



President's Message Positioning LandSafe for the Purchase Market

In This Issue

Market Shift Prompts LandSafe to Expand Its Appraisal Staff2

72-Hour Turn Time Keeps LandSafe and Our Subprime Customers Competitive2

Fannie Mae Backs the Use of AVMs3

Pending Legislation to Reinforce Appraiser Independence from Loan Origination Process3

New Appraiser Scoring Program Scheduled to Roll-Out in Spring 20044



Greg Dennis
President
LandSafe Appraisal

The marketplace is shifting and LandSafe is adjusting to the new market's needs. In these first days of 2004 we've seen evidence of the market moving from a \$3.8 trillion refinance market to an estimated \$2 trillion purchase market.

With this shift, and so many mortgage lenders competing for a smaller transaction base, lenders are making their move to "zero error tolerance" to gain a competitive edge. To compete effectively, LandSafe must step up to this zero tolerance expectation and help our lenders execute more effectively so they can retain and gain market share.

There is no doubt we will all be part of a very competitive industry in 2004. To help our customers compete, LandSafe will focus on the "three pillars of service":

- On-time delivery
- Electronic delivery
- Highest level of customer service

On-time Delivery

We all understand the importance of dependable on-time delivery. Collateral valuations are in the critical path of decision making. The collateral information must be available when it is needed by our customers.

Electronic Delivery

As competition heats up, pricing pressure will increase on all aspects of the mortgage transaction. Lenders are requiring collateral information be delivered electronically to facilitate automated decisioning and quality control, resulting in lower processing costs and improved competitiveness and profitability.



The Highest Level of Customer Service

The third pillar of LandSafe's execution strategy is customer service. Our execution must be flawless. We are currently building a staff appraiser capability in many key markets so we can more effectively manage execution on

behalf of our customers. We have also added two new executive team members to more closely manage our delivery process.

Lisa Kittredge, Senior Vice President, LandSafe Appraisal Countrywide Operations, is responsible for managing all aspects of delivery for LandSafe's Countrywide customers. Lisa has 15 years of experience with Countrywide in regional management and wholesale operations. She spent the past four years with the company's international division, Global Homes Loans in England. Lisa has 26 years of experience in operations and sales and is a great asset to our appraisal team.

Godwin Tsui, First Vice President, LandSafe Appraisal Services, is responsible for the fee panel members and staff appraisers. Godwin recently joined LandSafe from America's Cutting Edge Real Estate Services. He has experience with various aspects of the mortgage business, including appraisal, origination and operations for First Nationwide Bank, Bank of America, Norwest Mortgage and GreenPoint Mortgage. Godwin is an expert in assuring LandSafe provides its customers with appraisers who have the right skills in the right locations.

Moving Forward in a Purchase Market

LandSafe intends to gain market share in the purchase market and retain availability of transactions to our fee panel members. However, gaining market share in an extremely competitive purchase market will not be easy.

LandSafe will rely most heavily on those business partners who consistently provide outstanding service, and deliver electronically and on-time. With a reduction in transactions, LandSafe will be even more focused on zero tolerance in terms of quality and exceptional service.

To succeed in this competitive marketplace, we are determined to help our customers close more loans more quickly and cost effectively.

Thank you in advance for your support in 2004 and I strongly encourage each of you to focus on the three pillars of service in 2004. On-time delivery, electronic delivery and customer service will be the keys to success.

Market Shift Prompts LandSafe to Expand Its Appraisal Staff

With the refinance boom behind us, a purchase market will drive our business in 2004. While LandSafe remains committed to our independent appraiser partners, and anticipates providing them with 60%-70% of all appraisal orders in 2004, market changes have created the opportunity to increase our in-house appraiser staff.

In the larger Metropolitan areas, such as Southern California, in which LandSafe has a large market share and high business volume, we are actively searching for staff members – and invite you to apply.

Information about LandSafe Appraisal's staff appraiser positions is available at: www.countrywidecareers.com. You may also use this site to electronically submit your resumes for consideration.

Our dynamic appraisal team enjoys the benefits of steady work in all market climates. In addition to 401K and pension plans, discounted employee stock purchase plans and health care benefits, we provide our employees with the opportunity to be part of a winning team by working as a staff appraiser for LandSafe, a member of the Countrywide family of companies – one of the top national lenders in the country.

So, the next time you're online – check it out! You may decide to take your career in a new direction in 2004.

72-Hour Turn Time Keeps LandSafe and Our Subprime Customers Competitive

As the well-known saying goes, timing is everything. This is especially true in the residential appraisal industry, in which a subprime borrower becomes more likely to cancel a mortgage loan request if their property valuation is not completed within five calendar days.

LandSafe is committed to helping our mortgage customers, such as Full Spectrum, remain competitive in the marketplace. By providing Full Spectrum with accurate property valuations within five calendar days or less, Full Spectrum can meet or exceed this industry norm turn time expectation and close more loans. A five calendar day property valuation turn time also allows LandSafe to help Full Spectrum save time and money by reducing the amount of time spent processing loans when the value is not supported.

Supporting a five-day turn time commitment requires the ongoing support of our appraisal partners. As we aspire to make this commitment to our customers in 2004, we ask that you consider incorporating the following service parameters into your business model:

- Providing same-day borrower contact upon order receipt
- Performing the property inspection within 72-hours from time of order

- Committing to the borrower that once the inspection is complete, value will be established promptly (within 24 to 48 hours)
- Receiving orders on Saturdays and making same-day borrower contact

When looking at the big picture, it is important to remember that Full Spectrum competes directly with mortgage brokers, who usually do not work through appraisal management companies. To remain competitive in this segment of the business, it is crucial that LandSafe provide the same appraisal turn times that Full Spectrum customers would receive if they worked with mortgage brokers.



At LandSafe, we understand the partnership with our appraisal partners is a two-way street. Our goal is to retain strong, long-term business relationships with our valued partners by providing steady business opportunities in all market climates. By helping our customers remain competitive, LandSafe can

continue to bring our appraisal partners a steady flow of work based on solid business relationships with strong mortgage lenders.

If you have any questions or comments, please contact Scott Kurtz, 1st Vice President Operations, at 972-526-1668 or scott_kurtz@landsafe.com.



WANTED: Full-Time Appraisers to Join Our Staff

LandSafe Appraisal Services is currently expanding its desk reviewer and staff appraiser departments. We are looking for professional appraisers to join our team as reviewers and staff appraisers in the following states: FL, DC, MD, AZ, NV, WA, TX & CA.

If you are interested in joining a winning team, email your resume to kmo1@countrywidecareers.com.

Fannie Mae Backs the Use of AVMs

During his presentation at the AppraisalBuzz.com Valuation 2003, in Orlando, Florida, Mark T. Simpson, Fannie Mae's director of Property Valuation Standards and Practices, said Fannie Mae believes Automated Valuation Models (AVMs) can be helpful tools that enhance risk management and streamline the traditional property appraisal process.

Simpson explained that while AVMs have many strengths, these automated tools must be viewed in balance with their weaknesses. "It is critical that users of AVMs understand the specific strengths and weaknesses of the different models and property data supporting those products in order to design an appropriate use and implementation strategy."

LandSafe agrees with Fannie Mae's position on the use of AVMs. David Montesana, 1st Vice President Appraisal Operations, says LandSafe currently uses its AVM as an effective tool for reviewing and for pre-application valuations.

"We believe AVMs work best in circumstances in which there is a great deal of accurate and current data available. When a property's condition and marketability are relatively typical for the area and when properties in a given area are relatively homogenous, AVMs can and will be used for origination."

Room to evolve

Fannie Mae also believes that AVMs have not evolved sufficiently to fully replace traditional appraisals and human judgment for the origination of first lien mortgages except for the lower risk loans. Simpson suggested appraisal companies use AVMs to recommend streamlined property valuation and inspection options because they can reduce costs and delays typically associated with the traditional property appraisal process.

Reviewing AVM strengths and weaknesses

Simpson continued to make his case by saying AVMs can significantly reduce the time it takes to obtain an estimate of value and reduce

the costs associated with the traditional property appraisal process, which can be particularly helpful for quality control and processing of less risky mortgage loan transactions.

However, he recognized that these tools are not without their weaknesses and suffer from three principal limitations: First, they are dependent on the accuracy, comprehensiveness, and timeliness of the data they use. Secondly, AVMs cannot be used to determine the physical condition and relative marketability of a property. Thirdly, AVMs can never fully incorporate the breadth of knowledge and judgment of a skilled appraiser.

The bottom line

The general message to be taken from Simpson's presentation is that AVMs are here to stay. LandSafe plans to continue increasing the reliability of its ValueFinder™ AVM with more accurate data and other data sources.

GODWIN'S CORNER

Pending Legislation to Reinforce Appraiser Independence from Loan Origination Process

LandSafe Provides Protection as an Appraisal Management Company



Godwin Tsui
1st Vice President
Appraisal Partnerships

A recent joint announcement issued by several federal agencies has reinforced the need for appraiser independence from their loan origination customers as was originally noted in a joint 1994 statement by those same agencies. These statements clarify the appraisal independence issues raised by the Financial Institutions Reform Recovery and Enforcement Act (FIRREA).

On October 28, 2003, the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit

Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS) and the National Credit Union Administration (NCUA) jointly issued a statement addressing concerns identified during examinations about the independence of the collateral valuation process.

This statement clarified the existing standards for independence within the appraisal and real estate lending regulations. It also reiterated the fact that banks and financial institutions must independently select qualified and experienced individuals to appraise or evaluate real estate. The individuals selected must be independent of the transaction, and not subject to external or internal influence.

A copy of the Statement on Independent Appraisal and Evaluation Functions can be found online at <http://www.occ.treas.gov/ftp/advisory/2003-9a.pdf>.

As an appraisal management company, LandSafe is already in a position to protect its appraiser partners from violating this direct relationship ruling.

We try to filter any communication between the loan originators and appraisers, which adds another level of protection for our appraiser partners. Our goal is to provide appraisers protection against these undue influences.

For more information about this issue, you can go online and view a copy of the 1994 Interagency Appraisal and Evaluation Guidelines at <http://www.fdic.gov/regulations/laws/rules/5000-4800.html#5000interagencyaae>. Or, you can review a copy of the response to the OCC from the Appraisal Institute and other appraisal organizations at http://www.appraisalinstitute.org/govtaffairs/downloads/independence/response_to_OCC_letter.pdf.

New Appraiser Scoring Program Scheduled to Roll-Out in Spring 2004

In an effort to provide the highest level of service to our customers and maintain our commitment to continuous improvement, LandSafe Appraisal is redefining the method used to rank our fee panel appraisers. LandSafe plans to rollout this new program in March/April 2004.

The criterion currently used for ranking appraisers includes:

- Turn times, based on calendar days, from the time the order is received
- Percent of electronic (EDI) delivery
- Product quality, based on desk reviews, target audits and value opinions
- Compliance with LandSafe market based pricing

The new scorecard program will rank appraisers based on the following:

- Percent of on-time delivering
- Percent of electronic delivery
- Product quality
- Customer service score
- Compliance with LandSafe market based pricing

What's Changing?

In addition to an emphasis on the importance of electronic delivery, the new program will include a customer service score. This score will be based on input received from the scheduling/operations support teams and will take the following into account:

- Appointment "no shows"
- Failures to respond in 24-hours with corrections
- Declined order – post commitments

"This new scorecard program will enable LandSafe to better identify our top-performing appraiser partners," said David Mentasana, LandSafe's First Vice President of Appraisal Operations. "Those appraisers identified as high performers will receive access to higher tiers and a larger share of the available work assignments."

More information about this program will be provided to you in the near future. If you have specific questions, please contact Cody Bateman, Vice President, LandSafe Appraisal Operations, at cody_bateman@landsafe.com.



A member of the LandSafe family of closing services

7105 Corporate Drive
PTX-C-228
Plano, TX 75024

