporting Company, LLC (“ARC”) in accordance with the provisions of Article III of the Services Agreement (the “Agreement”), of which this Credit Card Billing Authorization forms a part. To the extent Article III authorizes the use of Customer’s credit card for payment of costs incurred in connection with the Agreement, I hereby authorize ARC, on behalf of Customer, to bill the following credit card:

Company Name: _____ (“Customer”)

ARC Account Number: _____

Name of Acct. Holder (please print): _____

Email Address: _____

Credit Card Acct. Number: _____ **Exp. Date:** _____

Credit Card Verification Code: ____ (three digit code on back of Credit Card)

Address Credit Card is billed to:

_____ **City, State and Zip** _____

Signature: _____

Date: _____

*****Please attach photocopy of front and back of credit card with this form*****

This Credit Card Billing Authorization will remain in effect until the Services Agreement is cancelled, and may remain in effect thereafter in accordance with Article VI of the Agreement.

Please return by fax to 425-368-4852

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SERVICES AGREEMENT

This Services Agreement (this “**Agreement**”), dated _____, 20__ (the “**Effective Date**”), is made and entered into between American Reporting Company, LLC (“**ARC**”) and _____ (“**Customer**”). ARC and Customer may each individually be referred to as a “party” and together as the “parties.”

RECITALS

Customer is in the business of _____ (i.e., bank, credit union, mortgage bank, mortgage broker, leasing company, auto dealership, etc.) (the “**Business**”).

ARC provides various services related to the closing and settlement of residential real estate transactions, including appraisals, appraisal-related services, and credit reports (collectively, the “**Services**”).

Customer desires to receive from ARC, and ARC desires to provide to Customer, one or more of the Services described above.

AGREEMENT

The Parties agree as follows:

ARTICLE I DEFINITIONS

1.1. The following capitalized terms shall have the meaning specified in this Article 1. Other terms are defined in the text of this Agreement; and, throughout this Agreement, those terms shall have the meanings respectively ascribed to them:

“**Confidential Information**” means all business, marketing and technical information of each party considered by each to be trade secrets or otherwise valuable proprietary information, designated or marked as such by either party, or orally disclosed by one party to the other party as proprietary and followed by a written notice of such designation within thirty (30) days of the oral disclosure indicating the information was confidential. Confidential Information shall not include information that (i) is now or later becomes generally known to the computer industry (other than as a result of a breach of this Agreement); (ii) is independently developed by the receiving party; (iii) the receiving party lawfully obtains from any third party without restrictions on use or disclosure; or (iv) is required to be disclosed pursuant to court order or operation of law.

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“**End Consumer**” means the individual or individuals who are (i) customers of Customer and requires one or more of the Services in order to complete the transaction(s) for which they are receiving the assistance and services of Customer.

“**Report**” means a report prepared by ARC and delivered to Customer, whether an appraisal, credit report, or flood report.

“**Service Request**” means a request from Customer to ARC to provide one or more of the Services, which Service(s) request shall (i) specify the type of Service(s) that the Customer desires (e.g., credit report, appraisal and/or appraisal related services), (ii) identify the End Consumer and the parcel of real property about which the Services relate and (iii) be delivered to ARC in writing (including orders placed on ARC’s website, as well as email, fax, US Mail and hand delivery).

“**Services**” has the meaning set forth in the Recitals to this Agreement.

ARTICLE II SERVICES

2.1 Services. Upon receipt of a Service Request from Customer, ARC shall provide one or more of the Services described below. Each of the Services offered by ARC is further described in Exhibits attached to this Agreement, and if such Service is contracted for by Customer, the related Exhibit shall be signed by each party. The parties may add Exhibits to this Agreement after the Effective Date to contract for additional Services by attaching the appropriate Exhibit, signed by each party, to this Agreement.

- 2.1.1 Credit Reporting Services. Based upon information provided by any one of Experian, Equifax, Trans Union or Fair, Isaac and Company, or any successor(s) thereto, ARC will use its best efforts to deliver to Customer credit reports on the End Consumer(s) specified in the Service Request in a timely manner. However, ARC will have no liability to Customer for any delay in providing such credit report due to issues reasonably beyond ARC’s control. The credit reporting services, policies and requirements are further described in Exhibit A to this Agreement, and are incorporated herein by this reference.
- 2.1.2 Appraisal and Appraisal-Related Services. ARC shall provide to Customer the appraisal, or appraisal-related services further described in Exhibit B to this Agreement. Any changes or cancellations may result in additional fees associated with the appraisal or appraisal-related service. ARC will make best efforts to provide appraisal and appraisal-related services in a timely manner; delays will be communicated with Customer. Appraisal Independence Safeguards will be in place to assure Customer that the appraisal, or the appraisal-related service, was performed free of value influences to be compliant with secondary and/or

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regulatory requirements. Appraisal and appraisal-related services policies and requirements are further described in Exhibit B.

ARTICLE III FEES AND PAYMENT

3.1 With respect to each response to a Service Request (including a Report or a response of ‘no record’ with respect to either the End Consumer or the parcel of property about which the Service Request relates), Customer will pay ARC a fee equal to ARC’s standard charge for the Service or Services as published by ARC from time to time on its website: www.arcreports.com. ARC reserves the right to change its standard charges at any time during the Agreement by giving Customer twenty (20) days written notice.

3.2 ARC will deliver an invoice to Customer every month reflecting the fees due under this Agreement for the Services. Except as otherwise set forth in the next sentence, payment is due upon receipt and Customer agrees to pay accordingly; no carry-over of billing to the next month is allowed. Customer hereby authorizes ARC to bill the credit card account provided in the Credit Card Billing Authorization (the “**Account**”), which is attached hereto and made a part hereof, for any outstanding balance of Customer not paid within 30 days of the billing statement date.

3.3 In addition to the payments made in accordance with Section 3.2 above, Customer further agrees to pay, within ten (10) calendar days of ARC’s notice to Customer that Customer’s outstanding balance for Services rendered by ARC exceeds \$_____ (the “**Notice**”), by check or electronic transfer of funds to ARC, the amount indicated in the Notice. If such amount is not paid within ten (10) calendar days of the Notice, Customer hereby authorizes ARC to bill the Account.

3.4 Any Customer checks that are returned to ARC will be charged back to Customer along with a service fee of \$25.00 for each check returned. The amount of such returned check as well as the service fee shall be charged to the Account.

3.5 Accounts past due shall accrue interest at the rate of 1.75% per month. Any Customer account becoming sixty (60) days delinquent shall, at ARC’s discretion, be placed on hold resulting in the discontinuance of all Services, including work in progress. Any account placed on hold will be subject to a \$75 re-activation fee payable prior to the service being activated.

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Furthermore, this Agreement may be terminated at the election of ARC in accordance with Section 6.2.1 hereof should the account become delinquent in the payment of monthly charges or in the payment of excess charges as set forth in the Credit Card Billing Authorization.

3.6 When an account has unpaid balances aged ninety (90) days or more, ARC, in its sole discretion, may classify the account as in “Collections Status.” “Collections Status” shall mean that ARC will no longer provide Services to Customer and that the balance is due immediately. ARC may refer the account to a collections agency and/or attorney to pursue payment and at such time a 25% collection fee will be added to the balance due. Interest will continue to accrue as set forth in Section 3.5. Customer agrees to pay all reasonable attorney and/or collection fees incurred by ARC in pursuit of full payment of Customer’s charges. Customer also agrees to assume financial responsibility and guarantee payment from any affiliated net branch in the event such net branch defaults on payment.

3.7 The Fair Credit Reporting Act requires Customer to provide their consumer a copy of a Credit Score Information Disclosure Form, Notice to Home Loan Applicant and the Risk Based Pricing Disclosure. These disclosures must be sent for every credit report generated and sent within a reasonable time period. The information will relay to the consumer their credit score and derogatory information which contributed to their score. If customer chooses to have ARC provide this service then customer will be billed \$2.25 per Credit Score Information Disclosure. The service will include postage, processing and a monthly report.

ARC to provide services - _____ (initial)

Customer agrees to provide services - _____ (initial)

ARTICLE IV REPRESENTATIONS AND WARRANTIES

4.1 **ARC’s Representations and Warranties.** ARC hereby represents and warrants that: (i) it has full right, power and authority to enter into this Agreement and to perform its obligations hereunder; (ii) its execution of this Agreement and performance of its obligations hereunder do not and will not violate any agreement to which it is a party or by which it is bound; and (iii) when executed and delivered, this Agreement will constitute the legal, valid and binding obligation of ARC, enforceable against it in accordance with its terms.

4.2 **Customer’s Representation and Warranties.** Customer hereby represents and warrants that:

4.2.1 It has the full right, power and authority to enter into this Agreement, and to perform its obligations hereunder; (ii) its execution of this Agreement and performance of its obligations hereunder do not and will not violate any agreement to which it is a party or by which it is bound; (iii) when executed and

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delivered, this Agreement will constitute the legal, valid and binding obligation of Customer, enforceable against it in accordance with its terms.

- 4.2.2 If requesting credit reporting or appraisal or appraisal-related Services, Customer shall adhere to all laws, regulations and rules related to the use of information provided by ARC to Customer about the End Consumers, including, but not limited to, the Gramm-Leach Bliley Act, the Fair Credit Reporting Act (“**FCRA**”) and all rules and regulations promulgated under each of the foregoing acts. Customer agrees that all information received from ARC will be held in the strictest confidence and will be for the Customer’s exclusive use. Further restrictions on Customer’s use of such information are set forth in Exhibit F to this Agreement. Customer hereby acknowledges that the information contained in Reports received from ARC includes personal financial information about End Consumers and, as such, requires that Customer treat such information responsibly and take reasonable steps to assure that such information is not misused by any of Customer’s employees, agents, or brokers.

ARTICLE V CONFIDENTIALITY

5.1 Confidentiality. In addition to complying with all applicable laws, rules and regulations regarding the use of information about End Consumers, each party agrees that it shall not use or disclose any Confidential Information supplied by the other party under this Agreement except as authorized in writing by the disclosing party in advance of such disclosure. Each receiving party shall safeguard all Confidential Information provided by the disclosing party under this Agreement in the same or more restrictive manner as the receiving party safeguards its own Confidential Information. Each receiving party agrees not to disclose the Confidential Information to any third party or to anyone within the receiving party who does not have a need to know the Confidential Information in order to perform under this Agreement. In the event a receiving party is required to disclose a disclosing party’s Confidential Information pursuant to a valid order by a court or other governmental body or as otherwise required by law, prior to such compelled disclosure, the receiving party will (i) notify the disclosing party of the legal process, and allow the disclosing party to assert the privileged and confidential nature of the Confidential Information against the third party seeking disclosure, and (ii) cooperate fully with the disclosing party in protecting against any such disclosure and/or obtaining a protective order narrowing the scope of such disclosure and/or use of the Confidential Information. In the event that such protection against disclosure is not obtained, the receiving party will be entitled to disclose the Confidential Information, but only as to the extent necessary to legally comply with such compelled disclosure.

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ARTICLE VI TERM AND TERMINATION

6.1 Term. The term of this Agreement shall commence on the Effective Date set forth above, and continue until either party terminates the Agreement with thirty (30) days' prior written notice.

6.2.1 Termination.

6.2.2 For Failure to Meet Payment Obligations. Notwithstanding Section 6.1 above, ARC may immediately terminate this Agreement if Customer fails to meet any payment obligation under this Agreement and this failure continues for ten (10) days following receipt of written notice and demand from ARC.

6.2.3 Acceleration of Payment. Upon termination of this Agreement by ARC under Section 6.2.1, the due dates of all outstanding invoices to Customer for the Services will automatically be accelerated so that they become due and payable on the effective date of termination, even if longer terms had been previously granted or allowed.

6.2.4 Survival of Terms. Termination of this Agreement shall not relieve either party of any obligations arising under this Agreement prior to the date of termination. Any provisions of this Agreement that by their nature extend beyond the termination of this Agreement, including specifically obligations owing under Articles III, IV, V, VII, VIII and IX hereof, will survive and remain in effect until all obligations are satisfied.

ARTICLE VII LIMITATION OF LIABILITY; NO WARRANTY

7.1 **LIMITATION ON LIABILITY. IN NO EVENT SHALL ARC BE LIABLE TO CUSTOMER, OR TO ANY OF CUSTOMER'S END CONSUMERS, BRANCHES, NET BRANCHES, LICENSEES OR SUBLICENSEES FOR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO LOST OR ANTICIPATED PROFITS, LOST OPPORTUNITY OF ANY TYPE, LOSS OF USE OR LOSS OF DATA, WHETHER UNDER CONTRACT, TORT, WARRANTY OR OTHERWISE, ARISING IN ANY WAY OUT OF THIS AGREEMENT OR ANY RELATED AGREEMENT, REGARDLESS OF WHETHER ARC WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.**

7.2 **WARRANTY DISCLAIMERS. THE SERVICES ARE PROVIDED "AS IS" AND WITH ALL FAULTS AND ARC MAKES NO WARRANTY OR CONDITION OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING WITHOUT LIMITATION ANY WARRANTY OR CONDITION OF MERCHANTABILITY FITNESS FOR A PARTICULAR PURPOSE, OR ARISING FROM A COURSE OF DEALING, TITLE, USAGE OF TRADE OR COURSE OF PERFORMANCE. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, CUSTOMER**

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EXPRESSLY DISCLAIMS ANY WARRANTY OR CONDITION, EXPRESS OR IMPLIED, CONCERNING THE SERVICES, INCLUDING THE ACCURACY OF THE INFORMATION REGARDING THE END CONSUMERS.

7.3 Appraisal-Related Services. The undersigned acknowledges and agrees that all Appraisal-Related Services (as defined below) are administrative in nature and do not include the generation or development of, nor do they provide the basis for, reasoning behind, content of, or the appraisal of, or appraised value assigned to, any parcel (or other subdivision) of real estate. Therefore, ARC shall have no liability to Customers purchasing Appraisal-Related Services for any liabilities, damages, losses, claims and expenses, including attorneys fees, related to the generation or development of, nor do they provide the basis for, reasoning behind, content of, or the appraisal or appraised value assigned to any parcel (or other subdivision) of real estate for which ARC provides such Appraisal-Related Services. “Appraisal-Related Services” shall be the Level 1 Appraisal-Related Services and the Level 2 Appraisal-Related Services, as the same are described on Exhibits C-2 and C-3, respectively.

ARTICLE VIII INDEMNIFICATION

8.1 Indemnification by Customer. Customer agrees to and shall indemnify, defend and hold harmless ARC and its directors, officers, agents, members, managers and employees against any and all third party claims, liabilities, damages, costs and expenses, including reasonable attorneys’ fees, arising out of (i) Customer’s misuse of the Services to End Consumers, (ii) any specification, documentation, or other intellectual property provided by Customer to ARC that gives rise to any claim of infringement and (iii) a breach or alleged breach of any representation or warranty made by Customer. Customer’s forgoing rights and obligations of indemnity are conditioned on (i) prompt written notification from ARC to the Customer of the claim for which indemnity is sought; (ii) sole control by the Customer of the defense of any action and all negotiations for settlement and compromise; and (iii) cooperation and assistance from ARC, including reasonable disclosure of information and authority necessary to perform the above. ARC shall be responsible for the costs and fees of its own counsel if it desires to have separate legal representation in any such action.

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8.2 General Indemnification by ARC. ARC agrees to and shall indemnify, defend and hold harmless Customer and its directors, officers, agents and employees against any and all third party claims, liabilities, damages, costs and expenses, including reasonable attorneys' fees, arising out of a breach or alleged breach of any representation or warranty made by ARC in this Agreement. ARC's rights and obligations of indemnity set forth above are conditioned on (i) prompt written notification from Customer to ARC of the claim for which indemnity is sought; (ii) sole control by ARC of the defense of any action and all negotiations for settlement and compromise; and (iii) cooperation and assistance from Customer, including reasonable disclosure of information and authority necessary to perform the above. Customer shall be responsible for the costs and fees of its own counsel if it desires to have separate legal representation in any such action.

ARTICLE IX GENERAL

9.1 Independent Contractor. The parties are independent contractors and neither party shall be deemed an employee or agent of the other. Nothing in this Agreement is intended to, or shall be deemed to, constitute a partnership or joint venture between the parties

9.2 Scope of Agreement. This Agreement, including any and all exhibits hereto, contains the complete agreement between the parties and shall, as of the Effective Date, supersede all other agreements between the parties. The parties stipulate that neither of them has made any representation with respect to the subject matter of this Agreement or the execution and delivery hereof except such representations as are specifically set forth herein. Each of the parties hereto acknowledges that they have relied on their own judgment in entering into this Agreement.

9.3 Amendment. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by both parties, and no evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties hereto arising out of or affecting this Agreement, or the rights or obligations of the parties hereunder, unless such waiver or modification is in writing, duly executed both parties. The parties further agree that the provisions of this section may not be waived except as set forth herein.

9.4 No Waiver. Forbearance or neglect on the part of either party to insist upon strict compliance with the terms of this Agreement shall not be construed as or constitute a waiver thereof.

9.5 Limitation of Actions. No action arising out of this Agreement, regardless of its form, may be brought by either party more than one (1) year after termination of this Agreement.

9.6 Choice of Law/Jurisdiction. This Agreement will in all respects be governed by and construed in accordance with the laws of Washington, without regard to choice of law provisions. The parties agree that all disputes arising in any way out of this Agreement will be

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heard exclusively in, and all parties irrevocably consent to jurisdiction and venue in, the state and Federal courts of Washington.

9.7 Attorney Fees. If either party employs attorneys to enforce any rights arising out of or relating to this Agreement, the prevailing party shall be entitled to recover reasonable costs and attorneys' fees.

9.8 Agreement Binding on Successor. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the respective parties.

9.9 Assignment. ARC reserves the right to assign its legal rights and obligations arising under this Agreement to any third party at any time for any purpose. Customer may not assign this agreement without the express written consent of ARC, provided however, such consent shall not be unreasonably withheld by ARC.

9.10 Force Majeure. Neither party shall be liable for any delay in performance due to force majeure, including strikes, accidents, acts of God, or other delays beyond its control. If timely completion of any obligation herein is prevented by any cause of force majeure, or any act of the other party, then such failure or delay shall not constitute default. Notwithstanding the foregoing, lack of funds or causes resulting from lack of funds shall not be deemed to be a cause beyond the control of either party, and this provision shall not operate to excuse either party from the prompt payment of any monies required by this Agreement.

9.11 Compliance with Laws. Customer represents and warrants that it shall comply at its own expense with all applicable laws, rules and regulations of governmental bodies and agencies, including all laws, rules and regulations affecting or governing exports, in its performance under this Agreement.

9.12 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, illegal or unenforceable for any reason, the remaining provisions shall remain in full force and effect as if this Agreement had been executed with the invalid portion eliminated. The parties further agree to substitute for the invalid provision, a valid provision that most closely approximates the intent and economic effect of the invalid provision.

9.13 Notice. Unless otherwise agreed to by the parties, all notices required under this Agreement will be deemed effective when received and made in writing to the respective parties indicated below by either (i) registered mail, (ii) certified mail, return receipt requested, (iii) overnight mail, or (iv) telephone facsimile.

9.14 Headings. The headings in this Agreement are provided for reference only and shall not be used in interpreting or construing this Agreement or any document attached hereto and referenced herein.

9.15 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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Dated this ____ day of _____, 20__.

American Reporting Company, LLC

By: _____
(signature)

Print or Type Name Date

Address:
1909 214th Street SE
Suite 102
Bothell, WA 98021

Customer

By: _____
(signature)

Print or Type Name Date

Address:

EXHIBIT A

CREDIT REPORTING SERVICES, POLICIES AND REQUIREMENTS

A. ORDERING CREDIT REPORTING SERVICES:

Please provide all required information and place your order on ARC's website at:

<https://Secure.ARCReports.com>

B. SERVICE FEES:

Please visit ARC's website at www.arcreports.com to determine current fees. Any three bureau 'infile' will be credited towards the cost of a Residential Mortgage Credit Report (RMCR) provided the RMCR is ordered within thirty (30) days of the infile order date. Customer acknowledges that services performed on 'infile' credit reports will be billed in addition to the cost of the infile credit report according to the effective pricing established by ARC.

C. COMPLIANCE WITH LAWS:

1. Due to new credit bureau requirements, all physical business locations including, but not limited to branch and "net" offices of Customer, will require a physical site inspection by a bureau-approved, independent, third party vendor. The cost of the onsite inspection is \$75 per location and will be billed to Customer's account. Customers that are located in a residential setting (home, condominium, apartment etc.) are subject to an annual site inspection of \$75 completed by a bureau-approved, independent, third party vendor.

2. Customer represents and warrants that it has a "permissible purpose" under the FCRA to obtain the information derived from the Equifax/Beacon Model, Trans Union/Empirica Model and Experian/Fair, Isaac Model (collectively "Scores"). Customer requests the Services of ARC for the following permissible purpose(s) (check the appropriate boxes):

- a) In connection with a mortgage transaction involving the End Consumer and regarding the extension of credit to, or review or collection of an account of, the End Consumer; or
- b) For employment purposes; or
- c) As a potential investor or servicer, or current insurer, in connection with a valuation of, or assessment of the credit or prepayment risks associated with, an existing credit obligation; or

- d) For a legitimate business need for the information, either:
- (1) in connection with a business transaction that is initiated by the End Consumer; or
 - (2) to review an account to determine whether the End Consumer continues to meet terms of the account; or
- e) In connection with a tenant screening application involving the End Consumer.
- f) In connection with a non-profit consumer counseling involving the End Consumer

2. Customer shall not obtain Reports for any other use. Failure to comply with the applicable law, including FCRA, can result in state or federal enforcement actions, as well as private lawsuits. In addition, any person who knowingly and willfully obtains a consumer Report under false pretenses may face criminal prosecution.

3. Customer will ensure that prior to procurement of a Report, they will have attained proper authorization and consent from the End Consumer. ARC suggests Customer obtain authorization in writing before ordering a credit Report for an End Consumer.

4. Customer agrees to limit its use of the Scores solely for its own business with no right to transfer or otherwise sell, license, sublicense or distribute said Scores to third parties and acknowledges its responsibilities under FCRA as explained on the forms provided with this agreement.

5. Each Customer shall maintain internal procedures to minimize the risk of unauthorized disclosure of Scores and agrees that such Scores will be held in strict confidence and disclosed only to those of its employees with a “need to know” and to no other person

6. Customer warrants that neither it nor its employees, agents or subcontractors shall use the trademarks, service marks, logos, names, or any other proprietary designations, whether registered or unregistered, of Equifax, Trans Union, Experian, and Fair, Isaac or Company, or the affiliates of any of them, or of any other party involved in the provision of the Scores without such entity’s prior written consent. Customer further warrants that neither it nor its employees, agents or subcontractors shall attempt in any manner, directly or indirectly, to discover or reverse engineer any confidential and proprietary information developed or used by Equifax, Trans Union, Experian, or Fair, Isaac and Company in generating the Scores.

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D. REQUIREMENTS OF THE FCRA

Although the FCRA primarily regulates the operations of consumer credit reporting agencies, it also affects you as a user of information. A copy of the FCRA may be viewed from within our web site (<http://www.arcreports.com>) under frequently asked questions and also under the Federal Trade Commission’s Internet web site (<http://www.ftc.gov>). We suggest that you and your employees become familiar with the following sections in particular:

- § 604. Permissible Purposes of Reports
- § 607. Compliance Procedures
- § 615. Requirement on users of consumer reports
- § 616. Civil liability for willful noncompliance
- § 617. Civil liability for negligent noncompliance
- § 619. Obtaining information under false pretenses
- § 621. Administrative Enforcement
- § 623 Responsibilities of Furnishers of Information to Consumer Reporting Agencies

Each of these sections is of direct consequence to users who obtain Reports on consumers.

As directed by the law, credit Reports may be issued only if they are to be used for extending credit, review or collection of an account, employment purposes, underwriting insurance or in connection with some other legitimate business transaction such as in investment, partnership, etc. It is imperative that you identify each request for a Report to be used for employment purposes when such report is ordered. Additional state laws may also impact your usage of Reports for employment purposes.

ARC strongly endorses the letter and spirit of the FCRA. We believe that this law and similar state laws recognize and preserve the delicate balance between the rights of the consumer and the legitimate needs of commerce.

In addition to the FCRA, other federal and state laws addressing such topics as computer crime and unauthorized access to protected databases have also been enacted. As a prospective user of consumer Reports, we expect that you and your staff will comply with all relevant federal statutes and the statutes and regulation of the states in which you operate.

We support consumer reporting legislation that will assure fair and equitable treatment for all consumers and users of credit information.

E. ACCESS SECURITY REQUIREMENTS

For the purposes of this Section E, “you” and “your” refer to Customer. We must work together to protect the privacy and information of consumers. The following information security measures are designed to reduce unauthorized access to consumer information. It is your responsibility to implement these controls. If you do not understand these requirements or need

assistance, it is your responsibility to employ an outside service provider to assist you. Capitalized terms used herein have the meaning given in the Glossary attached hereto. The credit reporting agency reserves the right to make changes to Access Security Requirements without notification. The information provided herewith provides minimum baselines for information security. In signing this Exhibit A to the Agreement, Customer agrees to comply with the following measures:

1. Implement Strong Access Control Measures

- 1.1 Do not provide your credit reporting agency Subscriber Codes or passwords to anyone. No one from the credit reporting agency will ever contact you and request your Subscriber Code number or password.
- 1.2 Proprietary or third party system access software must have credit reporting agency Subscriber Codes and password(s) hidden or embedded. Account numbers and passwords should be known only by supervisory personnel.
- 1.3 You must request your Subscriber Code password be changed immediately when:
 - any system access software is replaced by system access software or is no longer used; or
 - the hardware on which the software resides is upgraded, changed or disposed of.
- 1.4 Protect credit reporting agency Subscriber Code(s) and password(s) so that only key personnel know this sensitive information. Unauthorized personnel should not have knowledge of your Subscriber Code(s) and password(s).
- 1.5 Create a separate, unique user ID for each user to enable individual authentication and accountability for access to the credit reporting agency's infrastructure. Each user of the system access software must also have a unique logon password.
- 1.6 Ensure that user IDs are not shared and that no Peer-to-Peer file sharing is enabled on those users' profiles.
- 1.7 Keep user passwords Confidential.
- 1.8 Develop strong passwords that are:
 - Not easily guessable (i.e. your name or company name, repeating numbers and letters or consecutive numbers and letters); and
 - Contain a minimum of seven (7) alpha/numeric characters for standard user accounts.
- 1.9 Implement password protected screensavers with a maximum fifteen (15) minute timeout to protect unattended workstations.
- 1.10 Active logins to credit information systems must be configured with a 30 minute inactive session, timeout.
- 1.11 Restrict the number of key personnel who have access to credit information.
- 1.12 Ensure that personnel who are authorized access to credit information have a business need to access such information and understand these requirements to access such information are only for the permissible purposes listed in the Permissible Purpose Information section of your membership application.

- 1.13 Ensure that you and your employees do not access your own credit reports or those reports of any family member(s) or friend(s) unless it is in connection with a credit transaction or for another permissible purpose.
- 1.14 Implement a process to terminate access rights immediately for users who access credit reporting agency credit information when those users are terminated or when they have a change in their job tasks and no longer require access to that credit information.
- 1.15 After normal business hours, turn off and lock all devices or systems used to obtain credit information.
- 1.16 Implement physical security controls to prevent unauthorized entry to your facility and access to systems used to obtain credit information.

2. Maintain a Vulnerability Management Program

- 2.1 Keep operating system(s), Firewalls, Routers, servers, personal computers (laptop and desktop) and all other systems current with appropriate system patches and updates.
- 2.2 Configure infrastructure such as Firewalls, Routers, personal computers, and similar components to industry best security practices, including disabling unnecessary services or features, removing or changing default passwords, IDs and sample files/programs, and enabling the most secure configuration features to avoid unnecessary risks.
- 2.3 Implement and follow current best security practices for Computer Virus detection scanning services and procedures:
 - Use, implement and maintain a current, commercially available Computer Virus detection/scanning product on all computers, systems and networks.
 - If you suspect an actual or potential virus, immediately cease accessing the system and do not resume the inquiry process until the virus has been eliminated.
 - On a weekly basis at a minimum, keep anti-virus software up-to-date by vigilantly checking or configuring auto updates and installing new virus definition files.
- 2.4 Implement and follow current best security practices for computer anti-Spyware scanning services and procedures:
 - Use, implement and maintain a current, commercially available computer anti-Spyware scanning product on all computers, systems and networks.
 - If you suspect actual or potential Spyware, immediately cease accessing the system and do not resume the inquiry process until the problem has been resolved and eliminated.
 - Run a secondary anti-Spyware scan upon completion of the first scan to ensure all Spyware has been removed from your computers.
 - Keep anti-Spyware software up-to-date by vigilantly checking or configuring auto updates and installing new anti-Spyware definition files weekly, at a minimum. If your company's computers have unfiltered or unblocked access to the Internet (which prevents access to some known problematic sites), then it is recommended that anti-Spyware scans be completed more frequently than weekly.

3. Protect Data

- 3.1 Develop and follow procedures to ensure that data is protected throughout its entire information lifecycle (from creation, transformation, use, storage and secure destruction) regardless of the media used to store the data (i.e., tape, disk, paper, etc.).
- 3.2 All credit reporting agency data is classified as Confidential and must be secured to this requirement at a minimum.
- 3.3 Procedures for transmission, disclosure, storage, destruction and any other information modalities or media should address all aspects of the lifecycle of the information.
- 3.4 Encrypt all credit reporting agency data and information when stored on any laptop computer and in the database using AES or 3DES with 128-bit key encryption at a minimum.
- 3.5 Only open email attachments and links from trusted sources and after verifying legitimacy.

4. Maintain an Information Security Policy

- 4.1 Develop and follow a security plan to protect the Confidentiality and integrity of personal consumer information as required under the GLB Safeguard Rule.
- 4.2 Establish processes and procedures for responding to security violations, unusual or suspicious events and similar incidents to limit damage or unauthorized access to information assets and to permit identification and prosecution of violators.
- 4.3 The FACTA Disposal Rules requires that you implement appropriate measures to dispose of any sensitive information related to consumer credit reports and records that will protect against unauthorized access or use of that information.
- 4.4 Implement and maintain ongoing mandatory security training and awareness sessions for all staff to underscore the importance of security within your organization.

5. Build and Maintain a Secure Network

- 5.1 Protect Internet connections with dedicated, industry-recognized Firewalls that are configured and managed using industry best security practices.
- 5.2 Internal private Internet Protocol (IP) addresses must not be publicly accessible or natively routed to the Internet. Network address translation (NAT) technology should be used.
- 5.3 Administrative access to Firewalls and servers must be performed through a secure internal wired connection only.
- 5.4 Any stand alone computers that directly access the Internet must have a desktop Firewall deployed that is installed and configured to block unnecessary/unused ports, services and network traffic.
- 5.5 Encrypt Wireless access points with a minimum of WEP 128 bit encryption, WPA encryption where available.

- 5.6 Disable vendor default passwords, SSIDs and IP Addresses on Wireless access points and restrict authentication on the configuration of the access point.

6. Regularly Monitor and Test Networks

- 6.1 Perform regular tests on information systems (port scanning, virus scanning, vulnerability scanning).
- 6.2 Use current best practices to protect your telecommunications systems and any computer system or network device(s) you use to provide Services hereunder to access credit reporting agency systems and networks. These controls should be selected and implemented to reduce the risk of infiltration, hacking, access penetration or exposure to an unauthorized third party by:
 - protecting against intrusions;
 - securing the computer systems and network devices; and
 - protecting against intrusions of operating systems or software.

Record Retention: *The Federal Equal Opportunities Act states that a creditor must preserve all written or recorded information connected with an application for 25 months. In keeping with the ECOA, the credit reporting agency requires that you retain the credit application and, if applicable, a purchase agreement for a period of not less than 25 months. When conducting an investigation, particularly following a breach or a consumer complaint that your company impermissibly accessed their credit report, the credit reporting agency will contact you and will request a copy of the original application signed by the consumer or, if applicable, a copy of the sales contract.*

“Under Section 621 (a) (2) (A) of the FCRA, any person that violates any of the provisions of the FCRA may be liable for a civil penalty of not more than \$2,500 per violation.”

F. SCORE MODEL USE REQUIREMENTS

1. Customer hereby acknowledges and agrees that in using ARC credit reporting Services it will comply with the following:
 - a) Customer warrants that it has a “permissible purpose” under the FCRA, as it may be amended from time to time, to obtain the information derived from the Equifax/Beacon Model, Trans Union/Empirica Model and Experian/Fair, Isaac Model (collectively “Score Models”). The FCRA, 15 USC 1681 et seq. is set forth in full at the Federal Trade Commission’s Internet web site (<http://www.ftc.gov>).

- b) The Customer agrees to limit its use of the Scores (as defined in Section C.1 of this Exhibit A) and reason codes solely to use in its own business with no right to transfer or otherwise sell, license, sublicense or distribute said scores or reason codes to third parties;
- c) Customer will comply with the Access Security requirements set forth in Section E of this Exhibit A.
- d) Notwithstanding any contrary provision of this Exhibit A to the Agreement, Customer may disclose the Scores provided to Customer under the Agreement and this Exhibit A to End Users, when accompanied by the corresponding reason codes, in the context of bona fide lending transactions and decisions only.
- e) Customer shall comply with all applicable laws and regulations in using the Scores and reason codes purchased from ARC;
- f) Customer and its employees, agents or subcontractors shall not use the trademarks, service marks, logos, names, or any other proprietary designations, whether registered or unregistered, of Equifax, Trans Union, Experian, and Fair, Isaac and Company, or the affiliates of any of them, or of any other party involved in the provision of the Scores without such entity's prior written consent;
- g) Customer shall not, in any manner, directly or indirectly, discover or reverse engineer any confidential and proprietary criteria developed or used by Equifax, Trans Union, Experian, or Fair, Isaac and Company in generating the Scores;

2. Warranties.

- a) Equifax, Trans Union, Experian, and Fair, Isaac and Company warrant that the Score Models are empirically derived and demonstrably and statistically sound and that to the extent the population to which the Score Models are applied are similar to the population sample on which the Score Models were developed, the Score Models score may be relied upon by Customer to rank consumers in the order of the risk of unsatisfactory payment such consumers might present to Customers. Equifax, Trans Union, Experian, and Fair, Isaac and Company further warrant that so long as they provide the Score Models, they will comply with regulations promulgated from time to time pursuant to the Equal Credit Opportunity Act, 15 USC Section 1691 et seq. **THE FOREGOING WARRANTIES ARE THE ONLY WARRANTIES EQUIFAX, TRANS UNION, EXPERIAN, AND FAIR, ISAAC AND COMPANY HAVE GIVEN BROKER AND/OR CUSTOMERS WITH RESPECT TO THE SCORE MODELS AND SUCH WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, EQUIFAX, TRANS UNION, EXPERIAN, AND FAIR, ISAAC AND COMPANY MIGHT HAVE GIVEN BROKER AND/OR CUSTOMERS WITH RESPECT THERETO, INDLUCING, FOR EXAMPLE, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**

b) Further, the aggregate liability of Equifax, Trans Union, Experian, and Fair, Isaac and Company to each Customer is limited to the lesser of the fees paid by ARC to Equifax, Trans Union, Experian, and Fair, Isaac and Company for the Score Models resold to the pertinent Customer during the six (6) month period immediately preceding the Customer's claim, or the fees paid by the pertinent Customer to ARC under this Agreement during said six (6) month period, and excluding any liability of Equifax, Trans Union, Experian, and Fair, Isaac and Company for incidental, indirect, special, or consequential damages of any kind.

G. APPLICABLE STATE LAWS AND REQUIRED CONSENTS

Vermont Fair Credit Reporting Statute, 9 V.S.A. § 2480e (1999)

§ 2480e. Consumer consent

- (a) A person shall not obtain the credit report of a consumer unless:
- (1) the report is obtained in response to the order of a court having jurisdiction to issue such an order;
- or
- (2) the person has secured the consent of the consumer, and the report is used for the purpose consented to by the consumer.
- (b) Credit reporting agencies shall adopt reasonable procedures to assure maximum possible compliance with subsection (a) of this section.
- (c) Nothing in this section shall be construed to affect
- (1) the ability of a person who has secured the consent of the consumer pursuant to subdivision (a)(2) of this section to include in his or her request to the consumer permission to also obtain credit reports, in connection with the same transaction or extension of credit, for the purpose of reviewing the account, increasing the credit line on the account, for the purpose of taking collection action on the account, or for other legitimate purposes associated with the account; and
 - (2) the use of credit information for the purpose of prescreening, as defined and permitted from time to time by the Federal Trade Commission.

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Vermont Rules * Current through June 1999*** Agency 06, Office of the Attorney General**

**Sub-Agency 031, Consumer Protection Division, Chapter 012. Consumer Fraud--Fair Credit Reporting
Rule CF 112 Fair Credit Reporting, CVR 06-031-012, CF 112.03 (1999)
Cf 112.03 Consumer Consent**

(a) A person required to obtain consumer consent pursuant to 9 V.S.A. §§ 2480e and 2480g shall obtain said consent in writing if the consumer has made a written application or written request for credit, insurance, employment, housing or governmental benefit. If the consumer has applied for or requested credit, insurance, employment, housing or governmental benefit in a manner other than in writing, then the person required to obtain consumer consent pursuant to 9 V.S.A. §§ 2480e and 2480g shall obtain said consent in writing or in the same manner in which the consumer made the application or request. The terms of this rule apply whether the consumer or the person required to obtain consumer consent initiates the transaction.

(b) Consumer consent required pursuant to 9 V.S.A. §§ 2480e and 2480g shall be deemed to have been obtained in writing if, after a clear and adequate written disclosure of the circumstances under which a credit report or credit reports may be obtained and the purposes for which the credit report or credit reports may be obtained, the consumer indicates his or her consent by providing his or her signature.

(c) The fact that a clear and adequate written consent form is signed by the consumer after the consumer's credit report has been obtained pursuant to some other form of consent shall not affect the validity of the earlier consent.

Initial: _____

California Civil Code - Section 1785.14(a)

Section 1785.14(a), as amended, states that a consumer credit reporting agency does not have reasonable grounds for believing that a consumer credit report will be used only for permissible purposes unless all of the following requirements are met:

Section 1785.14(a)(1) states: “If a prospective user is a retail seller, as defined in Section 1802.3, and intends to issue credit to a consumer who appears in person on the basis of an application for credit submitted in person, the consumer credit reporting agency shall, with a reasonable degree of certainty, match at least three categories of identifying information within the file maintained by the consumer credit reporting agency on the consumer with the information provided to the consumer credit reporting agency by the retail seller. The categories of identifying information may include, but are not limited to, first and last name, month and date of birth, driver’s license number, place of employment, current residence address, previous residence address, or social security number. The categories of information shall not include mother’s maiden name.”

Section 1785.14(a)(2) states: “If the prospective user is a retail seller, as defined in Section 1802.3, and intends to issue credit to a consumer who appears in person on the basis of an application for credit submitted in person, the retail seller must certify, in writing, to the consumer credit reporting agency that it instructs its employees and agents to inspect a photo identification of the consumer at the time the application was submitted in person. This paragraph does not apply to an application for credit submitted by mail.”

Section 1785.14(a)(3) states: “If the prospective user intends to extend credit by mail pursuant to a solicitation by mail, the extension of credit shall be mailed to the same address as on the solicitation unless the prospective user verifies any address change by, among other methods, contacting the person to whom the extension of credit will be mailed.”

SUBSCRIBER CERTIFICATION OF COMPLIANCE

In compliance with Section 1785.14(a) of the California Civil Code, _____ (“Subscriber”) hereby certifies to American Reporting Company, LLC (“ARC”) as follows:

Subscriber _____ is _____ is not a retail seller, as defined in Section 1802.3 of the California Civil Code (“Retail Seller”) and issues credit to consumers who appear in person on the basis of applications for credit submitted in person (“Point of Sale”).

Subscriber also certifies that if Subscriber is a Retail Seller, who conducts Point of Sale transactions, Subscriber will, beginning on or before July 1, 1998, instruct its employees and agents to inspect a photo identification of the consumer at the time an application is submitted in person.

Subscriber also certifies that it will only use the appropriate subscriber code number designated by ARC for accessing consumer reports for California Point of Sale transactions conducted by Retail Seller.

If Subscriber is not a Retail Seller who issues credit in Point of Sale transactions, Subscriber agrees that if it, at any time hereafter, becomes a Retail Seller who extends credit in Point of Sale transactions, Subscriber shall provide written notice of such to ARC prior to using credit reports with Point of Sale transactions as a Retail Seller, and shall comply with the requirements of a Retail Seller conducting Point of Sale transactions as a Retail Seller, and shall comply with the requirements of a Retail Seller conducting Point of Sale transactions, as provided in this certification. Such notice should be directed to: American Reporting Company, 1909 214th Street SE, #102, Bothell, WA 98021

Initial: _____

Dated this _____ day of _____, 20____.

American Reporting Company, LLC

By: _____
(signature)

(signature)

Print or Type Name

Date Print or Type Name Date

ADDRESS:

1909 214th Street SE
Suite 102
Bothell, WA 98021

[SIGNATURE PAGE TO EXHIBIT A]



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EXHIBIT B-1

APPRAISAL SERVICES (LEVEL 3)

A. ORDERING APPRAISAL SERVICES (LEVEL 3):

Please provide all appraisal information and place your order on ARC's website at:

<https://Secure.ARCReports.com>

B. SERVICE FEES:

Please visit ARC's website at www.arcreports.com to determine current fees.

C. SET-UP FEES:

In the normal course of bringing on a new appraisal customer ARC incurs costs which are associated with starting a strategic relationship. Costs such as, but not limited to, customer set-up, customer education, the addition of appraisers designated by customer, education for incoming appraisers, customer report module, etc. are a reasonable investment in a long term strategic relationship. ARC reserves the right to charge Customer the following set-up fees if for any reason Customer decides to substantially reduce their appraisal volume 90 days from the date of the initial rollout. Substantial reduction of volume is based on ARC receiving 50% or less of the anticipated volume of _____ appraisal completed per month. The initial rollout date is _____. The following are the set up fees:

0-50 completed appraisals per month = \$3,000

51-100 completed appraisals per month = \$4,500

101-200 completed appraisals per month = \$6,000

201-500 completed appraisals per month = \$7,500

Over 500 completed appraisals per month = \$10,000

D. Customer hereby acknowledges and agrees that, with respect to Customer's use of ARC's Appraisal Services (Level 3), no employee or agent of Customer, or any other third party working on of the Customer, shall influence the development, reporting, result, or review of an appraisal through coercion, compensation, inducement, or in any other manner including but not limited to:

1. Withholding timely payment for an appraisal report.
2. Communicating a predetermined, expected, or qualifying estimate of value, or a loan amount or target loan-to-value ratio to an appraiser or person performing an evaluation.

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3. Specifying a minimum value requirement for the property that is needed to approve the loan or as a condition of ordering the valuation.
 4. Conditioning a person's compensation on loan consummation.
 5. Failing to compensate a person because a property is not valued at a certain amount.
 6. Implying that current or future retention of a person's services depends on the amount at which the appraiser or person performing an evaluation values a property.
 7. Excluding a person from consideration for future engagement because a property's reported market value does not meet a specified threshold.
 8. Conditioning the ordering of an appraisal report or the payment of an appraisal fee on the valuation to be reached, or on a preliminary value estimate requested from an appraiser.
 9. Requesting that an appraiser provide a desired valuation in an appraisal report prior to the completion of the appraisal report, or requesting that an appraiser provide estimated values or comparable sales at any time prior to the appraiser's completion of an appraisal report.
 10. Providing to an appraiser an anticipated or desired value for a subject property or a target amount to be loaned to the End Customer, except that a copy of the sales contract for purchase transactions may be provided.
 11. Any other act or practice that impairs or attempts to impair an appraiser's independence, objectivity, or impartiality or violates law or regulation, including, but not limited to, the Truth in Lending Act and Regulation Z, or the USPAP.
- E. Customer hereby acknowledges and agrees that, with respect to Customer's use of ARC's Appraisal Services (Level 3), all members of Customer's loan production staff, as well as any person (i) who is compensated on a commission basis upon the successful completion of a loan or (ii) who reports, ultimately, to any officer of Customer not independent of the loan production staff and process, shall be forbidden from:
1. selecting, retaining, recommending, or influencing the selection of any appraiser for a particular appraisal assignment or for inclusion on a list or panel of appraisers approved to perform appraisals for Customer or forbidden from performing such work; and
 2. having any substantive communications with an appraiser or appraisal management company, including ARC, relating to or having an impact on valuation, including ordering or managing an appraisal assignment.

[Signature page to Exhibit B-1 follows.]

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Dated this ____ day of _____, 20__.

Customer Name: _____ American Reporting Company, LLC

By: _____ (signature) _____ (signature)

Print or Type Name Date Print or Type Name Date

ADDRESS:

1909 214th Street SE
Suite 102
Bothell, WA 98021

[SIGNATURE PAGE TO EXHIBIT B-1]

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EXHIBIT B-2

LEVEL 1 APPRAISAL-RELATED SERVICES

A. ORDERING LEVEL 1 APPRAISAL-RELATED SERVICES:

ARC’s Level 1 Appraisal-Related Services include the following Services:

- Management of Customer’s appraiser list, including verification of licensure and updating as necessary;
- Ordering of appraisals, including all statutorily-required language;
- Storage of completed appraisals; and
- Facilitation of appraisal process, including communicating the status of the appraisal to involved parties.

Once the appraisal is provided to ARC, ARC provides said appraisal to the Customer, who is responsible for any post-completion revisions. ARC shall have no role in the generation or development of, basis for, reasoning behind, content of, or the appraisal of or appraised value assigned to any parcel (or other subdivision) of real estate for which ARC provides such Level 1 Appraisal-Related Services

Please provide all information for Level 1 Appraisal-Related Services and place your order on ARC’s website at:

<https://Secure.ARCReports.com>

B. SERVICE FEES:

Please visit ARC’s website at www.arcreports.com to determine current fees.

C. SET-UP FEES:

In the normal course of bringing on a new appraisal customer ARC incurs costs which are associated with starting a strategic relationship. Costs such as, but not limited to, customer set-up, customer education, the addition of appraisers designated by customer, education for incoming appraisers, customer report module, etc. are a reasonable investment in a long term strategic relationship. ARC reserves the right to charge Customer the following set-up fees if for any reason Customer decides to substantially reduce their appraisal volume 90 days from the date of the initial rollout. Substantial reduction of volume is based on ARC receiving 50% or less of the anticipated volume of _____ appraisal completed per month. The initial rollout date is _____. The following are the set up fees:

- 0-50 completed appraisals per month = \$3,000
- 51-100 completed appraisals per month = \$4,500
- 101-200 completed appraisals per month = \$6,000

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201-500 completed appraisals per month = \$7,500
Over 500 completed appraisals per month = \$10,000]

- D. Customer hereby acknowledges and agrees, as evidenced by Customer's signature below, that (1) the terms set forth in Section 7.3 of the Agreement apply to ARC's provision of Level 1 Appraisal-Related Services to Customer; and (2) ARC shall have no liability for the generation or development of, basis for, reasoning behind, content of, or the appraisal of or appraised value assigned to any parcel (or other subdivision) of real estate for which ARC provides such Level 1 Appraisal-Related Services.
- E. Customer hereby acknowledges and agrees that, with respect to Customer's use of ARC's Level 1 Appraisal-Related Services, no employee or agent of Customer, or any other third party working on behalf of the Customer, shall influence the development, reporting, result, or review of an appraisal through coercion, compensation, inducement, or in any other manner including but not limited to:
1. withholding timely payment for an appraisal report; or
 2. conditioning the ordering of an appraisal report or the payment of an appraisal fee on the valuation to be reached, or on a preliminary value estimate requested from an appraiser; or
 3. requesting that an appraiser provide a desired valuation in an appraisal report prior to the completion of the appraisal report, or requesting that an appraiser provide estimated values or comparable sales at any time prior to the appraiser's completion of an appraisal report; or
 4. providing to an appraiser an anticipated or desired value for a subject property or a target amount to be loaned to the End Customer, except that a copy of the sales contract for purchase transactions may be provided; or
 5. any other act or practice that impairs or attempts to impair an appraiser's independence, objectivity, or impartiality or violates law or regulation, including, but not limited to, the Truth in Lending Act and Regulation Z, or the USPAP.
- F. Customer hereby acknowledges and agrees that, with respect to Customer's use of ARC's Level 1 Appraisal-Related Services, all members of Customer's loan production staff, as well as any person (i) who is compensated on a commission basis upon the successful completion of a loan or (ii) who reports, ultimately, to any officer of Customer not independent of the loan production staff and process, shall be forbidden from:
1. selecting, retaining, recommending, or influencing the selection of any appraiser for a particular appraisal assignment or for inclusion on a list or panel of appraisers approved to perform appraisals for Customer or forbidden from performing such work; and
 2. having any substantive communications with an appraiser or appraisal management company, including ARC, relating to or having an impact on valuation, including ordering or managing an appraisal assignment.

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- G. Customer hereby acknowledges and agrees that it maintains independence as part of an effective appraisal and evaluation program for all of its real estate lending activity. The appraisal and evaluation program is an integral component of the credit underwriting process and, therefore isolated from influence by Customer's loan production staff. Customer further acknowledges and agrees that reporting lines independent of loan production exist for staff administering Customer's collateral valuation program.
- H. Customer hereby acknowledges and agrees that it has appropriate procedures for the development and administration of Customer's approved appraiser list. These procedures include a process for qualifying an appraiser for initial placement on the list, as well as periodic monitoring of the appraiser's performance and credentials to assess whether to retain the appraiser on the list. Customer further acknowledges and agrees there is periodic internal review of the use of the approved appraiser list to confirm that appropriate procedures and controls exist to ensure independence in the development, administration, and maintenance of the list.
- I. Customer hereby acknowledges and agrees that it has qualification criteria for persons who are eligible to review appraisals and evaluations. Customer further acknowledges and agrees that persons who review appraisals and evaluations are independent of the transaction and have no direct or indirect interest, financial or otherwise, in the property or transaction, and are insulated from any influence by loan production staff. Customer further acknowledges and agrees that these persons possess the requisite education, expertise, and competence to perform the review commensurate with the complexity of the transaction, type of real property, and market, and furthermore are capable of assessing whether the appraisal or evaluation contains sufficient information and analysis to support Customer's decision to engage in the lending transaction.
- J. Customer hereby acknowledges and agrees that their appraisal and evaluation policies establish internal controls to promote an effective appraisal and evaluation program. Customer further acknowledges and agrees that its compliance process includes:
1. Maintaining a system of adequate controls, verification, and testing to ensure that appraisals and evaluations provide credible market values.
 2. Insulating the persons responsible for ascertaining the compliance of the appraisal and evaluation function from any influence by loan production staff.
 3. Ensuring current practices result in the selection of appraisers and persons who perform evaluations with the appropriate qualifications and demonstrated competency for the assignment.
 4. Establishing procedures to test the quality of the appraisal and evaluation review process.
 5. As appropriate, using the results of the review process and other relevant information as a basis for considering a person for a future appraisal or evaluation assignment.
 6. Reporting appraisal and evaluation deficiencies to appropriate internal parties; if applicable to external authorities, in a timely manner

[Signature page to Exhibit B-2 follows.]

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Dated this ____ day of _____, 20__.

Customer Name: _____ American Reporting Company, LLC

By: _____ (signature) _____ (signature)

Print or Type Name Date Print or Type Name Date

ADDRESS:

1909 214th Street SE
Suite 102
Bothell, WA 98021

[SIGNATURE PAGE TO EXHIBIT B-2]

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EXHIBIT B-3

LEVEL 2 APPRAISAL-RELATED SERVICES

A. ORDERING LEVEL 2 APPRAISAL-RELATED SERVICES:

ARC's Level 2 Appraisal-Related Services include all of the Level 1 Appraisal-Related Services, as set forth on Exhibit B-2, as well as the following Services:

- Verification that an appraisal has provided a response to questions or concerns raised by the Customer pursuant to the appraisal process; and
- Facilitating communication between the Customer and the appraiser until responses satisfactory to the Customer, as determined in the Customer's sole discretion, have been provided to all of the Customer's questions or concerns.

ARC shall have no role in the generation or development of, basis for, reasoning behind, content of, or the appraisal of or appraised value assigned to any parcel (or other subdivision) of real estate for which ARC provides such Level 2 Appraisal-Related Services.

Please provide all information for Level 2 Appraisal-Related Services and place your order on ARC's website at:

<https://Secure.ARCReports.com>

B. SERVICE FEES:

Please visit ARC's website at www.arcreports.com to determine current fees.

C. SET-UP FEES:

In the normal course of bringing on a new appraisal customer ARC incurs costs which are associated with starting a strategic relationship. Costs such as, but not limited to, customer set-up, customer education, the addition of appraisers designated by customer, education for incoming appraisers, customer report module, etc. are a reasonable investment in a long term strategic relationship. ARC reserves the right to charge Customer the following set-up fees if for any reason Customer decides to substantially reduce their appraisal volume 90 days from the date of the initial rollout. Substantial reduction of volume is based on ARC receiving 50% or less of the anticipated volume of _____ appraisal completed per month. The initial rollout date is _____. The following are the set up fees:

0-50 completed appraisals per month = \$3,000
51-100 completed appraisals per month = \$4,500
101-200 completed appraisals per month = \$6,000
201-500 completed appraisals per month = \$7,500

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Over 500 completed appraisals per month = \$10,000]

- D. Customer hereby acknowledges and agrees, as evidenced by Customer's signature below, that (1) the terms set forth in Section 7.3 of the Agreement apply to ARC's provision of Level 2 Appraisal-Related Services to Customer; and (2) ARC shall have no liability for the generation or development of, basis for, reasoning behind, content of, or the appraisal of or appraised value assigned to any parcel (or other subdivision) of real estate for which ARC provides such Level 2 Appraisal-Related Services.
- E. Customer hereby acknowledges and agrees that, with respect to Customer's use of ARC's Level 2 Appraisal-Related Services, no employee or agent of Customer, or any other third party working on behalf of the Customer, shall influence the development, reporting, result, or review of an appraisal through coercion, compensation, inducement, or in any other manner including but not limited to:
1. withholding timely payment for an appraisal report; or
 2. conditioning the ordering of an appraisal report or the payment of an appraisal fee on the valuation to be reached, or on a preliminary value estimate requested from an appraiser; or
 3. requesting that an appraiser provide a desired valuation in an appraisal report prior to the completion of the appraisal report, or requesting that an appraiser provide estimated values or comparable sales at any time prior to the appraiser's completion of an appraisal report; or
 4. providing to an appraiser an anticipated or desired value for a subject property or a target amount to be loaned to the End Customer, except that a copy of the sales contract for purchase transactions may be provided; or
 5. any other act or practice that impairs or attempts to impair an appraiser's independence, objectivity, or impartiality or violates law or regulation, including, but not limited to, the Truth in Lending Act and Regulation Z, or the USPAP.
- F. Customer hereby acknowledges and agrees that, with respect to Customer's use of ARC's Level 2 Appraisal-Related Services, all members of Customer's loan production staff, as well as any person (i) who is compensated on a commission basis upon the successful completion of a loan or (ii) who reports, ultimately, to any officer of Customer not independent of the loan production staff and process, shall be forbidden from:
1. selecting, retaining, recommending, or influencing the selection of any appraiser for a particular appraisal assignment or for inclusion on a list or panel of appraisers approved to perform appraisals for Customer or forbidden from performing such work; and
 2. having any substantive communications with an appraiser or appraisal management company, including ARC, relating to or having an impact on valuation, including ordering or managing an appraisal assignment.

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- G. Customer hereby acknowledges and agrees that it maintains independence as part of an effective appraisal and evaluation program for all of its real estate lending activity. The appraisal and evaluation program is an integral component of the credit underwriting process and, therefore isolated from influence by Customer's loan production staff. Customer further acknowledges and agrees that reporting lines independent of loan production exist for staff administering Customer's collateral valuation program.
- H. Customer hereby acknowledges and agrees that it has appropriate procedures for the development and administration of Customer's approved appraiser list. These procedures include a process for qualifying an appraiser for initial placement on the list, as well as periodic monitoring of the appraiser's performance and credentials to assess whether to retain the appraiser on the list. Customer further acknowledges and agrees there is periodic internal review of the use of the approved appraiser list to confirm that appropriate procedures and controls exist to ensure independence in the development, administration, and maintenance of the list.
- I. Customer hereby acknowledges and agrees that it has qualification criteria for persons who are eligible to review appraisals and evaluations. Customer further acknowledges and agrees that persons who review appraisals and evaluations are independent of the transaction and have no direct or indirect interest, financial or otherwise, in the property or transaction, and are insulated from any influence by loan production staff. Customer further acknowledges and agrees that these persons possess the requisite education, expertise, and competence to perform the review commensurate with the complexity of the transaction, type of real property, and market, and furthermore are capable of assessing whether the appraisal or evaluation contains sufficient information and analysis to support Customer's decision to engage in the lending transaction.
- J. Customer hereby acknowledges and agrees that their appraisal and evaluation policies establish internal controls to promote an effective appraisal and evaluation program. Customer further acknowledges and agrees that its compliance process includes:
1. Maintaining a system of adequate controls, verification, and testing to ensure that appraisals and evaluations provide credible market values.
 2. Insulating the persons responsible for ascertaining the compliance of the appraisal and evaluation function from any influence by loan production staff.
 3. Ensuring current practices result in the selection of appraisers and persons who perform evaluations with the appropriate qualifications and demonstrated competency for the assignment.
 4. Establishing procedures to test the quality of the appraisal and evaluation review process.
 5. As appropriate, using the results of the review process and other relevant information as a basis for considering a person for a future appraisal or evaluation assignment.
 6. Reporting appraisal and evaluation deficiencies to appropriate internal parties; if applicable to external authorities, in a timely manner

[Signature page to Exhibit B-3 follows.]

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Dated this ____ day of _____, 20__.

Customer Name: _____

American Reporting Company, LLC

By: _____
(signature)

(signature)

Print or Type Name

Date Print or Type Name Date

ADDRESS:

1909 214th Street SE
Suite 102
Bothell, WA 98021

[SIGNATURE PAGE TO EXHIBIT B-3]

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