First American eAppraiseIT

July 19, 2007

Dear First American eAppraiseIT Panel Appraiser:

Recently Fannie Mae announced that it will be alerting lenders if the collateral property for a mortgage is located in an area where house prices are declining. Fannie's Desktop Underwriter will send a message to the lenders notifying them that they need to carefully review the appraisal to ensure its accuracy and require additional information from the appraiser, if necessary. They expect the appraiser to describe market trends and the effects it will have on the value of the property. Fannie Mae states "It is unacceptable for the appraiser to ignore these issues and not report the factual property value trends and market conditions. The alert process is to begin July 22.

Our expectation at First American eAppraiseIT is that all appraisals performed and delivered by our appraiser panel continue to be meaningful and credible by accurately reporting the market conditions in those areas which they work. In areas of declining values it is important that the appraisal report contain sufficient information to enable the reader to understand the analyses.

We encourage all appraisers to read Fannie Mae's Announcement 07-11 in full which discusses determination of market conditions, lender responsibilities and appraiser responsibilities.

We appreciate your continued service.

Sincerely,

Peter Gailitis
VP, Chief Appraiser

12395 First American Way, Poway, CA 92064
TEL 619-938-7842 • FAX 619-938-7084
www.eAppraiseIT.com