



INTRODUCING:

ILS

“QUICK CLOSE”

**LIEN PROTECTION
INSURANCE PROGRAM**

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EXECUTIVE SUMMARY

What Is "ILS QuickClose"?

"ILS QuickClose" is a state-of-the-art cost saving, customer service program facilitating equity line/loan closings within hours or days of a customer application. The process allows lenders to purchase lien protection insurance coverage on any equity loan/line of credit at reduced rates based on their credit default and title claims history. No lien and encumbrance title search is required, only an ownership verification report performed before or after the loan closing.

The ownership verification report is done either before you close the loan (delivered in 24 to 72 hours from receipt of order), or it can be performed after the loan closes, thereby eliminating all title turnaround time from the equity loan application process. Using your existing underwriting standards and "ILS QuickClose", you can meet the immediate cash needs of customers in almost every situation, thereby gaining a competitive advantage and growing your marketshare.

Your instant appraisal needs are also available through ILS as part of this immediate customer service solution. The ILS Automated Collateral Assessment report successfully delivers objective property valuations on-line over the Internet within seconds to create a full underwriting/closing package. With our new ACASafeguard Value Insurance product, equity lenders can utilize our ACA automated valuation reports on loan amounts up to \$250,000 and LTV's of up to 100%.

Who underwrites & services this program?

The ILS QuickClose program is now offered to home equity lenders on a national coverage basis. Depending on which state coverage is required in, ILS will write the Lien Protection Insurance Certificate with either Fidelity National Title Insurance Company of New York or the Chubb Custom Insurance Company, co-insured by Lloyds of London.

All facets of the ILS QuickClose Lien Protection Program, including premium rates, coverage limits and terms, procedures and claims handling are the same whether the loan is covered by Fidelity National Title Insurance Company or Chubb Custom Insurance Company.



Fidelity National Title Insurance Company of New York

Fidelity National Title Insurance Company of New York is hereby identified as the primary insurer of the ILS Quickclose Lien Protection Insurance Program, and is fully responsible for contract performance under the terms of this proposal when coverage is underwritten through Fidelity.

With the recently completed merger with Chicago Title in March 2000, Fidelity National Title Insurance Company, a subsidiary of Fidelity National Financial, became the largest title insurance company in the nation with almost \$3 billion in total assets and net worth of approximately \$1 billion.

Chubb Custom Insurance Company

The Chubb Custom Insurance Company, a subsidiary of The Chubb Corporation stands among the largest insurers in the United States and the world with over 10,000 employees servicing customer from 132 offices worldwide.

Chubb provides coverage under the ILS QuickClose program in all states nationally and co-insures their coverage with Lloyds of London.

Chubb Group has been providing insurance coverage since 1882, and with over \$25 billion in total assets Chubb has the financial strength and experience to support the ILS QuickClose Program. Financial ratings include an AAA rating from Standard & Poor's, and an A++ from A.M. Best.

Integrated Loan Services

ILS has grown over the past several years to be one of the leading providers of electronically delivered comprehensive loan support services throughout the nation. Our company's core business is providing home equity lenders with bundled cost effective title search, title & lien protection insurance, closings, appraisals and AVM valuations, flood certifications & credit reports quickly and accurately.

Through our single source partnership, ILS brings over 40 years of expertise in title fieldwork, recordation of mortgages and production of insurance along with our ability to handle large order transactions quickly and accurately.

With the addition of ILS "e" Services, our customers can now order, receive reports and check order statuses on-line over the Internet or directly interfaced with their loan application processing software systems.

INSURANCE COVERAGE,

cont.

- Nationwide coverage available.
- Standard coverage provided up to \$500,000.
- Additional coverage over \$500,000 available on a separately quoted basis.
- Claims processed in 30 days.

INSURERS

- Coverage underwritten by Fidelity National Title Insurance Co. & Chubb Custom Insurance Co./Lloyds of London
- All insurers rated A+ or higher.
- National leaders in insurance products and financial strength.

Junior Position Mortgage Interest Protection Policy

This Junior Position Mortgage Interest Protection Policy (the "Policy") is made by and between Chubb Custom Insurance Company (the "Company") and the Named Insured identified in the Declarations. This Policy provides insurance coverage indemnifying the Named Insured against "Loss" (as hereinafter defined) sustained by the Named Insured caused or occasioned by an act or omission of the Borrower, whether fraudulent or not, or a servicer, including a failure to disclose a lien or mortgage position secured by Borrower's property, whether such failure to disclose is intentional or unintentional and whether such defect is known or unknown. The insurance coverage afforded by this Policy for each "Junior Position Mortgage" for which the premium is paid and reported to the company on the monthly report as set out in attachment "B" is subject to the terms, conditions exceptions, limitations, exclusions and stipulations set forth in this Policy.

Throughout this Policy the words "you" and "your" refer to the Named Insured shown in the Declarations, or its duly qualified assignee. The words "we", "us", and "our" refer to the Company providing this insurance.

I. DEFINITIONS

- A. "**Junior Position Mortgage**" means equity line of credit loans and closed end consumer loans collateralized by one to four family residential properties and secured by a valid existing and recorded mortgage of real property creating prima facie a security interest in said real property collateral which secures a promissory note evidencing a loan of funds.
- B. "**Borrower**" means the person (s) to whom a Junior Position Mortgage is made and who execute the Junior Position Mortgage loan documents.
- C. "**Borrower's Agreement**" means the Borrower's sworn statement attesting to all known lines and mortgages on the collateral real property. The form of the Borrower's Agreement is set out in Attachment A hereto.
- D. "**Loss**" means the actual out of pocket expenditure or money paid by you to an unrelated third party to either (1) remove a lien on the real property collateral for the Junior Position Mortgage (other than non-past due real estate taxes) which has priority over a Junior Position Mortgage's lien or (2) acquire a lien on an ownership interest in the said real property collateral which should have been pledged to you by way of the Junior Position Mortgage but was not, or; (3) otherwise cure a valid ownership defect which is not excepted to in the Policy but which has priority over the Junior Position Mortgage or renders the Borrower's ownership position to the real property collateral more subordinate than previously disclosed.
- E. "**Monthly Reporting Form**" means the record of loans originated in a particular month that contains information as set out in attachment "B" hereto and submitted to us or our representative within 60 days of the 30th day of that month.

II. COVERAGE

We will reimburse you for "Loss" to you caused by your partial or complete inability to recover via foreclosure and sale the unpaid principal balance owed to you on "Junior Position Mortgages" originated by the named insured during the policy period and subsequently becoming in legal default.

III. SPECIAL PROVISIONS

As conditions precedent to coverage, you or your representative must have:

1. instituted proper and legal proceedings foreclosing the Junior Position Mortgage to the extent possible by law; or
2. had the Junior Position Mortgage judicially determined to either (1) not fully encumber the real property collateral described in the Junior Position Mortgage or (2) not be a valid and enforceable superior mortgage lien on said real property collateral; and
3. sold or disposed of the real property collateral to a third party or received our direction to postpone any sale of the real property collateral until an ownership and/or a lien priority problem is resolved; and
4. exhausted all other remedies to collect the sum due you under the Junior Position Mortgage; and
5. sustained "Loss" must occur within the term of the "Junior Position Mortgage"; and
6. sustained the sole direct and proximate cause of your "Loss" through failure of the Junior Position Mortgage to have provided you with an enforceable superior mortgage lien on the entire fee simple ownership interest in real property collateral described in the Junior Position Mortgage and
7. have tendered to us a written proof of loss (the "Proof of Loss").
8. represented to us that:
 - a. the information presented by you in the Monthly Reporting Form is supported by the loan file documents; and
 - b. none of the information presented by you in the Monthly Reporting Form is materially false or misleading as of the date of Junior Position Mortgage origination and as of the date the insurance premium is paid to us.
 - c. prudent underwriting guideline procedures have been followed by you, your employees and your agents with respect to the "Junior Position Mortgage", and
 - d. in all respects you originated the "Junior Position Mortgage".

- e. you will obtain and maintain in your files the "Junior Position Mortgage" documents.

IV. LIMITS OF COVERAGE

The lesser of the amounts shown below is the maximum amount we will pay for a "Loss":

1. The amount of the unpaid principal indebtedness secured by the "Junior Position Mortgage" at the time of "Loss"; or
2. The amount to (a) pay off any valid lien not disclosed on Borrower's Affidavit having priority over the Lender's mortgage, or (b) clear a defect rendering title to the real property collateral unmarketable; or
3. The amount of the unpaid principal indebtedness secured by the Junior Position Mortgage after subtracting the principal reduction resulting from the sale or disposal of the real property collateral unmarketable; or

However, the most we will pay for "Loss" arising out of any one "Junior Position Mortgage" is \$500,000.

V. EXCLUSIONS

This Policy does not cover you for any "Loss" due to, caused by, arising when, out of or from:

1. Defects, liens, mortgages, easements, restrictions, encumbrances, adverse claims or other matters:
 - a. Recorded or filed in the public records subsequent to the date of filing the "Junior Position Mortgage"; or
 - b. Listed or disclosed on a Junior Position Mortgage Borrower's Affidavit or similar Junior Position Mortgage closing document; or
 - c. Indicated or identified on an approved credit report current at the time of the "Junior Position Mortgage" origination.
2. Any of your directors, trustees, managers, senior officers, underwriters, originator or loan officers involved in the specific "Junior Position Mortgage" at issue had actual knowledge of or could be reasonably expected to have had knowledge of (1) the existence of an undeclared superseding senior lien against the real property collateral for the "Junior Position Mortgage" or (2) an outstanding or unpledged ownership interest in said collateral or (3) other title defect(s) reasonably expected to render title to the said real property unmarketable or significantly lessen the value of said real property; or
3. A dishonest, fraudulent, criminal, or knowingly wrongful act by you, your employee or any servicer, with respect to the "Junior Position Mortgage"

4. Any "Junior Position Mortgage" that was not originated or underwritten by you, your employees or your agents who were designated as such at the time of origination of the "Junior Position Mortgage". Unless we specifically agree in writing to treat such Junior Position Mortgage as a Junior Position Mortgage there is no coverage for any "Junior Position Mortgage":
 - a. Acquired by you through purchase or other assumption or acquisition of a group of pre-underwritten Junior Position Mortgages from others; or
 - b. Acquired by you through merger or acquisition of another lending institution.
5. Due to:
 - a. The cancellation or unenforceability of a Junior Position Mortgage as a result of any regulatory non-compliance or illegality of your Junior Position Mortgage loan documents and/or your origination, closing or servicing procedures; or
 - b. Any failure to report a "Junior Position Mortgage" to us by you, your employees or your agents; or
 - c. Any failure by you, your employees or your agents to pay the correct premium to us; or

Any other error created by you, your employees or your agents or assigns which causes or significantly contributes to a "Loss".
6. Due to Borrower's successful assertion of any defense or lawsuit against you so as to release in whole or in part the Borrowers obligation to repay all or a portion of the principal indebtedness amount of the Junior Position Mortgage or to release from the lien of the Lender's mortgage all or a portion of the real property collateral, provided, however, that this exclusion shall only apply to the extent and amount of such principal reduction or property release.
7. Involving real property collateral located outside of the fifty states of the United States of America and Washington, DC.
8. Due to uninsured physical damage to real property collateral, including improvements thereon which is not covered by homeowners hazard insurance coverage as required by the Junior Position Mortgage loan documents.

9. Due to reduced value of the real property collateral resulting from the existence of hazardous substances being present on the said real property collateral.

We do not pay you for a "Loss" if any one or more of the above exclusions apply to the "Loss", regardless of other causes or events that contribute to or aggravate the "Loss", whether such causes or events produce the "loss" before, at the same time as, or after the excluded causes or events.

VI. NAMED INSURED'S DUTIES IN THE EVENT OF LOSS

You must see that all of the following are done in the event of a "Loss" or an impending "Loss".

1. Cooperate with us in the investigation or settlement of the claim or impending claim;
2. Notify the proper authority if a law may have been broken;
3. Tender to us your Proof of Loss, give us prompt notice of "Loss" or notify us of an impending "Loss" once you are aware of it, and provide us with all other documentation and/or information requested by us in connection with the investigation and/or processing of the claim;
4. Provide to us the original "Junior Position Mortgage" documents when requested;
5. Take all reasonable steps to protect against further "Loss";
6. Permit us to inspect the real property collateral and/or the Junior Position Mortgage records proving "Loss" or impending "Loss";
7. Send us a signed Proof of "Loss" containing the information we request to settle the claim. Such Proof of "Loss" must describe the matter insured against by this Policy which constitutes the basis of "Loss" and, when appropriate, state the basis of calculating the amount of the "Loss." Your Proof of Loss should contain the names and addresses of all persons known by you to have knowledge of your Loss.
8. Should the Proof of "Loss" fail to adequately state facts sufficient to enable us to determine our liability under this Policy, you, at our request, will furnish us such additional information as may reasonably be necessary to make such determination;
9. If requested, you will permit us to question you, your employees and agents under oath at such times as may be reasonably required about the claim, and to inspect your books and records, relating to the "Loss",
10. You must file a Proof of Claim in any bankruptcy or similar state proceeding initiated by any Borrower and must take appropriate steps to protect your interest, whether a priority interest or not, in any potential excess proceeds in any foreclosure or similar action involving the real property collateral for the "Junior Position Mortgage"

VII. NAMED INSURED'S DUTY MINIMIZE LOSS

You agree to undertake all reasonable action to encourage the curing of any Borrower default and/or negate the eventual need for any foreclosure and/or sale or disposal of the real property collateral for the Junior Position Mortgage

If default, foreclosure and/or sale/disposal of property become inevitable, you agree to undertake all reasonable action to minimize the "Loss"

If "Loss" is imminent prior to foreclosure, we may, at our discretion, pay the "Loss" amount to you to satisfy our obligation under this Policy.

VIII. POLICY CANCELLATION PROVISIONS

CANCELLATION OF COVERAGE UNDER THIS POLICY BY YOU

You may cancel coverage under this Policy with respect to any "Junior Position Mortgage" by written request to us only within 30 days following reporting of the "Junior Position Mortgage" Coverage may be canceled and premium fees and taxes refunded or recalculated only with respect to (1) "Junior Position Mortgage(s)" not closed and/or (2) when Borrower(s) exercise(s) a legal right of rescission to cancel the Junior Position Mortgage. All other premiums, fees and taxes are deemed fully earned and non-refundable at the inception of the "Junior Position Mortgage" as hereinafter provided in Article XIX.

CANCELLATION OF COVERAGE UNDER THIS POLICY BY US

We have the right, at our option and to the extent permitted by applicable law, to cancel coverage under this Policy with respect to any "Junior Position Mortgage" if (1) any of your representations made to us with respect to such "Junior Position Mortgage" were materially inaccurate (2) if you have breached your obligations under this Policy in connection with such "Junior Position Mortgage". You understand and agree that we have the option, among other remedies, to cancel coverage under the Policy for the nonpayment of premium.

IX. LOAN MODIFICATIONS

1. Unless advance written approval is obtained from us, if you (a) make any change in the terms of the "Junior Position Mortgage" (including, but not limited to, the borrowed amount, interest rate, term or amortization schedule of the Junior Position Mortgage), except as permitted by the terms of the Junior Position Mortgage, (b) allow any change in the real property collateral, or c) release the Borrower from liability on the loan, our liability for coverage under this policy shall terminate as of the date of such change or release.

XIII 2. The "Junior Position Mortgage" may be sold, transferred or assigned by you to an other entity and when so transferred the coverage herein provided will continue in favor of the bonafide owner of the Junior Position Mortgage, subject, nevertheless to all of this Policy's terms and conditions and to all defenses which we may have had prior to any such sale, transfer or assignment transfer.

3. Servicing of a "Junior Position Mortgage" may be sold, transferred or assigned by you to an entity without affecting this coverage for such loan, subject, nevertheless, to all of this Policy's terms and conditions and to all defenses which we may have had prior to any such sale, transfer or assignment.

X. AGENCY

Neither you, your servicers, employees, agents, transferees or assigns, including your or their employees and/or agent loan underwriters, are or will be deemed to be agents of ours.

XI. AMENDMENTS

We reserve and will have the right to amend the terms and conditions of this Policy from time to time. Any such amendment (a) shall be effective only after we have given you written notice of the amendment by an endorsement to this Policy which sets forth that amendment and (b) will be applicable only with respect to "Junior Position Mortgages" reported to us after the effective date of such amendment. Additionally, you and we may not otherwise modify, amend, rescind, or terminate this policy in any respect whatsoever without the consent of the other party or any other person legally entitled to such notice.

No term, condition or requirement of this Policy shall be deemed to be waived, modified or otherwise compromised unless such waiver, modification or compromise is stated in writing duly executed by us. Each of the terms, conditions and requirements of this Policy is severable and a waiver, modification or compromise of one shall not be considered to be a waiver, modification or compromise of any other.

XII. CONFORMITY TO STATUES; APPLICABLE LAW

Any provision of this Policy which is in conflict with applicable law of the jurisdiction in which you are located, as shown in the Declarations of this Policy, is hereby amended to conform to the minimum requirements of that law. This Policy, as it pertains to any "Loss", shall be governed by and construed in accordance with the laws of the jurisdiction in which you are located, as shown in the Declarations of this Policy; provided however, that in the event such Policy compliance amendment expands the coverage granted hereby, we reserve the right to cancel the Policy or in our sole discrimination increase the premium payable by you to us.

XIII. INSPECTION, REVIEW AND AUDIT

We or our designated representatives shall have the right from time to time, upon ten (10) days advance notice to you to conduct a post-reporting inspection, review and audit of the information, papers, files, documents, books, records, agreements and electronically stored data, including but not limited to the "Junior Position Mortgage" file documents, prepared or maintained by or in the possession or under the control of you or your agents, brokers or assigns, pertaining to or in connection with "Junior Position Mortgages" in order to determine whether such "Junior Position Mortgage" conform to the requirements of the Policy. We shall have the right to conduct such inspection, review and audit on your premises or the premises of your agent, brokers or assigns during normal business hours.

XIV. COOPERATION

You and your agents, brokers or assigns will cooperate fully with any post-reporting inspection, review and audit we request and shall furnish to us, if requested, any and all "Junior Position Mortgage" file documents. If for any reason any of you, your agents, brokers or assigns fails to provide the "Junior Position Mortgage" file documents on the date of the scheduled audit and are unable to correct such failure within thirty (30) days after demand then, at our option, we shall have the right to cancel coverage under this Policy for every such "Junior Position Mortgage" for which the requested information was not made available, and/or for all other "Junior Position Mortgages" made subsequent to the cancellation date.

XV. DISAGREEMENT

If you and we disagree on the amount of "Loss" either Party may make written demand for an appraisal of "Loss". In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that the selection be made by a judge of any court having jurisdiction. The appraisers shall state separately the amount of "Loss". If they fail to agree, they will submit their differences to the umpire. A decision agreed by any two will be binding. Each party will pay its chosen appraiser and bear any other expenses of the appraisal and umpire equally.

XVI. LEGAL ACTION AGAINST THE COMPANY

You may not bring legal action against us under this Policy:

Unless there has been full compliance with all the terms and conditions of this Policy, and

Unless the action is brought within one year after the date you discover the "Loss"; and

Until 90 days after you have filed written Proof of "Loss" with us.

XVII. OTHER INSURANCE

If there is other insurance covering the same "Loss" or damage, we will pay only the amount of covered "Loss" in excess of the amount due from the other insurance, but we will not pay more than the applicable Limits of Insurance.

If such other insurance also applies on a similar excess basis as this coverage, we will pay our share of the "Loss" in proportion to our share of the total of the Limits of Insurance available on all applicable insurance for this "Loss".

XVIII. PARTIES IN INTEREST

This insurance is only for your benefit and the benefit of a permitted assignee/transferee. It provides no rights or benefits to any other person or organization. Neither the Borrower nor any successive owner of the real property collateral nor any other third party is included or intended as a beneficiary of or a party insured under this Policy. No payments made hereunder to you will affect or lessen your rights of recovery against the Borrower (to which we are subrogated) as hereinafter set forth.

XIX. PREMIUMS

It is agreed that all premiums are fully earned as of the closing of the "Junior Position Mortgage", and no refunds will be made for canceled "Junior Position Mortgages" unless there has been a full rescission of the "Junior Position Mortgage" within 30 days following the inception date of the "Junior Position Mortgage".

XX. REPORTING

All new "Junior Position Mortgages" to be covered by this Policy shall be reported monthly by you to us within 60 days of the end of the month of "Junior Position Mortgage" origination, and all appropriate premium, fees and taxes will be paid at such time.

XXI. SUBROGATION

If we pay you for your "Loss", we shall, at our discretion, be subrogated to all of your rights of recovery against the Borrower and any other person or entity liable for any indebtedness constituting a prior lien on the real property collateral or liable for any lien or debt. You shall execute and deliver at our request such instruments and papers and undertake such actions at our request as may be necessary to transfer, assign and secure in and to us such rights. You shall refrain from any action, either before or after payment of a "Loss", that may prejudice such subrogation rights.

XXII. RELEASES

Any execution by you of a release or waiver of the right to collect the unpaid balance of a "Junior Position Mortgage" shall release us from our obligations under this Policy to the extent and amount of said release, unless this Policy says otherwise elsewhere.

XXIII. TIMELY LIEN FILING

You or your representative must file, or submit for filing of record with the appropriate recording jurisdiction within the normal and timely business practices of loan funding, a Mortgage, Deed of Trust, Mortgage Deed or other written instrument evidencing the Named Insured's mortgage lien position in the real estate collateral and giving public notice of the "Junior Position Mortgage". If not filed accordingly, any claim made to us for reimbursement for "Loss" will be adjusted as if the recording had not occurred.

XXIV. TRANSFER OF RIGHTS TO RECOVERY AGAINST OTHERS TO US

We reserve the right to pay you an amount equal to the Junior Position Mortgage's outstanding principal balance, even if that amount is greater than the amount of "Loss". If so, we may demand and receive a full assignment of the "Junior Position Mortgage", including all security held as collateral for the debt. If you have rights to recover all or part of any "Loss" payment we have made under this Policy, those rights are transferred to us. You must do nothing after a "Loss" to impair them. At our request, you will bring suit or transfer those rights to us and help us enforce them.