

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2004

OR

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 000-50285

**FIRST ADVANTAGE CORPORATION**

(Exact name of registrant as specified in its charter)

**Incorporated in Delaware**

(State or other jurisdiction of incorporation or organization)

**61-1437565**

(I.R.S. Employer Identification Number)

**One Progress Plaza, Suite 2400**

**St. Petersburg, Florida 33701**

(Address of principal executive offices, including zip code)

**(727) 214-3411**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

There were 5,420,250 shares of outstanding Class A Common Stock of the registrant as of May 5, 2004.

There were 16,027,286 shares of outstanding Class B Common Stock of the registrant as of May 5, 2004.

---

## INDEX

### Part I. FINANCIAL INFORMATION

- Item 1. Financial Statements
  - Consolidated Balance Sheets as of March 31, 2004 and December 31, 2003
  - Consolidated Statements of Income for the Three Months Ended March 31, 2004 and March 31, 2003
  - Consolidated Statements of Changes in Stockholders' Equity for the Three Months Ended March 31, 2004
  - Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2004 and March 31, 2003
  - Notes to Consolidated Financial Statements
- Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
- Item 3. Quantitative and Qualitative Disclosures About Market Risk
- Item 4. Controls and Procedures

### Part II. OTHER INFORMATION

- Item 1. Legal Proceedings
- Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities
- Item 3. Defaults Upon Senior Securities
- Item 4. Submission of Matters to a Vote of Security Holders
- Item 5. Other Information
- Item 6. Exhibits and Reports on Form 8-K

**Item 1. Financial Statements****First Advantage Corporation****Consolidated Balance Sheets (Unaudited)**

	March 31, 2004	December 31, 2003
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 7,480,000	\$ 5,637,000
Accounts receivable (less allowance for doubtful accounts of \$1,559,000 and \$1,327,000 in 2004 and 2003, respectively)	31,306,000	23,672,000
Income taxes receivable	1,310,000	1,282,000
Due from affiliates	380,000	—
Prepaid expenses and other current assets	2,106,000	2,512,000
<b>Total current assets</b>	<b>42,582,000</b>	<b>33,103,000</b>
Property and equipment, net	19,376,000	19,719,000
Goodwill	223,797,000	204,710,000
Intangible assets, net	22,254,000	18,528,000
Database development costs, net	7,321,000	7,162,000
Other assets	1,292,000	678,000
<b>Total assets</b>	<b>\$ 316,622,000</b>	<b>\$ 283,900,000</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 6,120,000	\$ 4,211,000
Accrued compensation	9,055,000	9,373,000
Accrued liabilities	11,390,000	6,327,000
Due to affiliates	—	992,000
Current portion of long-term debt and capital leases	9,295,000	7,231,000
<b>Total current liabilities</b>	<b>35,860,000</b>	<b>28,134,000</b>
Long-term debt and capital leases, net of current portion	26,548,000	13,473,000
Deferred income taxes	1,582,000	—
Other liabilities	1,863,000	1,957,000
<b>Total liabilities</b>	<b>65,853,000</b>	<b>43,564,000</b>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.001 par value; 1,000,000 shares authorized, no shares issued or outstanding	—	—
Class A common stock, \$.001 par value; 75,000,000 shares authorized; 5,392,757 and 4,866,362 shares issued and outstanding as of March 31, 2004 and December 31, 2003, respectively	5,000	5,000
Class B common stock, \$.001 par value; 25,000,000 shares authorized; 16,027,286 shares issued and outstanding as of March 31, 2004 and December 31, 2003	16,000	16,000
Additional paid-in capital	242,895,000	233,101,000
Retained earnings	7,853,000	7,214,000
<b>Total stockholders' equity</b>	<b>250,769,000</b>	<b>240,336,000</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 316,622,000</b>	<b>\$ 283,900,000</b>

The accompanying notes are an integral part of these consolidated financial statements.

**First Advantage Corporation**

**Consolidated Statements of Income**

**For the Three Months Ended March 31, 2004 and 2003 (Unaudited)**

	For the Three Months Ended March 31,	
	2004	2003
Service revenue	\$ 45,959,000	\$ 24,184,000
Reimbursed government fee revenue	11,474,000	7,357,000
<b>Total revenue</b>	<b>57,433,000</b>	<b>31,541,000</b>
Cost of service revenue	13,981,000	6,462,000
Government fees paid	11,474,000	7,357,000
<b>Total cost of service</b>	<b>25,455,000</b>	<b>13,819,000</b>
<b>Gross margin</b>	<b>31,978,000</b>	<b>17,722,000</b>
Salaries and benefits	17,712,000	10,525,000
Other operating expenses	10,304,000	4,716,000
Depreciation and amortization	2,640,000	1,779,000
<b>Total operating expenses</b>	<b>30,656,000</b>	<b>17,020,000</b>
<b>Income from operations</b>	<b>1,322,000</b>	<b>702,000</b>
Other (expense) income:		
Interest expense	(231,000)	(19,000)
Interest income	11,000	11,000
<b>Total other (expense), net</b>	<b>(220,000)</b>	<b>(8,000)</b>
<b>Income before income taxes</b>	<b>1,102,000</b>	<b>694,000</b>
Provision for income taxes	463,000	364,000
<b>Net income</b>	<b>\$ 639,000</b>	<b>\$ 330,000</b>
Per share amounts:		
Basic	\$ 0.03	N/A
Diluted	\$ 0.03	N/A
Weighted-average common shares outstanding:		
Basic	21,155,223	N/A
Diluted	21,346,133	N/A

The accompanying notes are an integral part of these consolidated financial statements.

**First Advantage Corporation****Consolidated Statements of Changes in Stockholders' Equity  
For the Three Months Ended March 31, 2004 (Unaudited)**

	<u>Common Stock Shares</u>	<u>Common Stock Amount</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at December 31, 2003	20,893,648	\$ 21,000	\$ 233,101,000	\$ 7,214,000	\$ 240,336,000
Net income		—	—	639,000	639,000
Class A Shares issued in connection with acquisitions	522,825	—	9,704,000	—	9,704,000
Class A Shares issued in connection with stock option plan and employee stock purchase plan	3,570	—	90,000	—	90,000
Balance at March 31, 2004	<u>21,420,043</u>	<u>\$ 21,000</u>	<u>\$ 242,895,000</u>	<u>\$ 7,853,000</u>	<u>\$ 250,769,000</u>

The accompanying notes are an integral part of these consolidated financial statements.

**First Advantage Corporation**
**Consolidated Statements of Cash Flows**
**For the Three Months Ended March 31, 2004 and 2003 (Unaudited)**

	For the Three Months Ended March 31,	
	2004	2003
<b>Cash flows from operating activities:</b>		
Net income	\$ 639,000	\$ 330,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,640,000	1,779,000
Change in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(4,978,000)	(2,145,000)
Prepaid expenses and other current assets	428,000	78,000
Other assets	(1,140,000)	178,000
Accounts payable	1,344,000	(640,000)
Accrued liabilities	4,361,000	759,000
Due to (from) affiliates	(1,372,000)	—
Income taxes	273,000	364,000
Accrued compensation and other liabilities	(480,000)	90,000
Net cash provided by operating activities	<u>1,715,000</u>	<u>793,000</u>
<b>Cash flows from investing activities:</b>		
Database development costs	(543,000)	(590,000)
Purchases of property and equipment	(1,083,000)	(632,000)
Cash paid for acquisitions	(7,028,000)	—
Cash balance of companies acquired	346,000	—
Net cash used in investing activities	<u>(8,308,000)</u>	<u>(1,222,000)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from long-term debt	10,500,000	—
Repayment of long-term debt	(2,154,000)	(227,000)
Cash contributions from First American	—	823,000
Proceeds from class A shares issued in connection with stock option plan and employee stock purchase plan	90,000	—
Net cash provided by financing activities	<u>8,436,000</u>	<u>596,000</u>
Increase in cash and cash equivalents	1,843,000	167,000
Cash and cash equivalents at beginning of period	5,637,000	6,514,000
Cash and cash equivalents at end of period	<u>\$ 7,480,000</u>	<u>\$ 6,681,000</u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for interest	<u>\$ 229,000</u>	<u>\$ 19,000</u>
<b>Non-cash investing and financing activities:</b>		
Class A shares issued in connection with acquisitions	<u>\$ 9,704,000</u>	<u>\$ —</u>
Debt issued in connection with acquisitions	<u>\$ 6,500,000</u>	<u>\$ —</u>

The accompanying notes are an integral part of these consolidated financial statements.

**1. Organization and Nature of Business**

In June 2003, First Advantage Corporation (the "Company"), a holding company, acquired US SEARCH.com and six operating subsidiaries of The First American Corporation ("First American") that formerly comprised its First American Screening Technologies ("FAST") division. The operating subsidiaries included HireCheck, Inc., First American Registry, Inc., Substance Abuse Management, Inc., American Driving Records, Inc., Employee Health Programs, Inc., and SafeRent, Inc. First American owns approximately 75% of the shares of capital stock of the Company as of March 31, 2004. The Class B common stock owned by First American is entitled to ten votes per share on all matters presented to the stockholders for vote.

The Company operates in three primary business segments; Enterprise Screening, Risk Mitigation and Consumer Direct. The Enterprise Screening segment includes employment background screening, occupational health services and resident screening services. The Risk Mitigation segment includes motor vehicle records and investigative services. The Consumer Direct segment provides consumers with a single, comprehensive access point to a broad range of information to assist them in locating people and other public data searches.

**2. Summary of Significant Accounting Policies**

*Basis of Presentation*

The consolidated financial information included in this report has been prepared in accordance with the instructions to Form 10-Q and does not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments are of a normal recurring nature and are considered necessary for a fair presentation of the results for the interim period. This report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2003 filed with the Securities and Exchange Commission. The accompanying consolidated financial information includes the combined financial information of the FAST division, prepared on the historical cost basis of accounting, as if the merger with the Company was consummated on January 1, 2003.

First Advantage completed six acquisitions during the first quarter of 2004. The Company's operating results for the three months ended March 31, 2004 include results for the acquired entities from their respective dates of acquisition. The Company's operating results for the three months ended March 31, 2003 include results for the FAST division only.

Operating results for the three months ended March 31, 2004 and 2003 are not necessarily indicative of the results that may be expected for the entire fiscal year.

*Impairment of Intangible and Long-Lived Assets*

First Advantage carries intangible and long-lived assets at cost less accumulated amortization. Accounting standards require that assets be written down if they become impaired. Intangible

and long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset is not recoverable. At such time that an impairment in value of an intangible or long-lived asset is identified, the impairment will be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Fair value is determined by employing an expected present value technique, which utilizes multiple cash flow scenarios that reflect the range of possible outcomes and an appropriate discount rate.

**3. Acquisitions**

In the first quarter of 2004, the Company acquired Quantitative Risk Solutions LLC, Proudfoot Reports Incorporated, MVR's, Inc., Background Information Systems, Inc., Infocheck Ltd. and Landlord Protect, Inc. The acquisitions have been included in the Company's Enterprise Screening and Risk Mitigation segments. The preliminary allocation of the purchase price is based upon estimates of the assets and liabilities acquired in accordance with Statement of Financial Accounting Standards ("SFAS") No. 141. The allocations may be revised in 2004. The acquisition of these companies is based on management's consideration of past and expected future performance as well as the potential strategic fit with the long-term goals of First Advantage. The expected long-term growth, market position and expected synergies to be generated by inclusion of these companies are the primary factors which gave rise to an acquisition price which resulted in the recognition of goodwill.

The aggregate purchase price of these acquisitions is as follows:

Cash	\$ 7,028,000
Notes	6,500,000
Stock	9,704,000
	<hr/>
Purchase price	\$ 23,232,000
	<hr/>

The preliminary allocation of the aggregate purchase price of these acquisitions is as follows:

Goodwill	\$ 18,656,000
Identifiable intangible assets	4,273,000
Net assets acquired	303,000
	<hr/>
	\$ 23,232,000
	<hr/>

Unaudited pro forma results of operations assuming the acquisitions of Quantitative Risk Solutions LLC, Proudfoot Reports Incorporated, MVR's, Inc.,



**First Advantage Corporation**  
**Notes to Consolidated Financial Statements**  
**March 31, 2004 and 2003 (Unaudited)**

Background Information Systems, Inc., Infocheck Ltd. and Landlord Protect, Inc. were consummated on January 1, 2003 are as follows:

	For the Three Months Ended March 31,	
	2004	2003
Total revenue	\$ 58,561,000	\$ 54,125,000
Net income (loss)	\$ 638,000	\$ (1,050,000)
Earnings per share:		
Basic	\$ 0.03	N/A
Diluted	\$ 0.03	N/A
Weighted-average common shares outstanding:		
Basic	21,418,943	N/A
Diluted	21,609,853	N/A

The changes in the carrying amount of goodwill and intangible assets are as follows for the three months ended March 31, 2004:

	Goodwill	Intangible Assets
Balance, at December 31, 2003	\$ 204,710,000	\$ 18,528,000
Acquisitions	18,656,000	4,273,000
Amortization	—	(547,000)
Adjustments to net assets acquired	431,000	—
Balance, at March 31, 2004	\$ 223,797,000	\$ 22,254,000

**4. Debt**

On March 18, 2004, the Company entered into a three year \$25 million unsecured revolving line of credit with a bank (the "Line of Credit"). The Line of Credit is guaranteed by First American. The Line of Credit bears interest at a rate equal to the 30-day LIBOR Rate plus an applicable margin ranging from 1.29% per annum to 2.29% per annum. Accrued interest is payable monthly. There was no balance outstanding as of March 31, 2004.

At March 31, 2004, the Company was in compliance with the financial covenants of its loan agreement.

**First Advantage Corporation****Notes to Consolidated Financial Statements  
March 31, 2004 and 2003 (Unaudited)**

Long-term debt consists of the following at March 31, 2004:

<b>Acquisition debt:</b>	
Weighted average interest rate of 3.1% with maturities through 2007	\$ 14,726,000
<b>Bank Loan Agreement:</b>	
Interest at 30-day LIBOR plus 1.25% (2.34% at March 31, 2004), matures July 2005	14,000,000
<b>Term note with First American:</b>	
Interest at 30-day LIBOR plus 1.75% (2.84% at March 31, 2004), matures July 2006	5,500,000
<b>Promissory Note (related to US SEARCH.com acquisition):</b>	
Interest rate of 5%, principal and interest payments monthly of \$127,000, matures December 2004	1,119,000
<b>Capital leases and other debt:</b>	
Various interest rates with maturities through 2005	498,000
<b>Total long-term debt and capital leases</b>	<b>35,843,000</b>
Less current portion of long-term debt and capital leases	9,295,000
<b>Long-term debt and capital leases, net of current portion</b>	<b>\$ 26,548,000</b>

**5. Earnings Per Share**

A reconciliation of earnings per share and weighted-average shares outstanding is as follows:

	<b>Three Months Ended March 31, 2004</b>
Net Income - numerator for basic and fully diluted earnings per share	\$ 639,000
<b>Denominator:</b>	
Weighted-average shares for basic earnings per share	21,155,223
Effect of dilutive securities - employee stock options and warrants	190,910
<b>Denominator for diluted earnings per share</b>	<b>21,346,133</b>
<b>Earnings per share:</b>	
Basic	\$0.03
Diluted	\$0.03

**6. Related Parties**

In 2003, First American and certain affiliates provided legal, financial, technology and other administrative services to the Company. The Company recognized other operating expenses of \$457,000 for the three months ended March 31, 2003, relating to these services. The amounts allocated to the Company were based on reasonable assumptions (primarily usage, time incurred and number of employees) as to the proportion of the services used by the Company in relation to the actual costs incurred by the First American and affiliates in providing the services.

An amended and restated services agreement was entered into on January 1, 2004. Under the terms of the new agreement, human resources systems and payroll systems and support, network services and financial systems will be provided at an annual cost of \$300,000. In addition, certain other services including pension and 401(k) expenses, corporate and medical insurance, personal property leasing and company car programs will be provided at actual cost. The term of the agreement is for one year. The Company incurred \$75,000 in service fees for the three months ended March 31, 2004.

Effective January 1, 2003, the Company and a subsidiary of First American entered into an agreement whereby the Company will act as an agent in selling renters insurance. The Company receives a commission of 12% of the insurance premiums and 20% of the profits (as defined in the agreement) of the insurance premiums written. Commissions earned for the three months ended March 31, 2004 and 2003 were \$7,000 and \$3,000, respectively.

The Company performs employment screening services for First American. Total revenue from First American was \$54,000 and \$51,000 for the three months ended March 31, 2004 and 2003, respectively.

A subsidiary of the Company pays license fees to a subsidiary of First American for the retrieval of various real estate reports from a database maintained by the First American subsidiary. License fees paid by the Company vary depending on the type of report generated. License fees paid for the three months ended March 31, 2004 were \$18,000.

**7. Stock Option Plans**

*Incentive Compensation Plan*

The Company adopted SFAS 148 as of January 1, 2003 with respect to the disclosure requirements. The Company has elected to continue accounting for stock-based compensation using the intrinsic value method prescribed in APB 25 and related interpretations. If the Company had elected or was required to apply the fair value recognition provisions of SFAS 123 to stock-based employee compensation, net income and net income per share would have been reduced to the pro forma amounts indicated in the following table.

	<b>Three Months Ended March 31, 2004</b>
Net income, as reported	\$ 639,000
Less: stock based compensation expense, net of tax	927,000
Pro forma net income	<u>\$ (288,000)</u>
<b>Earnings per share:</b>	
Basic, as reported	\$0.03
Basic, pro forma	(\$0.01)
Diluted, as reported	\$0.03
Diluted, pro forma	(\$0.01)

**8. Segment Information**

The Company operates in three primary business segments: Enterprise Screening, Risk Mitigation and Consumer Direct.

The Enterprise Screening segment includes employment background screening, occupational health services and resident screening services. Products and services relating to employment background screening include criminal records searches, employment and education verification, social security number verification and credit reporting. Occupational health services include drug-free workplace programs, physical examinations and employee assistance programs. Resident screening services include criminal background and eviction searches, credit reporting, employment verification and lease performance and payment histories. Revenue for the Enterprise Screening segment includes \$12,000 of sales to the Consumer Direct segment for the three months ended March 31, 2004.

**First Advantage Corporation****Notes to Consolidated Financial Statements****March 31, 2004 and 2003 (Unaudited)**

The Risk Mitigation segment includes motor vehicle records and investigative services. Products and services provided by the Risk Mitigation segment include: driver history reports, vehicle registration, financial responsibility filings, surveillance services, statements and field interviews and due diligence reports. Revenue for the Risk Mitigation segment includes \$482,000 and \$323,000 of sales to the Enterprise Screening segment for the three months ended March 31, 2004 and 2003, respectively.

The Consumer Direct segment provides consumers with a single, comprehensive access point to a broad range of information to assist them in locating people and other public data searches. Revenue for the Consumer Direct segment includes \$64,000 of sales to the Enterprise Screening segment for the three months ended March 31, 2004.

The elimination of inter-segment revenue and cost of service revenue is included in Corporate. These transactions are recorded at cost.

The following table sets forth segment information for the three months ended March 31, 2004 and 2003.

<u>March 31, 2004</u>	<u>Revenue</u>	<u>Depreciation and Amortization</u>	<u>Income (loss) before income taxes</u>	<u>Assets</u>
Enterprise Screening	\$ 36,019,000	\$ 1,687,000	\$ 1,883,000	\$ 188,529,000
Risk Mitigation	17,739,000	376,000	1,123,000	87,417,000
Consumer Direct	4,232,000	568,000	(15,000)	34,652,000
Corporate and Eliminations	(557,000)	9,000	(1,889,000)	6,024,000
<b>Consolidated</b>	<b>\$ 57,433,000</b>	<b>\$ 2,640,000</b>	<b>\$ 1,102,000</b>	<b>\$ 316,622,000</b>
<u>March 31, 2003</u>				
Enterprise Screening	\$ 22,462,000	\$ 1,621,000	\$ 452,000	\$ 118,348,000
Risk Mitigation	9,402,000	158,000	1,400,000	46,965,000
Consumer Direct	—	—	—	—
Corporate and Eliminations	(323,000)	—	(1,158,000)	25,000
<b>Consolidated</b>	<b>\$ 31,541,000</b>	<b>\$ 1,779,000</b>	<b>\$ 694,000</b>	<b>\$ 165,338,000</b>

**9. Subsequent Events**

Subsequent to March 31, 2004, the Company acquired four businesses for an aggregate purchase price of \$51,055,000, comprised of \$37,167,000 in cash, \$5,167,000 in acquisition debt and \$8,721,000 in convertible debt. The cash portion of the purchase price was funded with additional borrowings under the Line of Credit and Promissory Note.

In connection with an acquisition subsequent to March 31, 2004, up to \$14 million of additional purchase price is contingent upon the renewal by the United States government of the Work

**First Advantage Corporation****Notes to Consolidated Financial Statements****March 31, 2004 and 2003 (Unaudited)**

Opportunity Tax Credit program or a similar program. The contingent consideration placed in escrow is comprised of an \$11 million subordinated note and a \$3 million convertible note ("escrowed assets"). The final amount of the escrowed assets may be reduced based upon the timing, similarity and retroactive application of a new program. If no renewal event, as defined in the acquisition agreement, has occurred prior to December 31, 2005, the entire amount of the escrowed assets will be forfeited by the seller and returned to the Company.

Convertible subordinated promissory notes have been issued in connection with these acquisitions. Certain of these notes convert automatically into shares of the Company's Class A common stock while others convert at the option of the Company or the holder. The conversion price per share is equal to the average of the closing price of the common stock for the ten consecutive trading days ending on the third trading day prior to the conversion date.

Conversion may occur at such time as the Securities and Exchange Commission ("SEC") declares effective a registration statement of the Company on Form S-3. The Company expects to be eligible to use Form S-3 effective May 15, 2004.

Unaudited pro forma results of operations assuming the acquisitions were consummated on January 1, 2003 are as follows:

	For the Three Months Ended March 31,	
	2004	2003
Total revenue	\$ 65,940,000	\$ 60,091,000
Net income (loss)	\$ 660,000	\$ (1,973,000)
Earnings per share:		
Basic	\$ 0.03	N/A
Diluted	\$ 0.03	N/A
Weighted-average common shares outstanding:		
Basic	21,931,943	N/A
Diluted	22,122,853	N/A

On April 27, 2004, the Company entered into a Promissory Note with First American. The loan evidenced by the Promissory Note is a \$20 million unsecured revolving loan, with interest payable monthly. The principal balance of the Promissory Note is due on July 31, 2006. The Promissory Note is subordinated to the bank Loan Agreement and Line of Credit and bears interest at the rate payable under the \$15 million bank Loan Agreement plus 0.5% per annum.

**Note of Caution Regarding Forward Looking Statements**

Certain statements in this quarterly report on Form 10-Q relate to future results of the Company and are considered "forward-looking statements". These statements, which may be expressed in a variety of ways, including the use of future or present tense language, relate to among other things, sufficiency of cash flows and other sources of liquidity, current levels of operations and anticipated growth. These forward-looking statements, and other forward-looking statements contained in other public disclosures of the Company are based on assumptions that involve risks and uncertainties, and that are subject to change based on various important factors (some of which are beyond the Company's control). Risks and uncertainties exist that may cause results to differ materially from those set forth in these forward-looking statements. Factors that could cause the anticipated results to differ from those described in the forward-looking statements include: general volatility of the capital markets and the market price of the Company's Class A common stock; the Company's ability to successfully raise capital; the Company's ability to identify and complete acquisitions and to successfully integrate businesses it acquires; changes in applicable government regulations; the degree and nature of the Company's competition; increases in the Company's expenses; continued consolidation among the Company's competitors and customers; unanticipated technological changes and requirements; the Company's ability to identify suppliers of quality and cost-effective data; and other factors described in this quarterly report on Form 10-Q. Actual results may differ materially from those expressed or implied as a result of these risks and uncertainties. The forward-looking statements speak only as of the date they are made. The Company does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

**Overview**

First Advantage Corporation (Nasdaq: FADV) ("First Advantage" or the "Company") was created by the June 5, 2003 merger of The First American Corporation's Screening Technologies ("FAST") division with US SEARCH.com Inc. ("US SEARCH"). First Advantage provides global risk management screening services to enterprise and consumer customers. The Company operates in three primary business segments: Enterprise Screening, Risk Mitigation and Consumer Direct. First Advantage is headquartered in St. Petersburg, Florida, and has more than 1,700 employees in offices throughout the United States and abroad. Since its formation, First Advantage has acquired 15 companies as of March 31, 2004 and completed six of those acquisitions in the first quarter of 2004.

Operating results for the three months ended March 31, 2004 included total revenue of \$57.4 million, representing an increase of 82% over the same period in 2003, with 10.1% of that growth being organic growth. Net Income for the three months ended March 31, 2004 was \$.6 million, an increase of \$.3 million compared to net income of \$.3 million in the same period of 2003.

**Critical Accounting Policies**

Critical accounting policies are those policies used in the preparation of the company's financial statements that require management to make estimates and judgments that affect the reported amounts of certain assets, liabilities, revenues, expenses and related disclosure of contingencies. A summary of these policies can be found in Management's Discussion and Analysis in the Company's Annual Report on Form 10-K for year ended December 31, 2003.

The following is a summary of the operating results by the Company's business segments for the three months ended March 31, 2004 and March 31, 2003.

Three Months Ended March 31, 2004	Enterprise Screening	Risk Mitigation	Consumer Direct	Corporate and Eliminations	Total
Service revenue	\$ 33,704,000	\$ 8,580,000	\$ 4,232,000	\$ (557,000)	\$ 45,959,000
Reimbursed government fee revenue	2,315,000	9,159,000	—	—	11,474,000
<b>Total revenue</b>	<b>36,019,000</b>	<b>17,739,000</b>	<b>4,232,000</b>	<b>(557,000)</b>	<b>57,433,000</b>
Cost of service revenue	10,682,000	3,563,000	293,000	(557,000)	13,981,000
Government fees paid	2,315,000	9,159,000	—	—	11,474,000
<b>Total cost of service</b>	<b>12,997,000</b>	<b>12,722,000</b>	<b>293,000</b>	<b>(557,000)</b>	<b>25,455,000</b>
Gross margin	23,022,000	5,017,000	3,939,000	—	31,978,000
Salaries and benefits	12,647,000	2,448,000	865,000	1,752,000	17,712,000
Other operating expenses	6,788,000	1,073,000	2,523,000	(80,000)	10,304,000
Depreciation and amortization	1,687,000	376,000	568,000	9,000	2,640,000
<b>Income (loss) from operations</b>	<b>1,900,000</b>	<b>1,120,000</b>	<b>(17,000)</b>	<b>(1,681,000)</b>	<b>1,322,000</b>
Gross margin percentage of service revenue	68.3%	58.5%	93.1%	N/A	69.6%
Three Months Ended March 31, 2003	Enterprise Screening	Risk Mitigation	Consumer Direct	Corporate and Eliminations	Total
Service revenue	\$ 21,610,000	\$ 2,897,000	\$ —	\$ (323,000)	\$ 24,184,000
Reimbursed government fee revenue	852,000	6,505,000	—	—	7,357,000
<b>Total revenue</b>	<b>22,462,000</b>	<b>9,402,000</b>	<b>—</b>	<b>(323,000)</b>	<b>31,541,000</b>
Cost of service revenue	6,617,000	168,000	—	(323,000)	6,462,000
Government fees paid	852,000	6,505,000	—	—	7,357,000
<b>Total cost of service</b>	<b>7,469,000</b>	<b>6,673,000</b>	<b>—</b>	<b>(323,000)</b>	<b>13,819,000</b>
Gross margin	14,993,000	2,729,000	—	—	17,722,000
Salaries and benefits	8,981,000	858,000	—	686,000	10,525,000
Other operating expenses	3,925,000	319,000	—	472,000	4,716,000
Depreciation and amortization	1,621,000	158,000	—	—	1,779,000
<b>Income (loss) from operations</b>	<b>466,000</b>	<b>1,394,000</b>	<b>—</b>	<b>(1,158,000)</b>	<b>702,000</b>
Gross margin percentage of service revenue	69.4%	94.2%	N/A	N/A	73.3%

### Enterprise Screening Segment

#### Three Months Ended March 31, 2004 Compared to Three Months Ended March 31, 2003

Total service revenue was \$33.7 million as of March 31, 2004, an increase of \$12.1 million compared to service revenue of \$21.6 million in the same period of 2003. Acquisitions accounted for approximately \$10.4 million of the revenue increase. There were eight businesses acquired in the third and fourth quarter of 2003 and four businesses acquired in the first quarter of 2004. Revenue increased by \$1.7 million, or 7.6%, at businesses owned in the first quarter of 2003. The growth rate of 7.6%, excluding acquisitions, is due to expanded market share and an increase in products and services.

The gross margin percentage of service revenue decreased from 69.4% to 68.3% due to a generally lower gross margin on drug screening revenue and generally higher gross margin on resident screening.

Salaries and benefits increased by \$3.7 million. Salaries and benefits were 37.5% of service revenue for the first quarter of 2004 compared to 41.6% of service revenue in the same period of 2003. This decrease reflected economies achieved in 2004 by consolidating certain operations and leveraging databases.

Other operating expenses increased by \$2.9 million and were 20.1% of service revenue in the first quarter of 2004 compared to 18.2% in the same period of 2003. This increase, as a percent of revenue, was the primarily due to the increase in facilities expense related to the acquisition of twelve new business units and facility relocations for four existing business units.

Depreciation and amortization increased by \$66 thousand. Depreciation and amortization was 5.0% of service revenue in the first quarter of 2004 compared to 7.5% in the same period of 2003. This decrease, as a percent of service revenue, is primarily due to several assets being fully depreciated offset by an increase in intangible assets as results of acquisitions.

Income from operations was \$1.9 million in the first quarter of 2004 compared to income from operations of \$.5 million in the same period of 2003. The increase in income from operations was the result of increased revenue, primarily from acquisitions. Operating costs as a percent of revenue declined due to consolidation of businesses and leveraging of databases.

## **Risk Mitigation Segment**

### **Three Months Ended March 31, 2004 Compared to Three Months Ended March 31, 2003**

Total service revenue was \$8.6 million as of March 31, 2004, an increase of \$5.7 million compared to service revenue of \$2.9 million in the same period of 2003. In September 2003, the Company acquired an investigative service business, which accounts for substantially all of the increase in service revenue.

The gross margin percentage of service revenue decreased from 94.2% to 58.5% primarily due to the acquisition of the investigative service business, which generate margin levels lower as a percentage of service revenue, than the motor vehicle records operations of this segment.

Salaries and benefits increased by \$1.6 million. Salaries and benefits were 28.5% of service revenue in the first quarter of 2004 compared to 29.6% in the same period of 2003. The percentage decrease is primarily due to the acquisition of the investigative service business.

Other operating expenses increased by \$.8 million. Other operating expenses were 12.5% of service revenue in the first quarter of 2004 compared to 11.0% in the same period of 2003. The change is primarily due to the acquisition of the investigative service business.

Depreciation and amortization increased by \$.2 million due to an increase in amortization of intangible assets as a result of the acquisition.

Income from operations was \$1.1 million for the first quarter of 2004 compared to \$1.4 million in the first quarter of 2003. Operating income from existing businesses increased by \$.1 million.

## **Consumer Direct**

This segment was formed in connection with the acquisition in June 2003 of US SEARCH. Total service revenue for the first quarter of 2004 was \$4.2 million. Salaries and benefits were \$.9 million, or 20.4% of service revenue. Other operating expenses totaled \$2.5 million, or 59.6% of service revenue. Depreciation and amortization was \$.6 million, or 13.4% of service revenue. Loss from operations was \$17 thousand.



## **Corporate**

Corporate expenses for the three months ended March 31, 2003 were for the FAST division only. The increase of corporate costs and expenses primarily represent the addition of compensation and benefits for senior management, administrative staff, IT staff and related general and administrative expenses including an administrative fee paid to First American.

## **Consolidated Results**

### **Three Months Ended March 31, 2004 Compared to Three Months Ended March 31, 2003**

Consolidated service revenue for the three months ended March 31, 2004 was \$46.0 million, an increase of \$21.8 million compared service revenue of \$24.2 in the same period in 2003. Acquisitions accounted for \$20.5 million of the increase.

The consolidated gross margin of service revenue was 69.6% for the three months ended March 31, 2004 compared to 73.3% for the same period in 2003. The decrease is due to the change in the mix of margins related to the acquired businesses.

Salaries and benefits were 38.5% of service revenue for the three months ended March 31, 2004 and 43.5% compared to the same period in 2003. The decrease was primarily due to reductions in salaries and benefits as a percentage of revenue in the Enterprise Screening segment offset by an increase in corporate salary and benefits incurred since the creation of First Advantage in June 2003.

Other operating expenses were 22.4% of service revenue for the three months ended March 31, 2004 and 19.5% compared to the same period for 2003. The increase was due to acquisitions in 2003 in the Consumer Direct and Risk Mitigation segments and corporate expenses incurred in 2004. The increase was offset in part by operating efficiencies in the Enterprise Screening segment.

Depreciation and amortization increased by \$.9 million due to an increase in amortization of intangible assets as a result of acquisitions.

Income from operations was \$1.3 million for the three months ended March 31, 2004 compared to \$.7 million for the same period in 2003. The increase of \$.6 million is comprised of an increase in operating income of \$1.4 million in the Enterprise Screening segment, a decrease in operating income of \$.3 million in the Risk Mitigation segment, a decrease in operating income of \$17 thousand in the Consumer Direct segment and an increase of corporate expenses of \$.5 million.

## **Liquidity and Capital Resources**

The Company's primary source of liquidity is cash flow from operations and amounts available under credit lines the Company has established with a bank and with First American. Prior to the June 5, 2003 merger with US SEARCH, contributions from First American were also a primary source of liquidity. As of March 31, 2004, cash and cash equivalents were \$7.5 million.

Cash provided by operating activities was \$1.7 million and \$.8 million for the three months ended March 31, 2004 and 2003, respectively.

Cash provided from operating activities increased by \$.9 million from the first quarter of 2003 to the first quarter of 2004 while net income was \$.6 million in the first quarter of 2004 and \$.3 million for the same period in 2003. The increase in cash provided from operating activities was primarily due to increased earnings and an increase in depreciation and amortization expense.

Cash used in investing activities was \$8.3 million and \$1.2 million for the three months ended March 31, 2004 and 2003, respectively. In the first quarter of 2004, net cash in the amount of \$6.7 million was used for acquisitions. Purchases of property and equipment were \$1.1 million in the first quarter of 2004 compared to \$.6 million in the same period of 2003.

Cash provided by financing activities was \$8.4 million and \$.6 million for the three months ended March 31, 2004 and 2003, respectively. In the first quarter of 2004, proceeds from existing credit facilities with a bank and First American were \$10.5 million. Repayment of debt was \$2.2 million in the first quarter of 2004 and \$.2 million in the same period of 2003.

On March 18, 2004, the Company entered into a three year \$25 million unsecured revolving line of credit with a bank (the "Line of Credit"). First American guarantees the Line of Credit. Interest shall accrue on the outstanding principal of the Line of Credit at a rate equal to the 30-day LIBOR Rate plus an applicable margin ranging from 1.29% per annum to 2.29% per annum. Accrued interest is payable monthly. There was no balance outstanding as of March 31, 2004. Subsequent to March 31, 2004, the Company borrowed \$23 million on its Line of Credit to fund acquisitions.

On April 27, 2004, the Company entered into a Promissory Note with First American. The loan evidenced by the Promissory Note is a \$20 million unsecured revolving loan, with interest payable monthly. The principal balance of the Promissory Note is due on July 31, 2006. The Promissory Note is subordinated to the bank Loan Agreement and Line of Credit and bears interest at the rate payable under the \$15 million bank Loan Agreement plus 0.5% per annum. Subsequent to March 31, 2004, the Company borrowed \$14 million to fund acquisitions.

In January 2004, the Company entered into a ten-year facilities lease. Aggregate minimum lease payments are \$11.2 million over the term of the lease as of March 31, 2004.

First Advantage filed a Registration Statement with the Securities and Exchange Commission for the issuance of up to 4,000,000 shares of our Class A common stock, par value \$.001 per share, from time to time as full or partial consideration for the acquisition of businesses, assets or securities of other business entities. The Registration Statement was declared effective on July 14, 2003. A total of 1,386,907 of the 4,000,000 shares were issued for acquisitions as of March 31, 2004.

In 2004, First Advantage seeks to acquire other businesses as part of its growth strategy. The Company will continue to evaluate acquisitions in order to achieve economies of scale, expand market share and enter new markets. The extent of future acquisitions, however, is dependent upon the availability of capital and liquidity to fund such acquisitions.

While uncertainties within the Company's industry exist, management is not aware of any trends or events likely to have a material adverse effect on liquidity or the accompanying financial statements. The Company believes that, based on current levels of operations and anticipated growth, the Company's cash flow from operations, together with available sources of liquidity, will be sufficient to fund operations, anticipated capital expenditures, make required payments of principal and interest on debt, and satisfy other long-term contractual commitments for the following year. However, any material adverse change in our operating results from our business plan, or acceleration of existing debt obligations or in the amount of investment in acquisitions, technology or products could require the Company to seek other funding alternatives including raising additional capital.

The following is a schedule of long-term contractual commitments (as of March 31, 2004) over the periods in which they are expected to be paid.

	2004	2005	2006	2007	2008	Thereafter	Total
Advertising commitments	\$ 325,000	\$ 50,000	\$ 17,000	\$ —	\$ —	\$ —	\$ 392,000
Minimum contract purchase commitments	393,000	240,000	9,000	1,000	—	—	\$ 643,000
Operating leases	4,867,000	4,653,000	3,666,000	2,313,000	1,652,000	7,354,000	\$ 24,505,000
Long-term debt	7,266,000	15,624,000	7,749,000	5,118,000	—	—	\$ 35,757,000
Capital leases	74,000	12,000	—	—	—	—	\$ 86,000
<b>Total</b>	<b>\$ 12,925,000</b>	<b>\$ 20,579,000</b>	<b>\$ 11,441,000</b>	<b>\$ 7,432,000</b>	<b>\$ 1,652,000</b>	<b>\$ 7,354,000</b>	<b>\$ 61,383,000</b>

---

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes in the Company's risk since filing its Form 10-K for the year ended December 31, 2003.

**Item 4. Controls and Procedures**

The Company's Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended, have concluded that, as of the end of the fiscal quarter covered by this report on Form 10-Q, the Company's disclosure controls and procedures were effective to provide reasonable assurances that information required to be disclosed in the reports filed or submitted under such Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There was no change in the Company's internal control over financial reporting during the quarter ended March 31, 2004 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

None

### Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

None

### Item 3. Defaults upon Senior Securities

None

### Item 4. Submission of Matters to a Vote of Security Holders

None

### Item 5. Other Information

None

### Item 6. Exhibits and Reports on Form 8-K

#### (a) Exhibits

- 3.1 First Amended and Restated Certificate of Incorporation of First Advantage Corporation (incorporated by reference to Exhibit 3.1 to the registration statement on Form S-4 filed by the Company on January 17, 2003 (No. 333-102565))
- 3.2 Bylaws of First Advantage Corporation (incorporated by reference to Exhibit 3.2 to the registration statement on Form S-4 filed by the Company on January 17, 2003 (No. 333-102565))
- 10.1 Loan Agreement, dated March 18, 2004, between First Advantage Corporation and Bank of America, N.A.
- 10.2 Linking License Agreement, between First American Real Estate Solutions L.P., and US SEARCH.com Inc.
- 31.1 Certification pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certifications pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certifications pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 99.1 Promissory Note, made April 27, 2004, by First Advantage Corporation to the order of The First American Corporation

(b) Reports on Form 8-K

During the three months ended March 31, 2004, the Company filed the following report on Form 8-K:

- (i) Form 8-K, filed on February 11, 2004, with respect to the Company's financial results for the fourth quarter and year ended December 31, 2003.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**FIRST ADVANTAGE CORPORATION**

(Registrant)

*Date: May 10, 2004*

*By: /s/ JOHN LONG*

---

*John Long  
Chief Executive Officer*

*Date: May 10, 2004*

*By: /s/ JOHN LAMSON*

---

*John Lamson  
Chief Financial Officer*

## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
3.1	First Amended and Restated Certificate of Incorporation of First Advantage Corporation (incorporated by reference to Exhibit 3.1 to the registration statement on Form S-4 filed by the Company on January 17, 2003 (No. 333-102565))
3.2	Bylaws of First Advantage Corporation (incorporated by reference to Exhibit 3.2 to the registration statement on Form S-4 filed by the Company on January 17, 2003 (No. 333-102565))
10.1	Loan Agreement, dated March 18, 2004, between First Advantage Corporation and Bank of America, N.A.
10.2	Linking License Agreement, between First American Real Estate Solutions L.P., and US SEARCH.com Inc.
31.1	Certification pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certifications pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certifications pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Promissory Note, made April 27, 2004, by First Advantage Corporation to the order of The First American Corporation

LOAN AGREEMENT

THIS AGREEMENT is made as of the 18th day of March, 2004, by and between FIRST ADVANTAGE CORPORATION, doing business in Florida as FIRST ADVANTAGE HOLDING, INC. (the "Borrower"), a Delaware corporation, and BANK OF AMERICA, N.A. (the "Bank").

Recitals

The Borrower wishes to obtain credit from the Bank on the terms and conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, the parties agree as follows:

ARTICLE I  
BORROWING AND PAYMENT

1.01 Revolving Line of Credit.

(a) The Bank hereby establishes in favor of the Borrower a revolving line of credit (the "Line of Credit"). The Borrower shall be entitled to borrow, repay and reborrow funds under the Line of Credit in accordance with the terms hereof so long as the total principal amount owed to the Bank under the Line of Credit does not exceed \$25,000,000.00 (or such lesser amount as is set forth herein) during the Revolving Period. The Bank's obligation to make advances hereunder shall terminate at the expiration of the Revolving Period.

(b) The Borrower's indebtedness under the Line of Credit shall be evidenced by a promissory note (as amended, extended or renewed from time to time, the "Line of Credit Note") of even date herewith executed by the Borrower in favor of the Bank in the original principal amount of \$25,000,000.00. The Line of Credit Note shall bear interest at the rate set forth therein and shall be payable as set forth therein.

(c) The Bank shall make each advance under the Line of Credit upon written or telephonic notice from the Borrower to the Bank requesting an advance. The notice shall specify the date for which the advance is requested (which must be a Business Day) and the amount of the advance. The Bank must receive the notice prior to 12:00 noon (Eastern time) on the Business Day of the advance. Alternatively, the Borrower may request advances by drawing checks on a deposit account that is linked to the credit facility hereunder in accordance with disbursement arrangements that are mutually satisfactory to the parties. The Bank will make each requested advance available to the Borrower not later than the close of business on the Business Day of the request by crediting the Borrower's account maintained with the Bank in the amount of the advance if as of such time: (i) the Bank's obligation to make advances hereunder has not terminated or expired; (ii) a Default or Event of Default has not occurred; and (iii) all conditions to the advance set forth herein or in any other Loan



Documents have been satisfied. The Bank may rely upon any written or telephonic notice given by any person that the Bank in good faith believes is an authorized representative of the Borrower without the necessity of any independent investigation. If any telephonic notice conflicts with a written confirmation, the telephonic notice shall govern if the Bank has acted in reliance thereon.

(d) For purposes hereof, the term "Revolving Period" shall mean a period commencing on the date hereof and terminating on March 18, 2007.

1.02 Term Loans.

(a) Subject to the terms and conditions set forth herein, the Borrower may from time to time, upon written notice to the Bank, convert all or a portion of the outstanding principal balance of the Line of Credit Note to one or more term loans (each, a "Term Loan"), upon satisfaction of the following conditions:

(i) The Borrower shall provide written notice to the Bank, not less than thirty (30) business days prior to the requested effective date for such conversion of outstanding principal to a Term Loan.

(ii) Each such Term Loan shall be for a principal amount of at least \$5,000,000.00 but not more than \$10,000,000.00.

(iii) No Default or Event of Default shall have occurred hereunder and be continuing at the time of such request.

(iv) The Borrower shall execute a promissory note (each, as amended, extended or renewed from time to time, a "Term Note", in the form set forth on Exhibit "D" hereto. The Borrower, its Subsidiaries and the Guarantor shall execute such other documentation as the Bank shall reasonably require in connection with such Term Loan.

(v) The Borrower shall pay a fee upon the execution of each Term Note, in an amount reasonably set by the Bank.

(vi) The Borrower shall pay all of the Bank's fees, expenses and costs in connection with the documentation, closing and administration of each Term Loan, including, without limitation, all attorneys fees and costs, documentary stamp taxes and intangible personal property taxes.

(b) Each Term Loan shall: (i) be for a term of 24 months; (ii) accrue interest at the rate to be reasonably agreed upon between the Borrower and the Bank; and (iii) be payable in monthly installments of principal plus interest in an amount required to fully

amortize the principal amount of such Term Loan over 24 months, commencing on the date of such Term Loan.

(c) The Line of Credit shall be reduced by the original principal amount of each Term Loan, so that, notwithstanding any contrary provision set forth herein, the Outstanding Credit (as defined herein) shall not, at any time, exceed \$25,000,000. For the purposes hereof, "Outstanding Credit" shall mean the sum of: (i) the outstanding principal amount under the Line of Credit Note; and (ii) the aggregate face amount of all Term Notes.

1.03 Loan Documents. The Obligations (the "Obligations") now or hereafter evidenced by the Line of Credit Note and each Term Note (collectively, the "Notes") shall be guaranteed by The First American Corporation (the "Guarantor") pursuant to a Guaranty of Payment (as amended or restated from time to time, the "Guaranty") of even date herewith.

1.04 Facility Fees.

(a) The Borrower shall pay the Bank an annual commitment fee equal to 0.38% of the face amount of the Line of Credit (after taking into account any Term Loans deducted therefrom), on March 18 of each calendar year, commencing on the date hereof, and continuing on each March 18th thereafter during the term hereof.

(b) The Borrower shall pay the Bank a fee equal to the 0.35% per annum (calculated on the basis of a 365/366 day year) of the daily average unused amount of the Line of Credit. The Borrower shall pay the fee: (i) quarterly in arrears within 15 days after each fiscal quarter end (commencing on April 15, 2004), the amount of such fee to be on a pro rata basis for each such calendar quarter; and (ii) on the termination or expiration of the Line of Credit for the pro rata portion of such fee for the quarter in which the Line of Credit terminates or expires.

1.05 Interpretation.

(a) Certain terms used herein shall have the meanings ascribed thereto in Appendix I attached hereto.

(b) The definitions set forth in Appendix I attached hereto are equally applicable to both the singular and plural forms of the terms defined. The words "hereof", "herein" and "hereunder" when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, it shall be done in accordance with GAAP except where such principles are inconsistent with the specific provisions of this Agreement.

(c) The Borrower shall cause its Subsidiaries to comply with all covenants and agreements imposed upon the Subsidiaries herein. Each provision set forth herein obligating (or purportedly obligating) any Subsidiary to take, or refrain from taking, any action shall obligate the Borrower to cause such Subsidiary to take, or refrain from taking, such action.

ARTICLE II  
CONDITIONS

2.01 Conditions to Initial Advance. The obligation of the Bank to make an initial extension of credit hereunder is subject, without limitation, to satisfaction of the following conditions precedent:

(a) The Bank shall have received on or before the date hereof and the date of such extension of credit in form reasonably satisfactory to it: (i) the duly executed Loan Documents; (ii) such evidence of corporate authorization from the Borrower and the Guarantor as the Bank may reasonably require; (iii) good standing certificates indicating that the Borrower and the Guarantor are in good standing in their respective states of incorporation and in any other states where they are required to qualify to do business (except where the failure to be so qualified would not have a Material Adverse Effect); and (iv) certified articles of incorporation, bylaws or other applicable organizational documents of the Borrower and the Guarantor.

(b) The Bank shall have received on or before the date hereof from attorneys for the Borrower reasonably acceptable to the Bank, an opinion addressed to the Bank in form attached hereto as Appendix II.

2.02 Conditions to Advances. The obligation of the Bank to make any advances hereunder or under any Note is subject, without limitation, to satisfaction of the following additional conditions precedent:

(a) The representations and warranties of the Borrower and the Guarantor set forth in this Agreement and in the Loan Documents shall be true and correct in all material respects on and as of the date of each such advance or extension of credit.

(b) On the date of each such advance or extension of credit, the Borrower shall be in compliance with all the material terms and provisions set forth in this Agreement on its part to be observed or performed, and no Default or Event of Default shall be continuing hereunder.

2.03 Other Documents. The Bank shall have received on or before the date hereof or the date of any advance or credit extension hereunder such other documents or items as the Bank may reasonably request.

ARTICLE III  
AFFIRMATIVE COVENANTS

3.01 Financial Statements. The Borrower will deliver to the Bank the following:

(a) Within forty-five (45) days after the end of each quarter of the Borrower's fiscal year (other than the last quarter of each fiscal year), a balance sheet, income statement and statement of cash flows for the Borrower and its Subsidiaries on a consolidated and consolidating basis (except for statements of cash flows which will be on a consolidated basis only) as of the end of and for such period in reasonable detail certified by the chief financial officer or other senior financial officer of the Borrower. For the avoidance of doubt, a copy of the Borrower's quarterly report on Form 10-Q filed with the Securities and Exchange Commission shall satisfy this requirement.

(b) Within forty-five (45) days after the end of each quarter of the Guarantor's fiscal year (other than the last quarter of each fiscal year), a balance sheet, income statement and statement of cash flows for the Guarantor, on a consolidated basis, as of the end of and for such period in reasonable detail certified by the chief financial officer or other senior financial officer of the Guarantor. For the avoidance of doubt, a copy of the Guarantor's quarterly report on Form 10-Q filed with the Securities and Exchange Commission shall satisfy this requirement.

(c) Within one hundred twenty (120) days after the end of each fiscal year of the Borrower, a balance sheet, income statement and statement of cash flows for the Borrower and its Subsidiaries on a consolidated and consolidating basis (except for statements of cash flows which shall be on a consolidated basis only) as of the end of and for such period in reasonable detail and such consolidated balance sheet, income statement and statement of cash flows for the Borrower and its Subsidiaries shall be audited and certified by independent certified public accounts acceptable to the Bank. For the avoidance of doubt, a copy of the Borrower's annual report on Form 10-K filed with the Securities and Exchange Commission shall satisfy this requirement.

(d) Within one hundred twenty (120) days after the end of each fiscal year of the Guarantor, a balance sheet, income statement and statement of cash flows for the Guarantor on a consolidated basis, as of the end of and for such period in reasonable detail, and such balance sheet, income statement and statement of cash flows for the Guarantor shall be audited and certified by independent certified public accountants acceptable to the Bank. For the avoidance of doubt, a copy of the Guarantor's annual report on Form 10-K filed with the Securities and Exchange Commission shall satisfy this requirement

(e) Not later than fifteen days after completion, the combined annual budget/projections for the Borrowers and its Subsidiaries, together with the combined capital expenditures budget for the Borrower and its Subsidiaries (if available), certified to the Bank by the chief financial officer or other senior financial officer of the Borrower

(f) Promptly upon receipt thereof, copies of all management letters, if any, submitted to the Borrower by independent certified public accountants in connection with each annual or interim audit of the books of the Borrower by such accountants.

(g) Not later than three Business Days after the Borrower becomes aware of the occurrence of any Default or Event of Default, a notice thereof, specifying the nature thereof.

(h) Such other material information as the Bank may from time to time reasonably request.

3.02 Financial Information. All financial information submitted by the Borrower, the Guarantor or any Subsidiary hereunder shall be prepared in accordance with GAAP as in effect from time to time. The Borrower will maintain books of account in accordance with GAAP.

3.03 Taxes and Other Charges. The Borrower and its Subsidiaries, as applicable, will pay and discharge or cause to be paid and discharged all taxes, charges, liabilities or claims of any type at any time assessed against or incurred by the Borrower or any Subsidiary, or that could become a lien against the Borrower or such Subsidiary or any of their properties if not paid when due. Nothing in this subsection shall require the payment of any such sum if the Borrower or such Subsidiary, as applicable, by appropriate proceedings contests the same in good faith and so long as the Borrower or such Subsidiary, as the case may be, maintains adequate reserves therefor.

3.04 Insurance. The Borrower and its Subsidiaries will maintain adequate insurance with responsible insurers with coverage normally obtained by businesses similar to that of the Borrower or its Subsidiaries, but covering at least: (i) damage to physical property from fire and other hazards for the full insurable value of such property; (ii) liability on account of injury to persons; and (iii) insurance against theft, forgery or embezzlement or other illegal acts of officers or employees in reasonable amounts.

3.05 Maintenance of Corporate Existence. Except as otherwise permitted herein, the Borrower and its Subsidiaries will do or cause to be done all things necessary to preserve and keep in full force and effect their existence, material franchises, material rights and material privileges as corporations under the laws of their states of incorporation and any other jurisdiction where the conduct of their business or the ownership of their properties would require them to be qualified to do business (except where the failure to be so qualified would not have a Material Adverse Effect). Notwithstanding the foregoing, Subsidiaries may merge into other Subsidiaries or into the Borrower, provided that: (i) the Borrower's percentage interest (whether direct or indirect) in such merging Subsidiary is not reduced by such merger; (ii) the Bank is provided notice of such merger; (iii) such merger does not result in a Default or Event of Default hereunder; and (iv) such merger does not result in a default or event of default under any other agreements between the Borrower and the Bank.

3.06 Use of Proceeds. The funds borrowed under the Note shall be used for working capital purposes, for Permitted Acquisitions and for such other purposes as the Bank may approve from time to time.

3.07 Notice of Litigation. Not later than five (5) Business Days after the commencement thereof, the Borrower shall furnish the Bank notice of all material actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Borrower or any Subsidiary with respect to which an adverse determination against the Borrower or such Subsidiary could have a Material Adverse Effect.

3.08 Maintenance of Properties. The Borrower and each Subsidiary shall maintain, preserve and keep its property, plant and equipment in good repair, working order and condition (ordinary wear and tear excepted) and shall from time to time make all needful and proper repairs, renewals, replacements, additions and betterments thereto so that at all times the efficiency thereof shall be fully preserved and maintained.

3.09 ERISA. The Borrower and each Subsidiary shall promptly pay and discharge all obligations and liabilities arising under ERISA of a character that if unpaid or unperformed could reasonably be expected to result in the imposition of a Lien against any of its Property. The Borrower and each Subsidiary shall notify the Bank within five Business Days of: (a) the occurrence of any reportable event (as defined in ERISA) with respect to a Plan; (b) receipt of any notice from the PBGC of its intention to seek termination of any Plan or appointment of a trustee therefor; (c) its intention to terminate or withdraw from any Plan; and (d) the occurrence of any event with respect to any Plan that would result in the incurrence by the Borrower or any Subsidiary of any material liability, fine or penalty, or any material increase in the contingent liability of the Borrower or any Subsidiary with respect to any Plan or any post-retirement Welfare Plan benefit.

3.10 Other Events. The Borrower shall promptly notify the Bank of any material default under or violation of any material agreement, law or regulation to which the Borrower or any Subsidiary is a party or by which it is bound, if such default or violation could result in a Material Adverse Effect. The Borrower and its Subsidiaries shall promptly perform all of their material obligations under any material agreements to which any of them is a party, and each of them shall use its best efforts to ensure compliance by other parties in all material respects with such agreements.

3.11 Compliance with Laws. The Borrower and its Subsidiaries shall comply in all material respects at all times with all statutes, regulations, orders and judgments to which they, or any of them, are subject, the non-compliance with which could result in a Material Adverse Effect.

3.12 Access. The Bank (by any of its officers, employees or agents) shall have the right, exercisable as frequently as the Bank reasonably determines to be appropriate, to inspect and make extracts from all of the records, files and books of account of the Borrower or its Subsidiaries, provided that, in exercising its rights under this Section, the Bank shall use reasonable efforts to minimize the disruption to the business of the Borrower and its Subsidiaries. All reasonable and

documented costs, fees and expenses incurred by the Bank, or for which the Bank has become obligated, in connection with any such inspection or verification shall be payable by the Borrower to the Bank.

3.13 Deposits. The Borrower shall maintain substantially all of its deposit accounts with the Bank.

ARTICLE IV  
NEGATIVE COVENANTS

4.01 Liens. Neither the Borrower nor any Subsidiary will create, incur, assume or suffer to exist any Lien of any nature whatsoever on any of the assets of the Borrower or any Subsidiary now or hereafter owned, or enter into or suffer to exist any conditional sales contracts or other title retention agreements except for Permitted Liens. For purposes hereof, "Permitted Liens" shall mean:

- (a) Liens in favor of the Bank;
- (b) Liens on equipment to secure indebtedness permitted hereunder to finance the acquisition thereof;
- (c) the Lien of ad valorem and other taxes and assessments not yet due and payable;
- (d) Liens (other than Liens under ERISA) arising out of pledges, deposits, or other amounts owed under worker's compensation laws, unemployment insurance, old age pensions or other social security or retirement benefits, or similar legislation, or to secure payment of premiums for insurance purchased in the usual course of operations or in connection with self-insurance or to secure the performance of bids, tenders or trade contracts incurred in the ordinary course of operations and not in connection with the borrowing of money;
- (e) deposits for indemnity bonds and other bonds required in the ordinary course of the Borrower's or any Subsidiary's business, and not in connection with borrowed money;
- (f) inchoate materialmen's, suppliers', operators', mechanics', workmen's, repairmen's, employees', carriers', warehousemen's or attorneys' Liens or other like statutory Liens arising in the ordinary course of business and securing obligations (i) that are not delinquent or (ii) the amounts or validity of which are being contested in good faith as to which the Borrower has established appropriate funded reserves to the extent required by GAAP;
- (g) deposits made by the Borrower or any Subsidiary in the ordinary course of business;

- (h) Liens of financial institutions arising in the ordinary process of collection of instruments;
- (i) statutory landlord's Liens, and contractual landlord's Liens created prior to this date (or in the case of any Subsidiary acquired pursuant to a Permitted Acquisition, prior to the date of such acquisition) provided that amounts secured thereby are not past due by more than 30 days.
- (j) Liens filed by owners of leased equipment whose lien shall be limited to such leased equipment and no other assets of the Borrower;
- (k) Liens in existence at the time any Subsidiary is acquired; and
- (l) Pledge of stock in acquired companies to the seller of such Company.

4.02 Obligations.

(a) Neither the Borrower nor any Subsidiary is or will become directly or indirectly obligated in any way for any Debt or other obligations for borrowed money except for Permitted Obligations without the prior written consent of the Bank. For purposes hereof, "Permitted Obligations" shall mean:

- (i) any and all obligations now or hereafter owed by the Borrower or any Subsidiary to the Bank;
- (ii) customer deposits in the ordinary course of business;
- (iii) obligations listed on Exhibit "A" hereto (provided; however, that all Debt of the Borrower to the Guarantor shall at all times be subordinated to the Obligations pursuant to the Guaranty;
- (iv) obligations under Letters of Credit necessary to support the Borrower's worker's compensation, employment insurance, and social security obligations;
- (v) indebtedness subordinated to the Bank's rights pursuant to subordination agreements reasonably satisfactory to the Bank;
- (vi) inter-company indebtedness;
- (vii) leases of real property;



(viii) debt of acquired companies or incurred in connection with acquiring such companies not to exceed an aggregate total indebtedness of \$3,000,000 for each such acquired company; and

(ix) operating leases and equipment leases.

(b) Notwithstanding the foregoing subparagraph (a), the Borrower and its Subsidiaries shall be entitled to enter into and maintain Capital Leases and purchase money indebtedness, in addition to existing amounts permitted under the foregoing subparagraph (a), for so long as the aggregate rentals and other amounts payable by the Borrower or such Subsidiaries, on an aggregate outstanding basis, under all such obligations will not exceed \$3,750,000.00 or such greater amount as the Bank may approve in writing.

(c) Neither the Borrower nor the Subsidiaries shall: (i) purchase any Debt or other obligations for borrowed money (other than Debt or other obligations which are Permitted Obligations) or guarantee any obligations of any other Person (except that each of the Borrower and the Subsidiaries shall be entitled to guaranty any Permitted Obligations, together with other obligations permitted in subparagraph (b) above, of the Borrower or any other Subsidiary); (ii) enter into any credit support, financial maintenance, credit enhancement or similar arrangement in favor of any Person; (iii) enter into any other transaction that is intended to assure performance of the obligations of any other Person; or (iv) subordinate any claim or demand that it may have to any claim or demand of any other Person (other than the Bank).

(d) The Borrower shall not enter into any agreement, other than the Loan Documents, prohibiting the creation or assumption of any Lien upon its Property.

(e) Neither the Borrower nor any Subsidiary will enter into any Hedge Agreement without the Bank's prior written consent. For purposes hereof, the term "Hedge Agreement" means each agreement between the Borrower or any Subsidiary and any other party that provides for an interest rate or commodity swap, cap, floor, collar, forward foreign exchange transaction, currency swap, cross-currency rate swap, currency option, or any combination of, or option with respect to, these or similar transactions, for the purpose of hedging the Borrower's or any Subsidiary's exposure to fluctuations in interest rates, currency valuations or commodity prices.

**4.03 Merger; Consolidation; Sale of Substantial Assets.** Neither the Borrower nor any Subsidiary will, except as permitted by Section 3.05 hereof, without the Bank's prior written consent, which will not be withheld unreasonably: (a) merge into, consolidate with, or sell or transfer all or a substantial part of its assets to, any other Person; (b) take any action that would reduce the ownership or voting interest of the Borrower and its Subsidiaries in any Subsidiary; or (c) pledge or encumber any stock of any Subsidiary (except for pledges in favor of the Bank).

#### 4.04 Loans, Investments and Acquisitions.

(a) Neither the Borrower nor any Subsidiary will purchase any stock, securities or evidence of indebtedness, or make or permit to exist any loans or advances to, or make any investment or acquire any interest in, any other Person (except, however, that the Borrower shall be entitled to make Permitted Acquisitions in accordance with the terms hereof). Neither the Borrower nor any Subsidiary shall, without the Bank's prior written consent, enter into partnership or joint venture agreements with any other Person. Notwithstanding the foregoing: (i) the Borrower shall be entitled to extend credit and make advances to majority owned Subsidiaries; (ii) the Borrower may extend credit and make advances in the ordinary course of business, in addition to credit and advances permitted under the foregoing subparagraph; and (iii) the Borrower and its Subsidiaries may invest in Eligible Securities. For purposes hereof, "Eligible Securities" shall mean: (i) direct obligations of the United States of America or any agency or instrumentality thereof whose obligations constitute the full faith and credit of the United States of America so long as all such obligations mature within one year of the date of issuance thereof; (ii) commercial paper rated P-1 or better by Moody's and maturing within one year of the date of issuance thereof; (iii) certificates of deposit issued by the Bank; and (iv) repurchase obligations with a term of not more than seven days for underlying securities of the types described in the foregoing clause (i) entered into with a United States commercial bank having capital and surplus of not less than \$100,000,000. Notwithstanding anything to the contrary in this Section 4.04(a), the limitations of this Section 4.04(a) shall not be applicable in connection with the Borrower's formation and funding of a newly created Subsidiary for the purposes of consummating a Permitted Acquisition in accordance with the terms of this Agreement.

(b) The Borrower shall be entitled to acquire businesses through stock acquisitions, asset purchases or mergers upon satisfaction of the following conditions:

(i) Each such acquisition shall be made on arms length terms. The Borrower, after consummation of the acquisition, own and control a majority of the outstanding equity and voting rights in any Person acquired by the Borrower or any such Subsidiary in connection with the acquisition.

(ii) The Person acquired, or the business acquired, must be in the same or a related line of business as the Borrower and its Subsidiaries.

(iii) The Borrower shall have given the Bank notice of such acquisition within three (3) business days from the date of public notice of such acquisition. Such notice may include a copy of the press release, but shall, at a minimum, include the name of the business to be acquired and the date of the press release.

(iv) The acquisition will not result in a Default or an Event of Default hereunder. In addition, the acquisition will not result in a default under the financial or other covenants contained in any other agreement between the Borrower and the

Bank: (aa) at the time such acquisition is consummated after giving effect to such acquisition; and (bb) on a projected basis based upon reasonable projections after giving effect to such acquisition.

(c) Neither the Borrower nor any Subsidiary shall form or create any new Subsidiary on or after the date hereof except for the sole purpose of consummating a Permitted Acquisition in accordance with the terms of this Agreement.

4.05 Nature of Business. Neither the Borrower nor any Subsidiary will engage in any business if, as a result, the general nature of the business in which it would then be engaged would be substantially changed from the general nature of the business engaged in by it on the date of this Agreement.

4.06 Sale or Pledge of Property. Neither the Borrower nor any Subsidiary will sell, lease or otherwise dispose of or transfer any of its interests in any accounts receivable.

4.07 Pension Plan Funding Deficiency. Neither the Borrower nor any Subsidiary shall incur or suffer to exist any material accumulated funding deficiency within the meaning of the ERISA or incur any material liability to the PBGC (or any successor) established thereunder in connection with any Plan.

4.08 Transactions with Affiliates. Except as set forth on Exhibit "B" hereto, the Borrower and its Subsidiaries shall not directly or indirectly enter into any transaction with any Affiliate other than in the ordinary course and pursuant to the reasonable business requirements of the Borrower or such Subsidiaries. Any such transaction shall be upon fair and reasonable terms and provisions no less favorable to the Borrower or any such Subsidiary than it could have obtained in a comparable arm's-length transaction with a Person who is not an Affiliate of the Borrower or such Subsidiary.

4.09 Sale and Leaseback. Neither the Borrower nor any Subsidiary will enter into any arrangement with any Person providing for the leasing by the Borrower or any Subsidiary of Property that has been sold or is to be sold or transferred by the Borrower or any of the Subsidiaries to such Person.

4.10 Fiscal Year. Neither the Borrower nor any Subsidiary shall change its fiscal year from the fiscal year currently used by such entity.

ARTICLE V  
REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants, and so long as this Agreement is in effect or any part of the Obligations remains unpaid, shall continue to represent and warrant at all times, that:

5.01 The Borrower and Subsidiaries. The Borrower and the Subsidiaries are duly organized or incorporated and validly existing under and by virtue of their respective states of existence. Each is duly licensed and qualified in all other states and jurisdictions wherein the nature of the business transacted by it or the ownership of its properties makes such licensing or qualification as a foreign corporation necessary, if any, except where the failure to be so qualified would not have a Material Adverse Effect. Each of the Borrower and its Subsidiaries: (a) holds in full force and effect all material permits, licenses and franchises necessary for it to carry out its operations in conformity with all applicable laws and regulations; and (b) has full and adequate power to own its Property and conduct its business as now conducted.

5.02 Authorization, Conflicts and Validity. The execution and delivery of this Agreement and each of the other Loan Documents to which the Borrower is or will be a party and the performance by the Borrower of all of its obligations thereunder: (a) have been duly authorized by all requisite corporate action; (b) will not violate or be in conflict with (i) any material provision of applicable law (including, without limitation, any applicable usury or similar law); (ii) any material order, rule or regulation of any court or other governmental authority; (iii) any material provision of its certificate of incorporation or bylaws, including any amendments thereto, or any resolution with continuing effect adopted by its Board of Directors or shareholders; or (iv) any material provision of any shareholders' agreement or trust respecting securities of its issue or related rights; (c) will not violate, be in conflict with, result in a breach of or constitute a default (with or without the giving of notice or the passage of time or both) under any material instrument, indenture, agreement or other obligation to which it is a party or by which it or any of its assets and properties is or may be bound or subject; and (d) except as specifically contemplated by this Agreement or any other Loan Documents, will not result in the creation or imposition of any Lien, charge or encumbrance of any nature upon any of its assets and properties. The Loan Documents to which the Borrower is or will be a party when executed and delivered will be legal, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms and provisions.

5.03 Consents. No consent, approval or authorization of, or registration, declaration or filing with, any governmental authority or other person (including, without limitation, the shareholders of the Borrower) is required as a condition precedent, concurrent or subsequent to or in connection with the due and valid execution, delivery and performance by the Borrower of this Agreement or any other Loan Document to which it is or will be a party, or the legality, validity, binding effect or enforceability of any of the respective representations, warranties, covenants and other terms and provisions thereof, which has not been obtained prior to the date hereof. Each franchise, license, certificate, authorization, approval or consent from any governmental authority material to the present conduct of the business and operations of the Borrower or its Subsidiaries, or required for the acquisition, ownership, improvement, operation or maintenance by it of any material portion of the assets and properties it now owns, operates or maintains, has been obtained and validly granted, is in full force and effect and constitutes valid and sufficient authorization therefor.

5.04 Legal or Administrative Proceedings. There are no material actions, suits, investigations or proceedings by any Person pending or to the best knowledge of the Borrower threatened against the Borrower or any Subsidiary or to which they are a party involving the

possibility of any judgment or liability not fully covered by insurance or by adequate reserves set up on the books of the Borrower or the Subsidiaries.

5.05 Trademarks, Franchises and Licenses. The Borrower and its Subsidiaries own, possess or have the right to use all necessary patents, licenses, software, franchises, trademarks, trade names, trade styles, copyrights, trade secrets, know how and confidential commercial and proprietary information to conduct their businesses as now conducted, without known conflict with any patent, license, franchise, trademark, trade name, trade style, copyright or other proprietary right of any other Person.

5.06 Corporate Restrictions. Neither the Borrower nor any Subsidiary is a party to any contract or subject to any charter or other corporate restriction that would materially and adversely affect its property or business, or its ability to perform its obligations under the Loan Documents.

5.07 Taxes. The Borrower and the Subsidiaries have filed all federal and state tax returns that are required to be filed, and have paid all taxes as shown on the returns and on all assessments received by them to the extent that the taxes have become due. Proper and accurate amounts have been withheld by the Borrower and its Subsidiaries from their respective employees for all periods in full and complete compliance with the tax, social security and unemployment withholding provisions of applicable federal, state, local and foreign law and such withholdings have been timely paid to the respective governmental agencies.

5.08 Default. There exists as of the date hereof no Default or Event of Default.

5.09 Other Representations. All warranties and representations of the Borrower or any of the Subsidiaries contained in any of the Loan Documents are true and accurate in all material respects.

5.10 Subsidiaries. As of the date hereof, the Borrower owns no Subsidiaries other than those Subsidiaries listed on Exhibit "C" attached hereto. Except as disclosed on Exhibit "C" attached hereto, the Borrower owns, directly or indirectly, 100% of the outstanding capital stock of its Subsidiaries. The only persons or entities in which the Borrower owns an equity interest are the Subsidiaries. No Person holds or is entitled to obtain any other equity interest in the Subsidiaries.

5.11 ERISA. The Borrower and its Subsidiaries have fulfilled their obligations under the minimum funding standards of and are in compliance in all material respects with ERISA and the Code to the extent applicable to them. None of them has incurred any liability to the PBGC or a Plan under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA. Neither the Borrower nor any Subsidiary has any contingent liabilities with respect to any post-retirement benefits under any Plan or Welfare Plan, other than liability for continuation coverage described in article 6 of Title I of ERISA.

5.12 Compliance with Laws. The Borrower and its Subsidiaries are in compliance with the requirements of all federal, state and local laws, rules and regulations applicable to or pertaining to

their Property or business operations (including, without limitation, the Occupational Safety and Health Act of 1970, the Americans with Disabilities Act of 1990, and laws and regulations establishing quality criteria and standards for air, water, land and toxic or hazardous wastes and substances), non-compliance with which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any Subsidiary has received notice to the effect that its operations are not in compliance with any of the requirements of applicable federal, state or local environmental, health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.13 Purpose of the Borrower. The Borrower does not own any “margin security” within the meaning of Regulation U (12 CFR Part 221) of the Board of Governors of the Federal Reserve System. None of the proceeds of the loan by the Bank to the Borrower will be used for the purpose of purchasing or carrying any margin security or for the purpose of reducing or retiring any indebtedness that was originally incurred to purchase or carry a margin security or for any other purpose that might constitute this transaction a “purpose credit” within the meaning of Regulation U, as now in effect or as it may hereafter be amended. Neither the Borrower nor any agent acting on its behalf has taken or will take any action that might cause this Agreement or any Loan Document to violate Regulation U or any other regulation of the Board of Governors of the Federal Reserve System or to violate the Securities Exchange Act of 1934, in each case as in effect now or as the same may hereafter be amended.

5.14 Solvency. After giving effect to the full funding of the loans contemplated herein, the Borrower and each Subsidiary will be solvent. “Solvent” shall mean, when used with respect to any Person, that: (a) such Person does not intend to incur, and does not believe and has no reason to believe that it will incur, debts beyond its ability to pay as they become due; (b) the sum of such Person’s assets is greater than all of such Person’s liabilities at a fair valuation; (c) such Person has sufficient cash flow to enable it to pay its debts as they become due; and (d) such Person does not have unreasonably small capital to carry on such Person’s business as theretofore operated and all businesses in which such Person is about to engage. “Fair valuation” is intended to mean that value that can be obtained if the assets are sold within a reasonable time in arm’s-length transactions in an existing and not theoretical market.

5.15 Federal Acts. Neither the Borrower nor any of its Subsidiaries is an “investment company” or a company “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940, as amended, or a “public utility holding company” within the meaning of the Public Utility Holding Company Act.

5.16 Affiliate Transactions. Except as set forth on Exhibit “B” hereto, neither the Borrower nor any Subsidiary is a party to any contracts or agreements with any of its Affiliates on terms and conditions that are less favorable to the Borrower or such Subsidiary than would be usual and customary in similar contracts or agreements between Persons not affiliated with one other.

5.17 Full Disclosure. The statements and information furnished to the Bank in connection with the negotiation of this Agreement and the other Loan Documents and the commitment by the Bank to provide all or part of the financing contemplated hereby do not contain any untrue statements of a material fact or omit a material fact necessary to make the material statements contained herein or therein not misleading. The Bank acknowledges that, as to any projections furnished to the Bank, the Borrower only represents that the same were prepared on the basis of information and estimates that the Borrower believed to be reasonable.

ARTICLE VI  
EVENTS OF DEFAULT

6.01 Events of Default. Each of the following events shall constitute an “Event of Default” hereunder:

- (a) if the Borrower defaults in the payment of any principal, interest or other amount under the Note, either by the terms thereof or otherwise as provided herein and such default continues for a period of ten days thereafter; or
- (b) if the Borrower, the Guarantor or any Subsidiary defaults in any payment of principal of or interest on any other obligation for borrowed money beyond any period of grace provided with respect thereto if the effect of such default is to cause, or permit the holder or holders of such obligation (or trustee on behalf of such holder or holders) to cause, such obligation to become due prior to its stated maturity, except for obligations disputed in good faith if the Bank is promptly notified thereof and, if required by GAAP, funded reserves are established; or
- (c) if any statement, representation or warranty made by the Borrower, any Subsidiary or the Guarantor herein or in any writing now or hereafter furnished in connection with or pursuant to the Loan Documents or in connection with any audit shall be false in any material respect as of the date made; or
- (d) (i) if any Event of Default occurs under any Loan Document; or (ii) if the Borrower, any Subsidiary or the Guarantor defaults in the performance or observance of any other agreement, covenant, term or condition contained herein or in any other Loan Document and such default shall not have been remedied within 30 days after written notice thereof is sent by the Bank to the Borrower except, however, that an Event of Default shall not be deemed to have occurred if the Borrower, the Subsidiary or the Guarantor, as the case may be, commences to cure such default within such 30-day period and the Borrower, such Subsidiary or the Guarantor, as the case may be, completes such cure within 60 days after such notice; or
- (e) If the Guarantor disputes, attempts to avoid or indicates its intent to seek to avoid its obligations under the Guaranty; or

(f) if the Borrower, the Guarantor or any Subsidiary makes an assignment for the benefit of creditors or is generally not paying its debts as they become due; or

(g) if any order, judgment or decree is entered under the bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law of any jurisdiction adjudicating the Borrower, the Guarantor or any Subsidiary, bankrupt or insolvent; or

(h) if the Borrower, the Guarantor, or any Subsidiary petitions or applies to any tribunal for, or consents to, the appointment of a trustee, receiver, custodian, liquidator, or similar official, of the Borrower, the Guarantor or any Subsidiary or of any substantial part of the assets of the Borrower, the Guarantor or any Subsidiary, or commences a voluntary case under the Bankruptcy Code of the United States or any proceedings relating to the Borrower, the Guarantor or any Subsidiary, under the bankruptcy, insolvency, or moratorium law of any other jurisdiction, whether now or hereafter in effect; or

(i) if any such petition or application is filed, or any such proceedings are commenced, against the Borrower, the Guarantor or any Subsidiary and if the Borrower, the Guarantor or the Subsidiary by any act indicates its approval thereof, consent thereto, or acquiescence therein, or an order is entered in an involuntary case under the Bankruptcy Code of the United States, or an order, judgment or decree is entered appointing any such trustee, receiver, custodian, liquidator, or similar official, or approving the petition in any proceedings, and such order remains unstayed and in effect for more than 60 days; or

(j) if any order is entered in any proceedings against the Borrower or the Guarantor decreeing the dissolution or split-up of the Borrower or the Guarantor or if the Borrower or the Guarantor dissolves (or is dissolved) or its existence is terminated; or

(k) if any judgment or judgments are entered against the Borrower or the Guarantor, or against the Property of any such Person, in an aggregate amount in excess of: (i) \$500,000.00 with respect to the Borrower; or (ii) \$1,000,000.00 with respect to the Guarantor, that remains unvacated, unbonded, unstayed and unsatisfied for a period of 45 days; or

(l) if any Event of Default resulting from the Borrower's failure to make any payment when due occurs under that certain Loan Agreement dated July 31, 2003, between the Borrower and the Bank; or

(m) if any event of default occurs under any credit arrangements now existing or hereafter entered into between the Guarantor and the Bank; or

(n) if the Guarantor's Debt Rating, as determined by S&P, is lower, at any time, than BBB-. Notwithstanding the foregoing, if, at any time, an S&P Debt Rating for the



Borrower is unavailable, then the Bank may use the Debt Rating of the Borrower issued by Moody's, if available, and it shall be an Event of Default if such Debt rating issued by Moody's is less than Baa3.

6.02 Default. A "Default" shall be deemed to have occurred hereunder if any event or condition occurs that would constitute an Event of Default hereunder upon the satisfaction of any requirement for notice or passage of time in connection with such event or condition.

6.03 Remedies.

(a) During the continuation of any Default, the Bank shall have no obligation to make advances hereunder or under any other Loan Document. If any Event of Default shall occur, any obligation of the Bank to make advances hereunder or under any Loan Document shall be terminated without notice to the Borrower. If the Bank elects not to extend any further credit hereunder after the occurrence of any Event of Default, the Bank shall notify the Borrower of such election as promptly as practical after the date of such election. However, the Bank's failure to give any such notice shall not impair its rights hereunder, and the Bank's failure to give any such notice on one occasion shall not impair its rights upon the occurrence of any subsequent Event of Default.

(b) Except as otherwise provided in section 6.04 below, upon the occurrence of an Event of Default, the Bank shall provide written notice thereof to the Guarantor. The Guarantor shall have five (5) business days (the "Guarantor Cure Period") from receipt of notice of such Event of Default to either (i) cure such Event of Default, if such Event of Default is capable of being cured by the Guarantor; or (ii) pay all amounts then outstanding under the Loan, including, without limitation, all amounts due under the Line of Credit Note and each Term Loan, together with all other Obligations of the Borrower to the Bank under this Agreement or any of the other Loan Documents.

(c) Upon the expiration of the Guarantor Cure Period, if the Event of Default is still continuing, the Bank may, by notice to the Borrower, effective upon dispatch, declare the entire unpaid principal amount then outstanding under the Loan Documents, all interest accrued and unpaid under the Loan Documents and all other Obligations of the Borrower to the Bank under this Agreement or any of the other Loan Documents to be forthwith due and payable. Thereupon, the then outstanding principal amount under the Loan Documents, all accrued interest and all such other Obligations shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower, and the Bank may immediately enforce payment of all such amounts and exercise any or all of the rights and remedies of the Bank under this Agreement and other Loan Documents, including without limitation the right to resort to any or all collateral (if any) securing any obligations under the Loan Documents and exercise any or all of the rights of a secured party pursuant to the Uniform Commercial Code of Florida and other applicable similar statutes in other jurisdictions.

6.04 Termination of Rights to Advances; Automatic Acceleration. Notwithstanding anything herein to the contrary, (a) the Borrower's right, if any, to obtain any additional advances or credit under the Loan Documents shall automatically terminate upon the initiation against the Borrower or any Subsidiary of any proceeding under the Federal Bankruptcy Code, or upon the occurrence of any Event of Default described in subparagraphs (g), (h), (i), (j), or (k) of Section 6.01, and (b) all Obligations shall automatically be and become immediately due and payable, without any Guarantor Cure Period, upon the occurrence of any Event of Default described in subparagraphs (h), (i), or (j) of Section 6.01.

6.05 Additional Rights of Bank.

(a) The Borrower acknowledges that its timely and complete compliance with all of the terms and conditions contained in the Loan Documents is a material consideration for the Bank's extension of the credit facilities evidenced by the Loan Documents. In addition to all other rights and remedies that the Bank has upon the occurrence of an Event of Default, the Bank, in its sole discretion, may: (i) waive its rights resulting from such Event of Default; and (ii) charge the Borrower a fee for such waiver, provided that such fee shall not exceed 0.10% of the face amount of the Line of Credit Note.

(b) The Borrower acknowledges that the Bank's ability to monitor the loans evidenced by the Loan Documents is dependent upon the Borrower's providing all financial statements and other information required in Section 3.01 hereof within the time periods set forth in such section. In addition to all other rights and remedies that the Bank has upon the occurrence of an Event of Default, the Bank may by notice to the Borrower assess the Borrower a late fee upon each failure by the Borrower to deliver financial statements or information within the time periods set forth in Section 3.01 hereof (whether or not such failure constitutes a Default or an Event of Default hereunder). The amount of such late fee shall not exceed \$1000.00. The Borrower shall pay such fee no later than ten days after the Bank has notified the Borrower of such assessment. The Bank may assess the late fee on successive occasions based upon any successive failures to deliver financial statements or financial information within the periods required herein. The Bank's assessment of any such fee, and the Borrower's payment of the same, shall not be deemed to be a waiver of the Borrower's continuing obligation to provide financial statements and other information required hereunder.

ARTICLE VII  
MISCELLANEOUS

7.01 Expenses. The Borrower agrees to pay, and save the Bank harmless against liability for the payment of, all reasonable out-of-pocket expenses arising in connection with this transaction (including any renewals or modifications relating hereto), including any state documentary stamp taxes or other taxes (including interest and penalties, if any) that may be determined to be payable in connection with the execution and delivery of any Loan Document or any renewal or modification of

any Loan Document, and the reasonable fees and expenses of the Bank's counsel. The Borrower acknowledges that it has participated with the Bank in establishing the structure of this transaction and that it has independently determined the amount of documentary stamp and other taxes due in connection herewith. The Borrower has not relied upon representations of the Bank or its counsel in calculating the amount of such taxes, and the Borrower shall be liable for any additional taxes (including interest and penalties) that may be due in connection with this transaction or any renewals hereof. If an Event of Default shall occur, the Borrower shall also pay all of the Bank's costs of collection including reasonable Bank employee travel expenses, court costs and reasonable fees of attorneys and legal assistants (whether incurred in connection with trial or appellate proceedings). If the Borrower fails to pay any such expenses within five (5) Business Days after the Bank makes demand therefore, the Borrower authorizes the Bank to make advances under the Note and to debit its deposit accounts (other than accounts maintained by the Borrower with the Bank solely for payroll purposes and identified to the Bank as such) to pay all expenses.

7.02 Survival of Representations and Warranties. All representations and warranties contained herein or made in writing by the Borrower in connection herewith shall survive the execution and delivery of the Loan Documents.

7.03 Successors and Assigns. All covenants and agreements in this Agreement contained by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto whether so expressed or not. The Borrower shall not be entitled to assign its rights hereunder. The Bank may, without the Borrower's consent, assign all or part of its rights hereunder or grant participations herein; provided, however, that no participant shall have any rights against the Borrower unless the Bank has failed to exercise its rights hereunder upon the occurrence of a Default or Event of Default. The Bank may disclose to any such assignee or participant (or any prospective assignee or participant) such information concerning the Borrower and its Affiliates as the Bank deems appropriate.

7.04 No Third Party Beneficiaries. The Guarantor is not a third party beneficiary to this Loan Agreement and, in addition to the rights of the Bank set forth in the Guaranty, the Bank, with the concurrence of the Borrower, shall have the right without impairing the liability of the Guarantor, to alter and amend this Loan Agreement without notice to or consent by the Guarantor.

7.05 Notices. All communications, notices or demands provided for hereunder or under any other Loan Document to which the Borrower is a party shall be sent by first class mail, by courier, by hand or by certified mail as follows or to such other address with respect to any party as such party shall notify the others in writing:

To the Bank:      Bank of America, N.A.  
                         9000 Southside Blvd., Bldg. 100  
                         Jacksonville, Florida 32256  
                         Attn: Commercial Client & Credit Services

To the Borrower: First Advantage Holding, Inc.  
One Progress Plaza, Suite 2400  
St. Petersburg, Florida 33701  
Attn: Chief Financial Officer and General Counsel

with copy to: The First American Corporation  
1 First American Way  
Santa Ana, California 92707  
Attn: Controller

If to the  
Guarantor: The First American Corporation  
1 First American Way  
Santa Ana, California 92707  
Attn: Kenneth DeGiorgio, General Counsel

with copy to: Neil W. Rust, Esquire  
White & Case LLP  
633 West Fifth Street  
Los Angeles, California 90071

Except as otherwise specifically set forth herein, each such communication, notice or demand shall be deemed given: (i) three days after deposited in the U.S. mail with proper postage affixed if sent by mail; or (ii) when actually delivered to the appropriate address if sent by courier or by hand. Notwithstanding the foregoing, failure to provide "copy to" notices set forth above shall not affect the validity of the notices or prevent the Bank's enforcement of its rights and remedies hereunder.

7.06 Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Florida.

7.07 Headings. The descriptive section headings herein have been inserted for convenience only and shall not be deemed to limit or otherwise affect the construction of any provisions hereof.

7.08 Counterparts. This Agreement may be executed simultaneously in several counterparts. Each counterpart shall be deemed an original.

7.09 Remedies Cumulative. All rights and remedies of the Bank hereunder are cumulative and in addition to any rights and remedies that the Bank may have under the laws of Florida. The Bank's exercise of any one right or remedy against one party hereto will not deprive the Bank of any right or remedy against that party or any other parties hereto. No right, power or remedy conferred upon or reserved to the Bank under this Agreement or any other of the Loan Documents is exclusive of any other right, power or remedy in any of the Loan Documents, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right,

power and remedy given hereunder or under any other Loan Documents, or now or hereafter existing at law, in equity or by statute.

7.10 Delay or Omission. No delay or omission of the Bank to exercise any right, power or remedy under any of the Loan Documents or accruing upon any Event of Default shall exhaust or impair any such right, power or remedy or shall be construed to waive any such Event of Default or to constitute acquiescence therein. Every right, power and remedy given to the Bank under any of the Loan Documents may be exercised from time to time and as often as may be deemed expedient by the Bank.

7.11 No Waiver of One Default to Affect Another. No waiver of any Default or Event of Default hereunder shall extend to or affect any subsequent Default or Event of Default or any other Default or Event of Default then existing, or impair any rights, powers or remedies consequent thereon.

7.12 Changes. No term of any Loan Document may be changed, waived, discharged or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought.

7.13 Severability. If any portion of any Loan Document is declared void by any court as illegal or against public policy, the remainder of the Loan Documents in question shall continue in full effect.

7.14 Lost or Damaged Note. Upon receipt by the Borrower of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of the Line of Credit Note or any Term Note (each, a "Lost Note") and of an indemnity agreement reasonably satisfactory to the Borrower, the Borrower will make and deliver to the Bank a new note of like tenor, date and principal amount in lieu of the Lost Note.

7.15 Merger. This Agreement supersedes and replaces any commitment letter relating to the Obligations. Except as otherwise expressly provided for in the Loan Documents, no termination or cancellation (regardless of cause or procedure) of the financing under this Agreement shall in any way affect or impair the obligations, duties, and liabilities of the Borrower or the rights of the Bank relating to any transaction or event occurring prior to such termination. All indemnifications, warranties and representations contained in the Loan Documents shall survive such termination or cancellation.

7.16 Arbitration. The parties agree to the following arbitration provisions:

(a) These arbitration provisions govern the resolution of any controversies or claims between the Borrower and the Bank, whether arising in contract, tort or by statute, including but not limited to controversies or claims (collectively, a "Claim") that arise out of or relate to: (i) this Loan Agreement (including any renewals, restatements, extensions or modifications hereof); or (ii) any document related to this Loan Agreement.

(b) At the request of the Borrower or the Bank, any Claim shall be resolved by binding arbitration in accordance with the Federal Arbitration Act (Title 9, U. S. Code) (the "Arbitration Act"). The Arbitration Act will apply even though this Loan Agreement provides that it is governed by the law of a specified state. Arbitration proceedings will be determined in accordance with the Arbitration Act, the rules and procedures for the arbitration of financial services disputes of JAMS or any successor thereof ("JAMS"), and the terms of this Section. In the event of any inconsistency, the terms of this Section shall control. The arbitration shall be administered by JAMS and conducted in Hillsborough County, Florida. All Claims shall be determined by one arbitrator. However, if Claims exceed \$1,000,000, upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within 90 days of the demand for arbitration and close within 90 days of commencement and the award of the arbitrator or arbitrators, as the case may be, shall be issued within 30 days of the close of the hearing. However, the arbitrator or arbitrators, as the case may be, upon a showing of good cause, may extend the commencement of the hearing for up to an additional 60 days. The arbitrator or arbitrators, as the case may be, shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and enforced.

(c) The arbitrator(s) will have the authority to decide whether any Claim is barred by the statute of limitations and, if so, to dismiss the arbitration on that basis. For purposes of the application of the statute of limitations, the service on JAMS under applicable JAMS rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s). The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this Loan Agreement.

(d) These arbitration provisions do not limit the right of the Borrower or the Bank to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or nonjudicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.

(e) By agreeing to binding arbitration, the Borrower and the Bank irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Claim. Furthermore, without intending in any way to limit this agreement to arbitrate, to the extent any Claim is not arbitrated, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of such Claim. This provision is a material inducement for the Borrower's executing, and the Bank's accepting, this Loan Agreement. No provision in this Loan Agreement or in any document related hereto regarding submission to jurisdiction or venue in any court is intended or shall be construed to be in derogation of the provisions of this Loan Agreement or in any such other document for arbitration of any controversy or claim.

7.17. NOTICE OF FINAL AGREEMENT. THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]





APPENDIX I

The following terms when used in the Loan Agreement shall have the following meanings:

“*Affiliate*” means any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, another Person. A Person shall be deemed to control another Person for the purposes of this definition if such Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the other Person, whether through the ownership of voting securities, common directors, trustees or officers, by conduct or otherwise.

“*Bank*” is defined in the introductory paragraph of the Loan Agreement.

“*Borrower*” is defined in the introductory paragraph of the Loan Agreement.

“*Business Day*” means each day other than a Saturday, a Sunday or any holiday on which commercial banks in Jacksonville, Florida are closed for business.

“*Capital Lease*” means any lease of Property which in accordance with GAAP is required to be capitalized on the balance sheet of the lessee.

“*Capital Lease Obligation*” means the amount of the liability shown on the balance sheet of any Person in respect of a Capital Lease determined in accordance with GAAP.

“*Code*” means the Internal Revenue Code of 1986, as amended, and any successor statute thereto.

“*Debt*” means for any Person (without duplication): (a) all indebtedness of such Person for borrowed money, whether current or funded, or secured or unsecured, (b) all indebtedness for the deferred purchase price of Property or services, (c) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to Property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of a default are limited to repossession or sale of such Property), (d) all indebtedness secured by a purchase money mortgage or other Lien to secure all or part of the purchase price of Property subject to such mortgage or Lien, (e) all obligations under leases that shall have been or must be, in accordance with GAAP, recorded as Capital Leases with respect to which such Person is liable as lessee, (f) any liability in respect of banker’s acceptances or letters of credit, (g) any indebtedness, whether or not assumed, secured by Liens on Property acquired by such Person at the time of

acquisition thereof, (h) all indebtedness, whether or not for borrowed money, represented by notes, drafts, bonds, debentures and similar instruments, and (i) all indebtedness referred to in clause (a), (b), (c), (d), (e), (f), (g) or (h) above which is directly or indirectly guaranteed by such Person or which such Person has agreed (contingently or otherwise) to purchase or otherwise acquire or in respect of which any of them have otherwise assured a creditor against loss. Debt shall not, however, include trade payables arising in the ordinary course of business that are not more than 90 days past due.

“*Debt Rating*” means, as of any date of determination, the rating as determined by either S&P or Moody’s of the Borrower’s non-credit-enhanced debt.

“*Default*” is defined in Section 6.02 of the Loan Agreement.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto.

“*Event of Default*” means any event or condition identified as such in Section 6.01 of the Loan Agreement.

“*Funded Debt*” is defined in Section 4.11(a) of the Loan Agreement.

“*GAAP*” means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

“*Guarantor*” is defined in Section 1.03 of the Loan Agreement.

“*Guaranty*” is defined in Section 1.03 of the Loan Agreement.

“*Lien*” means any mortgage, lien, security interest, pledge, charge or encumbrance of any kind in respect of any Property, including the interests of a vendor or lessor under any conditional sale, Capital Lease or other title retention arrangement.

“*Line of Credit*” is defined in Section 1.01(a) of the Loan Agreement.

“*Line of Credit Note*” is defined in Section 1.01(b) of the Loan Agreement

“*Loan Agreement*” or “*this Agreement*” shall mean the Loan Agreement to which this Appendix is attached as such agreement may be amended or restated from time to time.

“*Loan Documents*” shall mean and include this Agreement (as amended from time to time), the Line of Credit Note, each Term Note, any agreement pertaining to any collateral, if any, securing the Loan, and all documents related to the foregoing documents. Loan Documents shall also include all documents executed by any Subsidiary in connection with the Loan on or after the date hereof.

“*Lost Note*” is defined in Section 7.14 of the Loan Agreement.

“*Material Adverse Effect*” means (a) a material adverse change in, or material adverse effect upon, the operations, business, Property, or condition (financial or otherwise) of the Borrower or of the Borrower and the Subsidiaries taken as a whole, (b) a material impairment of the ability of the Borrower or any Subsidiary to perform its obligations under any Loan Document, or (c) a material adverse effect upon (i) the legality, validity, binding effect or enforceability against the Borrower or any Subsidiary of any Loan Document or the rights and remedies of the Bank thereunder or (ii) the perfection or priority of any Lien on any collateral securing the Loan.

“*Moody’s*” means Moody’s Investors Service, Inc.

“*Notes*” is defined in Section 1.03 of the Loan Agreement.

“*Obligations*” is defined in Section 1.04(a) of the Loan Agreement.

“*PBGC*” means the Pension Benefit Guaranty Corporation or any Person succeeding to any or all of its functions under ERISA.

“*Permitted Acquisition*” shall mean any acquisition made in accordance with Section 4.04(b) of the Loan Agreement.

“*Permitted Liens*” is defined in Section 4.01 of the Loan Agreement.

“*Permitted Obligations*” is defined in Section 4.02(a) of the Loan Agreement.

“*Person*” means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization or any other entity or organization, including a government or agency or political subdivision thereof.

“*Plan*” means any employee pension benefit plan covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code that either (a) is maintained by the Borrower or any Subsidiary for employees of any such Person or (b) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which the Borrower or any Subsidiary is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“*Property*” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

“*Revolving Period*” is defined in Section 1.01(d) of the Loan Agreement.

“*S&P*” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

“*Solvent*” is defined in Section 5.19 of the Loan Agreement.

“*Subordinated Liabilities*” means liabilities subordinated to Borrower’s obligations to the Bank pursuant to: (a) a subordination agreement between the Bank and the subordinate lender; or (ii) a subordination agreement between the Borrower and the subordinate lender, under which the Bank is a third party beneficiary with rights to enforce such subordination against the Borrower and the subordinate lender and providing that: (i) upon the occurrence of an Event of Default hereunder, the subordinate lender shall not accept any payments on the subordinate indebtedness; and (ii) upon the occurrence of an Event of Default hereunder, if the subordinated lender receives any payment on the subordinated indebtedness, such payments shall be held in trust for the Bank and shall be delivered to the Bank promptly after receipt of such payment.

“*Subsidiary*” means any corporation or other Person more than 50% of the outstanding ordinary voting shares or other equity interests of which is at the time directly or indirectly owned by the Borrower, by one or more of its Subsidiaries, or by the Borrower and one or more of its Subsidiaries. All of the Borrower’s Subsidiaries existing as of the date hereof are listed on Exhibit “C” hereto.

“*Term Note*” is defined in Section 1.02 of the Loan Agreement

“*Welfare Plan*” means a “welfare plan” as defined in Section 3(1) of ERISA.

EXHIBIT A

<u>Obligor</u>	<u>Lender</u>	<u>Description</u>
First Advantage Corporation	The First American Corporation	\$10,000,000 Credit Line
First Advantage Corporation	The First American Corporation	\$20,000,000 Credit Line
US SEARCH. com, Inc.	Comerica Bank	Line of Credit
First American Registry, Inc.	IBM	Capital Lease
American Driving Records, Inc.	California Bank and Trust	Standby Letter of Credit required by Louisiana Dept. of Motor Vehicles
First Advantage Corporation	David and Terry Karlman	Acquisition related indebtedness
First Advantage Corporation	S.A.C. Capital Associates, LLC	Effective assumption of debt of acquisition target
First Advantage Corporation	Steven A. Cohen	Effective assumption of debt of acquisition target
First Advantage Corporation	Gregory Pollack	Effective assumption of debt of acquisition target
First Advantage Corporation	Dan and Joni Cates	Effective assumption of debt of acquisition target
First Advantage Corporation	Aon Solutions	Effective assumption of debt of acquisition target

---

First Advantage Corporation	Lamar Stevens	Effective assumption of debt of acquisition target
First Advantage Corporation	Patrick Ryan	Effective assumption of debt of acquisition target

EXHIBIT B

Services Agreement between the Company and The First American Corporation

Amended and Restated Services Agreement, dated January 1, 2004, between the Company and The First American Corporation

Service Agreement for End-User, effective December 31, 2003, by and between First Advantage Enterprise Screening Corporation and The First American Corporation

Agency/Company Agreement, effective January 1, 2003, between First American Property & Casualty Insurance Company and Multifamily Community Insurance Agency, Inc.

Profit Share Program letter, dated January 1, 2003, from First American Property & Casualty Insurance Company to Multifamily Community Insurance Agency, Inc.

First Advantage Corporation \$10,000,000 Line of Credit from The First American Corporation

First Advantage Corporation \$20,000,000 Line of Credit from The First American Corporation

ARTICLE I. SUBSIDIARIES OF BORROWER

Agency Records, Inc. (“ARI”)  
American Driving Records, Inc. (“ADR”)  
ZapApp India Private Limited (co-owed by ADR & FAIH)  
Background Information Systems, Inc. (“BIS”)  
Credential Check & Personnel Services, Inc. (“CCPS”)  
Employee Health Programs, Inc. (“EHP”)  
Employee Health Programs (UK), Ltd. (wholly owned subsidiary of EHP)  
Employee Information Services, Inc. (“EIS”)  
First Advantage Enterprise Screening Corporation (“FAESC”)  
First American Indian Holdings LLC (“FAIH”)  
ZapApp India Private Limited (co-owed by ADR & FAIH)  
First American Registry, Inc. (“Registry”)  
Multifamily Community Insurance Agency, Inc. (wholly owned subsidiary of Registry)  
Greystone Health Sciences, Inc. (“GHS”)  
HireCheck, Inc. (“HireCheck”) PartnerCheck, Inc. wholly owned subsidiary of HireCheck)  
Infocheck, Ltd. (“Infocheck”)  
Liberatore Services, Inc. (“Liberatore”)  
MVRS, Inc. (“MVRS”)  
Med Tech Diagnostic Technologies, Inc. (“MDT”)  
Omega Insurance Services, Inc. (“OIS”)  
Pretiem, Inc. (“Pretiem”)  
Proudfoot Reports Incorporated (“PRI”)  
Quantitative Risk Solutions LLC (“QRS”)  
SafeRent, Inc. (“SafeRent”)  
Seconda LLC (Continental Compliance Services) (“CCS”)  
Substance Abuse Management, Inc. (“SAMI”)  
Total Information Source, Inc. (“TIS”)  
US SEARCH.com, Inc. (“USS”)  
Professional Resource Screening, Inc. (wholly owned subsidiary of USS)





## LINKING LICENSE AGREEMENT

This License Agreement is effective (“*Effective Date*”) the date accepted and executed by First American Real Estate Solutions, L.P., a Delaware limited partnership (“*FARES*”), and US Search.com Inc., a Delaware corporation (“*Customer*”).

### 1. DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings with such meanings to be equally applicable to both the singular and plural forms of the terms defined:

“**Agreement**” means this License Agreement, all exhibits attached hereto, any terms and conditions included within a Service, and any agreements, schedules or exhibits supplementing or amending this agreement. If there is a conflict between this License Agreement and the terms and conditions included within a Service, this License Agreement shall control and prevail.

“**Computer Virus**” is an undocumented and unauthorized program designed to cause a loss of, or damage to, data files; or to gain access to, and/or interfere with, the operations of, other programs or computer resources, or any other results not intended by the user of the computer system on which the virus program resides.

“**Confidential Information**” means any confidential or proprietary information, source code, software tools, designs, schematics, plans or any other information relating to any research project, work in process, future development, scientific, engineering, manufacturing, marketing or business plan or financial or personnel matter relating to either party, its present or future products, sales, suppliers, customers, employees, investors or business, disclosed by one party to the other party, whether in oral, written, graphic or electronic form, and whose confidential or proprietary nature is identified at the time of such disclosure or by the nature of the circumstances surrounding disclosure should reasonably be understood to be confidential.

“**Development Schedule**” means the schedule for developing, integrating and launching the Interface and Valuation Service as set forth in [Exhibit B](#) (Development Schedule).

“**End User**” means an individual or entity determined by Customer to have a non-commercial permissible purpose to use Customer’s products.

“**Fees**” means the amount payable by Customer for access to and use of the Service as described in [Exhibit A, Part D](#) (Fees).

“**Hub**” means the server or servers operated by or for Customer to provide Internet-based services to End Users.

“**Images**” means the real property documents as specified in [Exhibit A, Part A](#), (FARES Services) and as available to and updated by FARES in the regular course of its business.

“**Information**” means certain FARES’ real property information and other content in any medium obtained from public records and other sources and provided by FARES in Reports or otherwise via the Valuation Service, including without limitation any text, video, animation, graphics, data, sound or photographs as specified in [Exhibit A, Part A](#) (FARES Services), and as available to and updated by FARES in the regular course of its business. [Exhibit A, Part A](#) (FARES Services), and as available to and updated by FARES in the regular course of its business.

“**Interface**” means the order management system to be developed by Customer for End Users with Internet-based access to the Hub to access the Valuation Service, to order and receive Reports and data and to perform any required translation of such Reports and data into data representations suitable for delivery to End Users.

“**Permitted Applications**” means the allowed use of the Services described in [Exhibit A, Part B](#) (Permitted Applications).

“**Proprietary Information**” means the Service and all other data, manuals, documentation, software programs, algorithms, and other information that may be disclosed or provided to Customer in the course of providing the Service, and all intellectual property rights thereon.

“**Service**” means the Software Applications, Valuation Models, any applicable user manuals and any other Services provided by FARES to Customer as specified in [Exhibit A, Part A](#) (FARES Services). The Service includes any corrections, bug fixes, enhancements, updates or other modifications, including reasonable Service replacements.

“**Service Levels**” means the service levels for the Hub described in [Exhibit D](#) (Customer Service).

“**Software Applications**” means the computer program, services, functions, in object code only, as specified in [Exhibit A, Part A](#) (FARES Services) offered by FARES to access the Information, Valuation Models or Images and to automatically generate information for specific real properties based on user-defined variables and proprietary FARES computer programs.

“**Specifications**” means the functional description of the Interface set forth in [Exhibit C](#) (Specifications).

“**Sublicensee**” means an individual or company that Customer permits to redistribute a Service, in whole or in part, alone or in combination with other products or services Customer may offer.

“**Valuation Service**” means the real property valuation information for a specific residential property generated by the automated valuation models as specified in Exhibit A, Part A (FARES Services) and outputted in FARES’ standard data formats.

---

## 2. LICENSE

**2.1 Grant.** Subject to the terms and conditions of this Agreement (including Customer’s obligation to pay for Service access), FARES grants to Customer a non-exclusive, non-transferable license to the Service, under FARES’ intellectual property rights in the Service, to use and resell to End Users each Service solely for the Permitted Applications for each such Service.

**2.2 Restrictions on Use.** Unless expressly authorized otherwise in the Permitted Applications, Customer agrees to, represents, and warrants to FARES, both during and after the term of this Agreement, the following provisions,

(a) The Service is for the sole use within Customer’s own organization and by Customer’s own employees or agents and End Users. The Service may not be shared with affiliates or any third party, including joint marketing arrangements although linking arrangements are permitted providing End Users ultimate access to the Service directly through the Customer’s website. The Service may not be used outside the United States without the prior written consent of FARES

(b) Customer agrees both during and after the term of this Agreement that Customer shall not (i) disclose, use, disseminate, reproduce or publish any portion of the Service in any manner other than as stated in this Agreement, (ii) permit any parent, subsidiaries, affiliated entities or other third parties to use the Service or any portion thereof (iii) process or permit to be processed the Service or any portion thereof, except in accordance with the provisions of this Agreement, with other data or software from any other source, (iv) allow access to the Service through any terminals located outside of Customer’s operations, or (v) use the Service to create, enhance or structure any database in any form for resale or distribution. Customer shall be solely responsible for obtaining any and all necessary licenses, certificates, permits, approvals or other authorizations required by federal, state or local statute, law or regulation applicable to Customer’s use of the Service. FARES makes no representations or warranties about the legality or propriety of the use of the Service in any jurisdiction, state or region.

(c) Customer will (i) not use for solicitation the name, mailing address or telephone number of a consumer that is designated within the Service as requesting protection from solicitation, (ii) abide by all prevailing federal, state, and local laws and regulations governing fair information practices and consumers’ rights to privacy, and (iii) obligate consumers to abide by the provisions of the End User License Agreement attached as Exhibit A-1;

(d) Customer will not use the Service (i) as a factor in establishing an individual’s eligibility for credit or insurance, (ii) in connection with underwriting individual insurance, (iii) in evaluating an individual for employment purposes, (iv) in connection with a determination of an individual’s eligibility for a license or other benefit granted by a governmental authority, (v) in connection with any permissible purpose as defined by the Fair Credit Reporting Act (15 U.S.C. Sections 1681 et seq.), or (vi) in any other manner that would cause such use of the Information to be construed as a consumer report by any authority having jurisdiction over any of the parties;

(e) Customer will not use the Service for any purpose that (i) infringes any third party’s copyright, patent, trademark, trade secret or other proprietary rights or rights of publicity or privacy, (ii) violates any law, statute, ordinance or regulation (including without limitation the laws and regulations governing unfair competition, anti-discrimination or false advertising), or (iii) is defamatory, trade libelous, unlawfully threatening or unlawfully harassing;

(f) To the extent Licensee is authorized under this Agreement to publish or otherwise permit access to the Service on a World Wide Web site or otherwise via the Internet, Customer will adopt, publish, and comply with privacy policies that comply with either the guidelines established by TRUSTe.org as more fully set forth at <http://www.truste.org>, the Better Business Bureau, or such other organization as the parties mutually agree to select;

---

## 3. DEVELOPMENT AND IMPLEMENTATION

The Interface will enable End Users to order Reports online from FARES for electronic delivery via the Hub. End Users will use the Interface (via a web browser or other means) to access the Valuation Service and order Reports. The Report request will be forwarded electronically by the Hub to the applicable FARES data server, which will generate the request for a Report and transmit such Report back to the Hub in XML format or to the End User in an appropriate electronic delivery format (such as HTML pages).

**3.1 Changes.** Any changes in the Development Schedule or Specifications must be requested in writing by the party seeking the change. If the requested change is acceptable to both parties, Customer will determine whether implementing the suggested change would result in delay and will advise FARES of the effect of the suggested change. If both parties accept the change and its effects on scheduling and costs, the applicable Exhibits will be modified to reflect the change and its effects.

**3.2 Engineering.** Customer will use commercially reasonable efforts to develop the Interface and FARES will use commercially reasonable efforts to assist Customer in such development, all in accordance with the Specifications and the Development Schedule. FARES will provide technical assistance to Customer via a technical support contact identified by the FARES project coordinator, who will be available via telephone, fax and email in accordance with the schedule designated by FARES. Each party will bear its own costs for the services it provides to develop the Interface and implement the Valuation Service.

**3.3 Project Coordinators.** FARES and Customer will each assign an overall project coordinator for the project. The project coordinators will communicate at regular, scheduled intervals in person, or by phone, fax or email, to review progress, track schedules, resolve problems and arrange for the exchange of any information or materials required for the performance of this Agreement. The project coordinators will have the authority to act on behalf of the party they represent and to make binding technical decisions regarding development work performed under this Agreement, and will be responsible for arranging appropriate access to facilities, personnel and information as required for the parties' performance.

**3.4 Launch.** The parties will cooperate to facilitate the commercial availability of the Interface and Valuation Service on or before the launch date specified in the Development Schedule

**3.5 Customer Support.** FARES will provide customer support to Customer in accordance with FARES' standard customer support policies and procedures.

**3.6 Service Levels.** Customer will use commercially reasonable efforts to promptly correct any errors, bugs or defects in the Interface that cause it not to operate in accordance with the Specifications promptly following FARES' or an End User's notice to Customer thereof, and to operate the Hub and Interface in conformance with the Service Levels.

**3.7 Content Standards.** Each party hereto shall be responsible for its own technology, the operation of its systems and web site(s). Each agrees to use reasonable efforts to maintain and keep its technology, systems and web sites secure.

---

#### 4. DELIVERY OF DATA AND FORMAT.

FARES will provide to Customer the Services and updates in accordance with the provisions set forth in Exhibit A, Part C (Delivery). Customer acknowledges that the amount of Information available varies substantially from area-to-area, and that circumstances may exist or arise which may prevent FARES from providing such data or achieving complete representation of all data elements of the Services. The Information shall not be construed as or constitute a representation as to the condition of title to real property. The Information may not include all recorded conveyances, instruments or documents which impart constructive notice with respect to any chain of title described in the Information. Customer further acknowledges that the sale amount data element of any deed transaction data included within the Information is not available in some states and some such sale amount data are estimates of value based on available data and are calculated by FARES. Notwithstanding anything herein to the contrary, FARES may discontinue providing Services for any geographic location which prohibits FARES' providing of such Services in accordance with this Agreement, or for any geographic location as to which FARES has discontinued the collection of data for its own business.

FARES and Customer shall renegotiate the Fees in good faith according to the prevailing pricing models if FARES materially modifies the content or geographic coverage of the Services provided to Customer.

---

#### 5. FEES

**5.1 Fees.** In consideration of the rights granted Customer hereunder, Customer will pay FARES Royalty in accordance with the provisions under Exhibit A, Section D.

**5.2 Billing and Payment.** At the end of each FARES monthly billing cycle, FARES will invoice Customer for all Fees incurred by Customer during such billing cycle. Customer will pay the invoice in full within thirty (30) days of receipt. If full payment of Royalty is not made, a charge equal to one and one-half percent (1½%) will be added to the balance due, not to exceed the maximum legal limit permitted by law. If Customer becomes thirty (30) or more days past due, Customer's access or shipment will be automatically disabled until all past due charges are paid, and Customer shall be in default of this Agreement. Customer will continue to be responsible for any monthly minimum charge during any period that access or shipment is suspended. If it becomes necessary for FARES to enforce this Agreement through an attorney, collection agency, or directly through small claims court, Customer shall pay all attorney's fees, court costs, and other collections costs, including without limitation post-judgment costs for legal services at trial and appellate levels. Delinquency may affect Customer's credit rating.

### 5.3 Reporting and Audits.

(a) **Report.** Within thirty (30) days after the end of each calendar month, Customer will provide FARES' accounting department a detailed and accurate statement of the calculation of all Royalties earned with respect to such month, together with payment thereof.

(b) **Audits.** (i) Financial Audits: Customer will maintain current, accurate, and complete books and records relating to its usage of the FARES Services and Information and all payments due FARES hereunder. FARES or its designee (which may be a certified public accountant chosen by FARES) may, at any time while this Agreement is in effect and for a period of six months thereafter (but no more than once in a six-month period), require Customer to provide a certified statement prepared by a certified public accountant, at Customer's expense, verifying the accuracy of records relating to Customer's usage of the Information and all payments due FARES. If such certified statement indicates any errors in Customer's records, FARES, or its designee, may at its expense, on reasonable advance notice to Customer and during reasonable business hours, examine, inspect and audit such books and records and any source documents pertaining thereto for the limited purpose of verifying the accuracy of Customer's reports and the amounts due hereunder. FARES, or its designee, may, during the course of such examination, review or audit and make such copies and/or extracts of Customer's books and records relating to Customer's usage of the Information. FARES shall treat all such information reviewed during an audit as confidential and will not disclose same to any third party (excluding FARES' designee) without the written consent of Customer. If FARES finds that Customer underpaid the amount of fees due hereunder in an amount greater than ten percent (10%) of the amount actually remitted then Customer agrees to pay the reasonable costs of the audit. Customer agrees within thirty (30) days of discovery of such underpayment to (i) make such underpayment and (ii) pay for the reasonable costs of the audit, if applicable. (ii) Compliance Audits. FARES reserves the right to audit the Customer to ensure Customer's compliance with the terms and conditions of the contract, after providing Customer with reasonable notice thereof. FARES shall pay for and may choose the appropriate auditor or investigator in its sole discretion. If such auditor determines there has been a material breach in Customer's compliance with the terms of this Agreement, FARES may immediately terminate the contract, and pursue its other legal remedies. Should Customer not cooperate with FARES' reasonable request to audit for compliance within thirty (30) days of notice thereof, FARES may immediately terminate the contract and pursue its legal remedies.

5.4 **Taxes.** Fees are exclusive of sales, use, ad valorem, personal property, and other taxes, which are the responsibility of Customer. FARES shall charge Customer applicable sales tax, it is the Customer's responsibility to file all other taxes.

If applicable, Customer must provide FARES with a Reseller Identification Certificate in order to be exempt from sales tax charges.

---

## 6. TERM; TERMINATION

6.1 **Term.** The initial term of this Agreement shall be for a period of six (6) months, commencing on the Effective Date.

6.2 **Termination.** If either party breaches any provision of this Agreement, the non-breaching party shall, upon providing written notice of such breach, be entitled to immediately terminate this Agreement, provided such breach is not cured within thirty (30) days following such notice. If this Agreement is terminated as a result of a breach, the non-breaching party shall, in addition to its right of termination, be entitled to pursue legal remedies against the breaching party. Notwithstanding the foregoing, if Customer is in breach under Section 5 (Fees) of this Agreement, FARES may terminate this Agreement effective ten (10) days after giving Customer written notice of such default, unless Customer shall have remedied the breach within such ten (10) day period.

6.3 **Termination for Delay.** FARES may terminate this Agreement (by providing written notice) if it rejects Customer's development efforts for the Interface two (2) or more times pursuant to Subsection 3.4 (Acceptance).

6.4 **Termination For Failure to Meet Service Levels.** If Customer's commercially reasonable efforts are not sufficient to prevent failures to meet a specific Service Level for three (3) consecutive days, FARES shall have the option to terminate the Agreement with fifteen (15) days written notice to Customer.

6.5 **Effects of Termination.** Upon expiration or termination of this Agreement for any reason: (a) all license rights granted herein shall terminate except to the extent stated in this Section, (b) Customer shall immediately pay to FARES all amounts owed as of the date of such termination, and (c) the parties shall wind down the Interface and any promotions related thereto in a professional manner as mutually-determined by the project coordinators. The parties will cooperate to inform End Users regarding the termination of the Interface, provided that neither party shall communicate with any third party without the other party's express prior written approval of the contents of such communication. In addition to this Section 6.5, Sections 1 (Definitions), 5 (Fees), 11 (Warranties), 13 (Indemnification), 12 (Limitations of Liability), 9 (Proprietary Information and Confidentiality) and 14 (General Provisions) shall survive expiration or termination of this Agreement.

6.6 **Payment Upon Expiration or Earlier Termination.** Within sixty (60) days of the expiration or termination of this Agreement as set forth above in Subsections 6.1 (Term) and 6.2 (Termination), Customer shall pay FARES in full the Royalty earned up to the termination date.

**6.7 Return of Materials.** Upon termination of this Agreement by either party, Customer, at its own expense, shall within fifteen (15) days of such termination, at FARES' option, (i) return all Service materials to FARES at the address set forth below on the signature page of this Agreement or (ii) certify (by a certificate signed by an officer of Customer) that such Service has been destroyed. Customer shall be obligated to continue paying FARES fees ordinarily and reasonably charged by FARES for data of a similar nature and use after the termination of this Agreement, until such time as Customer returns to FARES or destroys such materials.

---

## 7. USE AND TRAINING

Customer shall limit use of the Service to its employees who have been appropriately trained. FARES shall provide, at a mutually convenient time, initial training in the use of the Service at no charge at mutually agreed upon locations, including Customer's premises. FARES will provide Customer with a telephone number for Customer to request assistance in the use of the Service Monday through Friday, 7 a.m. to 5 p.m. Pacific Standard Time, at no charge, as reasonably required and requested by Customer.

---

## 8. THIRD PARTY USE

If the Permitted Applications include providing a Service to End Users or Sublicensees, Customer by contract will require all End Users or Sublicensees to agree, represent and warrant: (i) to use such Service only for the Permitted Applications (ii) to any additional restrictions set forth in Exhibit A, (iii) to restrictions comparable to the restrictions set forth in Sections 2 (License) and Section 9 (Proprietary Information) of this Agreement, (iv) to disclaim all representations and warranties by, and all liability of, FARES, and (v) if a Service is provided to End Users, End Users shall not sublicense, lease, resell or otherwise provide or redistribute such Services, or products or services incorporating the Service, in any form to any party, except as expressly permitted in the Permitted Applications. End Users shall abide by the provisions of the End Users' Agreement per Exhibit A-1. This Section 8 is not intended to authorize the Customer to provide a Service to End Users or Sublicensees unless expressly permitted in the Permitted Applications.

---

## 9. PROPRIETARY INFORMATION AND CONFIDENTIALITY

**9.1 Ownership and Safekeeping.** The Proprietary Information is and shall remain the sole and exclusive property of FARES. Customer shall have only the limited rights with respect to the Proprietary Information expressly granted in this Agreement, and all rights not expressly granted by FARES are reserved. Customer agrees that only FARES shall have the right to alter, maintain, enhance or otherwise modify the Proprietary Information. Customer shall not disassemble, decompile, manipulate or reverse engineer the Proprietary Information and shall take all necessary steps to prevent such disassembly, decomposing, manipulation or reverse engineering of the Proprietary Information. Under no circumstances shall Customer sell, license, publish, display, copy, distribute, or otherwise make available the Proprietary Information in any form or by any means, except as expressly permitted by this Agreement, including without limitation the transfer to a third party or, if not expressly prohibited by this Agreement, as allowed under the fair use provision of the Copyright Act, 17 U.S.C. § 107. Customer will take all reasonable steps, in accordance with the best industry practices, to protect the security of the Proprietary Information and to prevent unauthorized use or disclosure. Customer is responsible for all access to and use of the Proprietary Information by Customer's employees or agents or by means of Customer's equipment or Customer's FARES usernames and passwords, whether or not Customer has knowledge of or authorizes such access or use. It is the sole responsibility of Customer to maintain the confidentiality of all assigned usernames and passwords, and Customer shall be responsible for all charges relating to the use of said usernames and passwords whether or not authorized by Customer.

**9.2 Non-Disclosure.** Each party agrees that it will not make use of, disseminate, or in any way disclose the other party's Confidential Information to any person, firm or business, except as authorized by this Agreement and to the extent necessary for performance of this Agreement. Each party agrees that it will disclose Confidential Information only to those of its employees and contractors who need to know such information and who have previously agreed to be bound by the terms and conditions of this Agreement. Each party agrees that it will treat all Confidential Information of the other party with the same degree of care as it accords its own confidential information; each party represents that it exercises reasonable care to protect its own Confidential Information.

**9.3 Exceptions.** The receiving party's obligations with respect to any portion of Confidential Information will terminate when the receiving party can demonstrate that: (a) the Confidential Information was in the public domain at the time it was communicated to the receiving party by the

disclosing party; (b) it entered the public domain subsequent to the time it was communicated to the receiving party; (c) it was in the receiving party's possession free of any obligation of confidence at the time it was communicated to the party by the disclosing party; (d) it was rightfully in the receiving party's possession free of any obligation of confidence at or subsequent to the time it was communicated to the receiving party by the disclosing party; (e) it was developed by employees or agents of the receiving party independently of and without reference to any information communicated to the receiving party by the disclosing party; or (f) the disclosure was in response to a valid order by a court or other governmental body, was otherwise required by law, or was necessary to establish the rights of either party under this Agreement. Either party may disclose the existence and terms of the Agreement to actual and prospective investors and their counsel and advisors in connection with any private placement of securities, in connection with a merger, acquisition or sale of all or substantially all of their assets, or in accordance with the provisions of any other contract requiring such disclosure pursuant to a most favored customer or similar provision.

#### **9.4 Return of Confidentiality Materials.**

Upon termination of this Agreement by either party, each party, at its own expense, shall within fifteen (15) days of such termination, at the other party's option, (i) return all Confidential Information to the other party at the address set forth below on the signature page of this Agreement or (ii) certify (by a certificate signed by an officer of that party that such Confidential Information has been destroyed.

---

### **10. CONSUMER PRIVACY**

Customer acknowledges that the Service, while comprised in part of public record data, describes information that may be deemed to be sensitive information by some consumers. It is the policy of FARES to respect the request of consumers to remove their name, mailing address or telephone number from use in solicitation. Customer's agreement to comply with this policy is an integral condition to FARES entering into this Agreement. Customer agrees (a) Customer will not utilize in any manner the name, mailing address or telephone number of a consumer that is designated in the Service as requesting protection from solicitation; (b) Customer will abide by all prevailing federal, state, and local guidelines governing fair information practices and consumers' rights to privacy; and (c) Customer will limit access to consumer information to those individuals who have a "need to know" in connection with Customer's business and will obligate those individuals to acknowledge consumers' rights to privacy and adhere to fair information practices.

---

### **11. FARES WARRANTIES AND INDEMNIFICATION**

#### **11.1 Warranty and Indemnification.**

**(i) Infringement:** FARES warrants to Customer that the Information does not infringe, misappropriate or violate the intellectual property rights of a third party. FARES will indemnify, defend and hold Customer harmless from and against any and all claims, losses, liabilities, costs and expenses (including reasonable attorney's fees) attributable to any allegation of intellectual property infringement arising out of this Agreement (unless such allegation arises from the combination or use of the Information or the Services with any other software, data, or materials not furnished by FARES or is used in violation of any term or condition contained in this Agreement), provided that (i) Customer gives FARES prompt written notice of any such allegation, (ii) FARES maintains full and complete control over the defense of any such allegation, and (iii) Customer cooperates fully with FARES in the defense of any such allegation. If the Information becomes or, in FARES' opinion, is likely to become the subject of any claim or action that infringes, misappropriates or violates the intellectual property rights of another person, then FARES, at its expense and option, may: (i) procure the right for Customer to continue using the Information, (ii) modify the Information to render it no longer subject to any such claim or action, or (iii) replace the Information or any portion thereof with equally suitable, functionally equivalent, non-infringing data. If none of the foregoing is commercially practicable, FARES may terminate this Agreement and refund a pro-rata amount of the Fees actually paid hereunder. THIS SECTION SETS FORTH THE FULL EXTENT OF FARES' LIABILITY TO CUSTOMER AND CUSTOMER'S SOLE REMEDIES WITH RESPECT TO ANY THIRD PARTY CLAIMS UNDER THIS AGREEMENT.

**(ii) Errors in Delivery Vehicle or Software:** FARES will, at its own expense and as its sole obligation and Customer's exclusive remedy for any breach of this warranty, use commercially reasonable efforts to correct any reproducible correctable error in the Service reported to FARES by Customer in writing or, if FARES determines that it is unable to correct such error, FARES will refund to Customer those Fees paid for such Service for the period commencing on the date FARES first received written notice from Customer of the failure and ending on the date Customer receives written notice from FARES that it deems the failure uncorrectable.

**11.2 Limitations Of Valuation Models.** The Valuation Models do not constitute an appraisal of the subject property. They should not be relied upon in lieu of an appraisal or underwriting process. The predicted value reports are based upon data collected from public record sources. THE ACCURACY OF THE METHODOLOGY USED TO DEVELOP THE REPORTS, THE EXISTENCE OF THE SUBJECT PROPERTY, AND THE ACCURACY OF THE PREDICTED VALUE, ARE ESTIMATIONS OF VALUE BASED ON AVAILABLE DATA AND ARE NOT GUARANTEED OR WARRANTED. The condition of the

subject property and current market conditions can greatly affect the validity of the Valuation Models. Any Valuation Models generated does not include a physical inspection of the subject property or a visual inspection or analysis of current market conditions by a licensed or certified appraiser, which is typically included in an appraisal.

**11.3 Disclaimer.** EXCEPT AS OTHERWISE STATED IN THIS SECTION, THE SERVICE IS PROVIDED “AS IS” WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. BECAUSE SOME JURISDICTIONS DO NOT PERMIT THE EXCLUSION OF IMPLIED WARRANTIES, THIS DISCLAIMER MAY NOT APPLY. FARES NEITHER ASSURES NOR ASSUMES ANY LIABILITY TO ANY PERSON FOR THE PROPER PERFORMANCE OF SERVICES NECESSARY TO THE CONDUCT OF A REAL ESTATE CLOSING. FARES DOES NOT REPRESENT OR WARRANT THAT THE SERVICE IS COMPLETE OR FREE FROM ERROR, AND DOES NOT ASSUME, AND EXPRESSLY DISCLAIMS, ANY LIABILITY TO ANY PERSON FOR LOSS OR DAMAGE CAUSED BY ERRORS OR OMISSIONS IN THE SERVICE, WHETHER SUCH ERRORS OR OMISSIONS RESULT FROM NEGLIGENCE, ACCIDENT.

---

## 12. LIMITATION OF LIABILITY

FARES’ TOTAL LIABILITY AND CUSTOMER’S EXCLUSIVE REMEDY UNDER OR RELATED TO THIS AGREEMENT SHALL BE LIMITED TO DIRECT MONEY DAMAGES NOT EXCEEDING THE AMOUNT PAID BY CUSTOMER TO FARES DURING THE TWELVE (12) MONTHS PRECEDING THE CLAIM. THIS LIMIT IS CUMULATIVE AND ALL PAYMENTS UNDER THIS AGREEMENT WILL BE AGGREGATED TO CALCULATE SATISFACTION OF THE LIMIT. THE EXISTENCE OF MULTIPLE CLAIMS WILL NOT ENLARGE THE LIMIT. FARES SHALL HAVE NO LIABILITY UNDER OR IN ANY WAY RELATED TO THIS AGREEMENT FOR ANY LOSS OF PROFIT OR REVENUE OR FOR ANY CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL OR EXEMPLARY DAMAGES, EVEN IF FARES IS AWARE OF THE POSSIBILITY OF SUCH LOSS OR DAMAGES. SOME STATES DO NOT ALLOW THE EXCLUSION OR LIMITATION OF INCIDENTAL OR CONSEQUENTIAL DAMAGES, SO THE ABOVE LIMITATION OR EXCLUSION MAY NOT APPLY.

---

## 13. CUSTOMER INDEMNIFICATION AND LIMITATION OF LIABILITY

Customer agrees to indemnify and hold FARES harmless from and against all claims of third parties arising out of or related to the use of the Service by the Customer, or attributable to Customer’s breach of this Agreement; provided that FARES gives Customer prompt written notice of any such claim. FARES shall control the defense and any settlement of such claim, and Customer shall cooperate with FARES in defending against such claim.

Customer’s liability under this Agreement shall be limited to One Million Dollars (\$1,000,000).

---

## 14. GENERAL PROVISIONS

**14.1 Advertising.** Customer will not disclose FARES as a data source to any third party, except as may be authorized in writing by FARES or required by federal, state or local government regulations.

**14.2 Proprietary Marks.** Neither party will use, or permit their respective employees, agents and subcontractors to use, the trademarks, service marks, copyrighted material, logos, names, or any other proprietary designations of the other party, or the other party’s affiliates, whether registered or unregistered, without such other party’s prior written consent.

**14.3 Entire Agreement.** This Agreement constitutes the entire agreement between the parties, and supercedes any prior understanding or agreement, oral or written, relating to the Information.

**14.4 Severability.** If any of the provisions of this Agreement becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

**14.5 Waiver; Modifications.** No waiver by either party of any breach by the other party of any of the provisions of this Agreement shall be deemed a waiver of any preceding or succeeding breach of the same or any other provision hereof. No such waiver shall be effective unless in writing and then only to the extent expressly set forth in writing.

No modifications of this Agreement shall be effective unless in writing and signed by both parties.

**14.6 Survival.** Any provision of this Agreement which contemplates performance subsequent to the expiration or earlier termination of this Agreement, or which expressly states that it shall survive termination of the Agreement, shall so survive such expiration or termination and shall continue in full force and effect until fully satisfied.

**14.7 Execution.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. A signature on a copy of this Agreement received by either party by facsimile is binding upon the other party as an original. The parties shall treat a photocopy of such facsimile as a duplicate original. If this Agreement is executed in counterparts, no signatory hereto shall be bound until all parties hereto have duly executed or caused to be duly executed a counterpart of this Agreement. The individuals signing below represent that they are duly authorized to do so by and on behalf of the party for whom they are signing.

**14.8 Governing Law and Forum; Attorneys' Fees.** The interpretation and construction of this Agreement, and all matters relating hereto, shall be governed by the laws of the State of California applicable to agreements executed and to be performed solely within such State. The parties hereby submit to the jurisdiction of, and waive any venue objections against, the United States District Court for the Central District of California, Orange County Branch and the Superior and Municipal Courts of the State of California, Orange County in any litigation arising out of this Agreement. Each of the parties agrees that it shall not seek a jury trial in any proceeding based upon or arising out of or otherwise related to this Agreement or any of the other documents and instruments contemplated hereby and each of the parties hereto waives any and all right to such jury trial. This Agreement will not be governed by the United Nations Convention on Contracts for the International Sale of Goods, the application of which is expressly excluded. The prevailing party shall be awarded its reasonable attorney's fees and costs in any lawsuit arising out of or related to this Agreement.

**14.9 Relationship of Parties.** Neither party is nor shall be a partner, joint ventures, agent or representative of the other party solely by virtue of this Agreement. Neither party has the right, power or authority to enter into any contract or incur any obligation, debt or liability on behalf of the other party.

**14.10 Uncontrollable Events.** No party shall be liable for any delay or failure in its performance of any of the acts required by this Agreement when such delay or failure arises for reasons beyond the reasonable control of such party. The time for performance of any act delayed by such causes shall be postponed for a period equal to the delay; provided, however, that the party so affected shall give prompt notice to the other party of such delay. The party so affected, however, shall use its reasonable efforts to avoid or remove such causes of nonperformance and to complete performance of the act delayed, whenever such causes are removed.

**14.11 Assignment.** Customer may not assign or transfer this Agreement or any rights or obligations under this Agreement without the prior written consent of FARES, which shall not be unreasonably withheld. This Agreement will bind and inure to the benefit of the parties and their respective successors and permitted assigns. FARES may terminate this Agreement immediately if Customer undergoes a change of ownership or control, which shall be deemed to have occurred upon Customer entering into a binding agreement with respect to such change of ownership or control. For purposes of this Section, "*change of ownership or control*" shall mean any transaction or series of transactions in which Customer merges with another entity OR in which more than fifty percent (50%) of the voting stock or other voting securities or ownership interests of Customer, or all or substantially all of the assets of Customer, are acquired by another entity (alone or in combination with its affiliates).

**14.12 Notices.** Any notice or other communication required or permitted under this Agreement shall be sufficiently given if delivered in person or sent by facsimile or by registered or certified mail, postage prepaid, addressed as shown on the signature page of this Agreement, with a copy to FARES' counsel, First American Real Estate Solutions, 5601 East La Palma Avenue, Anaheim, California 92801, facsimile: (714) 777-2706, attention: Legal Department, or such other address or number as shall be furnished in writing by any such party. Such notice or communication shall be deemed to have been given as of the date so delivered, sent by facsimile or mailed.

**14.13 Miscellaneous.** Headings at the beginning of each section and subsection are solely for convenience and are not intended to be a part of this Agreement and shall have no effect upon the construction or interpretation of any part hereof. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine, and vice versa. This Agreement shall not be construed as if it had been prepared by either party, but rather as if it were jointly prepared. In the event that any action required by the parties hereto does not occur on a business day, the action shall be taken on the next succeeding business day thereafter. The parties hereto do not intend to confer any benefit hereunder on any person or entity other than the parties hereto and, therefore, there are no third party beneficiaries to this Agreement. The Exhibits to this Agreement constitute integral parts of this Agreement and are hereby incorporated into this Agreement by this reference.

---

This License Agreement has been duly executed by the parties as of the Effective Date.



By: /s/ BOB SCHWARTZ  
Authorized Signature

By: RES LLC, its General Partner

By: /s/ TIM KENNELLY  
Authorized Signature

Name: Bob Schwartz  
[print or type]

Name: Tim Kennelly

Title: President

[print or type]

Date:

Title: Vice President National Accounts

Address: 5401 Beethoven Street  
Los Angeles, CA 90066

Address: 5601 East La Palma Avenue,  
Anaheim, California 92807

Facsimile: (310) 302-6342

Facsimile: (714) 693-3857

**EXHIBIT A to  
Linking License Agreement Between  
First American Real Estate Solutions, L.P. (“FARES”) and  
US Search.com Inc., a Delaware corporation (“Customer”)**

**A. FARES SERVICES:**

1. **Valuation Models:** ValuePoint 4 Values with value range
2. **Information:** Subject Property Reports, Comparable Sales Reports
3. **Bundle 1:** Property Detail Report and Comparable Sales
4. **Bundle 2:** Property Detail and Comparable Sales and ValuePoint4 (value and value range)

**B. PERMITTED APPLICATIONS:** Customer may use the above Services solely for the applications specified below.

1. **Customer’s use:** Customer may use FARES Services for internal business purpose. Customer may resell to its End Users subject to Exhibit A-1 (“Real Property Products Terms of Use”) and may create reports substantially similar to those attached hereto as Exhibit A-2 and A-3 (“Customer Products”). Customer may provide Customer Products to End Users via Customer’s website, [www.ussearch.com](http://www.ussearch.com).
2. **End Users Use:** End Users may use Customer Products for internal use and End Users shall have no right to resell or redistribute in whole or in part.
3. **Additional Restrictions:** Customer shall agree to and contractually will bind its End Users to the following: (i) Neither Customer nor End User shall use any element or component of the FARES Services to create, replace, supplement or enhance any title, legal, vesting, ownership or encumbrance report. (ii) Customer warrants that neither Customer nor End User shall use FARES’ Services, coupled with alternative insurance approaches or products without first obtaining written permission from FARES.

**C. DELIVERY:** FARES shall deliver Services to Customer via Connect2Data (XML).

**D. FEES:**

Customer will pay FARES the greater of: (i) twenty percent (20%) of Net Revenue, as defined below; or ii) the following transaction fees: Property Detail Report @ Eighty Five Cents (\$0.85) per report; Property Detail Report and Comparable Sales (“Bundle 1”) @ One Dollar Seventy Cents (\$1.70); Property Detail and Comparable Sales and ValuePoint4 (value and value range only, Bundle 2) @ Five Dollars Ten Cents (\$5.10). For purposes of this Section “Net Revenue” is defined as gross revenue, including but not limited to equivalent forms of consideration, less fees, charge-backs, returns, refunds, bad debts, set asides, shipping and handling, or any other third party fees that are passed on to Customer. Notwithstanding the aforementioned, the aggregate deductions noted may not exceed fifteen (15%) percent of Gross Revenue received by Customer and attributable to use of the FARES Services, with the exception that Customer shall not be charged for any requests that do not result in a report nor shall FARES participate in any revenue share when no data is returned.

At the end of each month, FARES shall issue Customer a credit equal to Eighty Five Cents (\$0.85) per Bundle 2 for a maximum of ten (10%) percent of the monthly sales volumes for Bundle 2. Customer shall provide monthly reporting showing calculations of royalties and Customer’s Product sales.

There will be no Minimum Fees for the first ninety (90) days after the Effective Date of this Agreement. The parties agree to negotiate in good faith to adjust the pricing appropriately based on Customer sales. Until such time as the parties are in mutual agreement as to a revised pricing schedule, the pricing stated above shall remain in full force and effect.

---

**EXHIBIT B to**  
**Linking License Agreement Between**  
**First American Real Estate Solutions, L.P. (“FARES”) and**  
**US Search Corporation, a California corporation (“Customer”)**

**DEVELOPMENT SCHEDULE**

**A. Development Plans.**

FARES and Customer agree to make every reasonable effort to cooperate in good faith to complete XML development within thirty (30) business days following the Effective Date.

Because product implementation can affect FARES’ server resources, Customer agrees to provide FARES with three (3) business days’ notice prior to each implementation. “Business Days” are defined as total calendar days after deduction of Saturdays, Sundays and national holidays.

---

**EXHIBIT C to  
Linking License Agreement Between  
First American Real Estate Solutions, L.P. (“FARES”) and  
US Search Corporation a California corporation (“Customer”)**

**SPECIFICATIONS**

See Technical Guide attached hereto

---

**EXHIBIT D TO**

**Linking License Agreement Between  
First American Real Estate Solutions, L.P. ("FARES") and  
US Search Corporation a California ("Customer")**

**CUSTOMER SERVICE**

Customer plans to maintain 24-hour-per-day, 7-day-per-week availability.

Customer plans to directly provide support to End Users experiencing problems with Customer's web site during Customer's normal business hours. Customer shall not refer its End Users to FARES for customer support.

Customer shall provide internal XML application support to its employees during the hours of 6:00 a.m. (PST) and 5:00 p.m. (PST) Monday through Friday.

**Exhibit 31.1**  
**Chief Executive Officer**

I, John Long, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FIRST ADVANTAGE CORPORATION;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

*Date: May 10, 2004*

*/s/ JOHN LONG*

---

*John Long*  
*Chief Executive Officer*

**Exhibit 31.2**  
**Chief Financial Officer**

I, John Lamson, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FIRST ADVANTAGE CORPORATION;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2004

/s/ JOHN LAMSON

---

John Lamson  
Chief Financial Officer

**Exhibit 32.1**

**Certification of Chief Executive Officer**

Pursuant to 18 U.S.C. ss. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of FIRST ADVANTAGE CORPORATION (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2004 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

*Dated: May 10, 2004*

*/s/ JOHN LONG*

---

*John Long  
Chief Executive Officer*

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. ss. 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.



**Exhibit 32.2**

**Certification of Chief Financial Officer**

Pursuant to 18 U.S.C. ss. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of FIRST ADVANTAGE CORPORATION (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2004 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

*Date: May 10, 2004*

*/s/ JOHN LAMSON*

---

*John Lamson  
Chief Financial Officer*

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. ss. 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

PROMISSORY NOTE

\$20,000,000.00

April 27, 2004

FOR VALUE RECEIVED, the undersigned, FIRST ADVANTAGE CORPORATION (the "Borrower"), hereby promises to pay to the order of THE FIRST AMERICAN CORPORATION (the "Lender"), a California corporation, whose address is 1 First American Way, Santa Ana, California 92707, the principal sum of Twenty Million Dollars (\$20,000,000.00), together with interest on the outstanding principal balance hereof at the rate provided herein. This Note shall be governed by the following provisions:

1. Advances. The loan evidenced by this Note is a revolving loan, and the Borrower may borrow, repay and reborrow principal amounts hereunder during the term hereof subject to the terms contained herein. Notwithstanding the foregoing, the outstanding principal balance hereof shall not exceed \$20,000,000.00 at any one time.

2. Payments.

(a) The Borrower shall pay all accrued interest hereunder on the first day of each calendar month during the term hereof commencing on May 1, 2004, and continuing on the first day of each calendar month thereafter.

(b) The Borrower shall pay all outstanding principal hereunder, together with all then accrued and unpaid interest, on July 31, 2006 (the "Maturity Date").

(c) This Note will be considered renewed if and only if the Lender has sent to Borrower a written notice of renewal (the "Renewal Notice") effective as of the Maturity Date. If this Note is renewed, it will continue to be subject to all the terms and conditions set forth herein except as modified by the Renewal Notice. If this Note is renewed, the term "Maturity Date" shall mean the date set forth in the Renewal Notice as the Maturity Date and all outstanding principal plus all accrued interest shall be paid on the Maturity Date. The same process for renewal will apply to any subsequent renewal of this Note.

3. Interest.

(a) Interest shall accrue on the outstanding principal balance of this Note at the rate payable under Bank of America Line, plus 0.5% per annum; provided, however, that in the event the Bank of America Line has terminated or is otherwise not in effect, interest shall accrue at a rate equal to the Adjusted Libor Rate (as defined below) in effect on the date on which the Bank of America Line has terminated or is otherwise not in effect and shall be adjusted on each Interest Rate Adjustment Date (as defined below) so that interest shall accrue at the Adjusted Libor Rate for the Interest Period (as defined below) commencing on such Interest Rate Adjustment Date.

(b) Interest shall be calculated on the basis of a 360 day year (based upon the actual number of days elapsed) (or, at the Lender's option, on the basis of a 360-day year consisting of twelve 30-day months).

(c) The total liability of the Borrower and any endorsers or guarantors hereof for payment of interest shall not exceed any limitations imposed on the payment of interest by applicable usury laws. If any interest is received or charged by any holder hereof in excess of that amount, the Borrower shall be entitled to an immediate refund of the excess.

(d) Notwithstanding any contrary provision set forth herein, any principal of, and to the extent permitted by applicable law, any interest on this Note, and any other sum payable hereunder, that is not paid when due shall bear interest, from the date due and payable until paid, payable on demand, at a rate per annum (the "Default Rate") equal to the lesser of: (i) the rate per annum otherwise payable under Section 3(a) hereof, as applicable, plus four and a half percent (4.5%) per annum; or (ii) the highest rate permitted by law.

4. Prepayment. The Borrower shall be entitled to prepay this Note in whole or in part at any time without penalty.

5. Application of Payments. All payments hereunder shall be applied first to the Lender's costs and expenses, then to interest and then to principal.

6. Default. If any Event of Default (as defined below) or any Default (as defined below) shall occur, any obligation of the Lender to make advances hereunder shall be terminated without notice to the Borrower. In addition, if any Event of Default shall occur, the Lender may declare the outstanding principal of this Note, all accrued and unpaid interest hereunder and all other amounts payable under this Note to be forthwith due and payable. Thereupon, the outstanding principal of this Note, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower. Upon the occurrence of any Event of Default, the outstanding principal of this Note, and any accrued and unpaid interest, shall bear interest at the Default Rate.

7. Expenses. All parties liable for the payment of this Note agree to pay the Lender all costs incurred by it in connection with the collection of this Note. Such costs include, without limitation, fees for the services of counsel and legal assistants employed to collect this Note, whether or not suit be brought, and whether incurred in connection with collection, trial, appeal or otherwise. All such parties further agree to indemnify and hold the Lender harmless against liability for the payment of state documentary stamp taxes, intangible personal property taxes or other taxes (including interest and penalties, if any) excluding income or service taxes of the Lender, which may be determined to be payable with respect to this transaction.

8. Late Charge. If any scheduled payment hereunder is 15 or more days late, the Borrower shall pay a fee equal to 4% of the unpaid portion of the scheduled payment. The fee is not a penalty, but liquidated damages to defray administrative and related expenses due to such late payment. The fee shall be immediately due and payable and shall be paid by the Borrowers to the

Lender without notice or demand. This provision for a fee is not and shall not be deemed a grace period, and Lender has no obligation to accept a late payment. Further, the acceptance of a late payment shall not constitute a waiver of any default then existing or thereafter arising under this Note.

9. Miscellaneous. The Borrower shall make all payments hereunder in lawful money of the United States at the Lender's address set forth herein or at such other place as the Lender may designate in writing. The remedies of the Lender as provided herein shall be cumulative and concurrent, and may be pursued singly, successively or together, at the sole discretion of the Lender and may be exercised as often as occasion therefor shall arise. No act of omission or commission of the Lender, including specifically any failure to exercise any right, remedy or recourse, shall be effective, unless set forth in a written document executed by the Lender, and then only to the extent specifically recited therein. A waiver or release with reference to one event shall not be construed as continuing, as a bar to, or as a waiver or release of any subsequent right, remedy or recourse as to any subsequent event. This Note shall be construed and enforced in accordance with Florida law and shall be binding on the successors and assigns of the parties hereto. The term "Lender" as used herein shall mean any holder of this Note. If more than one person or entity executes this Note, such persons and entities shall be jointly and severally liable hereunder. The Lender may, at its option, round any or all fractional interest rates under paragraph 3 upwards to the next higher 1/100 of 1%. The Borrower hereby: (a) waives demand, notice of demand, presentment for payment, notice of nonpayment or dishonor, protest, notice of protest and all other notice, filing of suit and diligence in collecting this Note, or in the Lender's enforcing any of its rights under any guaranties securing the repayment hereof; (b) agrees to any substitution, addition or release of any collateral or any party or person primarily or secondarily liable hereon; (c) agrees that the Lender shall not be required first to institute any suit, or to exhaust his, their or its remedies against the Borrower or any other person or party to become liable hereunder, or against any collateral in order to enforce payment of this Note and (d) consent to any extension, rearrangement, renewal or postponement of time of payment of this Note and to any other indulgency with respect hereto without notice, consent or consideration to any of them.

10. Arbitration. The Borrower, and the Lender by its acceptance hereof, agree to the following arbitration provisions:

(a) These arbitration provisions govern the resolution of any controversies or claims between the Borrower and the Lender, whether arising in contract, tort or by statute, including but not limited to controversies or claims (collectively, a "Claim") that arise out of or relate to: (i) this Note (including any renewals, restatements, extensions or modifications hereof); or (ii) any document related to this Note.

(b) At the request of the Borrower or the Lender, any Claim shall be resolved by binding arbitration in accordance with the Federal Arbitration Act (Title 9, U. S. Code) (the "Arbitration Act"). The Arbitration Act will apply even though this Note provides that it is governed by the law of a specified state. Arbitration proceedings will be determined in accordance with the Arbitration Act, the rules and procedures for the arbitration of financial services disputes of JAMS or any successor thereof ("JAMS"), and the terms of this Section.

In the event of any inconsistency, the terms of this Section shall control. The arbitration shall be administered by JAMS and conducted in Hillsborough County, Florida. All Claims shall be determined by one arbitrator. However, if Claims exceed \$1,000,000, upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within 90 days of the demand for arbitration and close within 90 days of commencement and the award of the arbitrator or arbitrators, as the case may be, shall be issued within 30 days of the close of the hearing. However, the arbitrator or arbitrators, as the case may be, upon a showing of good cause, may extend the commencement of the hearing for up to an additional 60 days. The arbitrator or arbitrators, as the case may be, shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed and enforced.

(c) The arbitrator(s) will have the authority to decide whether any Claim is barred by the statute of limitations and, if so, to dismiss the arbitration on that basis. For purposes of the application of the statute of limitations, the service on JAMS under applicable JAMS rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s). The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this Note.

(d) These arbitration provisions do not limit the right of the Borrower or the Lender to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or nonjudicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.

(e) By agreeing to binding arbitration, the Borrower and the Lender irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Claim. Furthermore, without intending in any way to limit this agreement to arbitrate, to the extent any Claim is not arbitrated, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of such Claim. This provision is a material inducement for the Borrower's executing, and the Lender's accepting, this Note. No provision in this Note or in any document related hereto regarding submission to jurisdiction or venue in any court is intended or shall be construed to be in derogation of the provisions of this Note or in any such other document for arbitration of any controversy or claim.

11. Assignment. The Lender may sell or offer to sell this Note, together with any and all documents guaranteeing, securing or executed in connection with this Note, to one or more assignees without notice to or consent of the Borrower. The Lender is hereby authorized to share any information it has pertaining to the loan evidenced by this Note, including without limitation credit information on the undersigned, any of its principals, or any guarantors of this Note, to any such assignee or prospective assignee.

12. NOTICE OF FINAL AGREEMENT. THIS WRITTEN PROMISSORY NOTE REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

13. Defined Terms.

(a) "Adjusted Libor Rate" for each Interest Period shall mean a rate that is equal to the applicable Libor Rate (as defined below) plus 1.75% per annum.

(b) "Bank of America Line" means the loan from Bank of America, N.A. (and/or its permitted assigns) to the Borrower evidenced by the Loan Agreement and other documents delivered in connection therewith, including, without limitation, that certain Promissory Note, made by Borrower in favor of Bank of America, N.A. on July 31, 2003, as amended, modified or substituted.

(c) "Banking Business Day" shall mean each day other than a Saturday, a Sunday or any holiday on which commercial banks in Orange County, California are closed for business.

(d) "Default" means the occurrence of any event or condition that would constitute an Event of Default hereunder upon the satisfaction of any requirement for notice or passage of time in connection with such event or condition.

(e) "Event of Default" mean the occurrence of any one of the following events:

(i) if the Borrower defaults in the payment of any principal, interest or other amount under this Note, either by the terms thereof or otherwise as provided herein and such default continues for a period of ten days thereafter; or

(ii) if the Borrower or any Subsidiary defaults: (i) in any payment of principal of or interest on any other obligation for borrowed money beyond any period of grace provided with respect thereto or (ii) in the performance or observance of any other agreement, term, or condition contained in any agreement under which any such obligation is created if the effect of such default is to cause, or permit the holder or holders of such obligation (or trustee on behalf of such holder or holders) to cause, such obligation to become due prior to its stated maturity, except for obligations disputed in good faith if the Lender is promptly notified thereof and, if required by GAAP, funded reserves are established; or

(iii) if any Event of Default occurs under the Loan Agreement when such Loan Agreement is in effect; or

(iv) if the Borrower or any Subsidiary makes an assignment for the benefit of creditors or is generally not paying its debts as they become due;

or

(v) if any order, judgment or decree is entered under the bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law of any jurisdiction adjudicating the Borrower or any Subsidiary, bankrupt or insolvent; or

(vi) if the Borrower or any Subsidiary petitions or applies to any tribunal for, or consents to, the appointment of a trustee, receiver, custodian, liquidator, or similar official, of the Borrower or any Subsidiary or of any substantial part of the assets of the Borrower or any Subsidiary, or commences a voluntary case under the Bankruptcy Code of the United States or any proceedings relating to the Borrower or any Subsidiary, under the bankruptcy, insolvency, or moratorium law of any other jurisdiction, whether now or hereafter in effect; or

(vii) if any such petition or application is filed, or any such proceedings are commenced, against the Borrower or any Subsidiary and if the Borrower or the Subsidiary by any act indicates its approval thereof, consent thereto, or acquiescence therein, or an order is entered in an involuntary case under the Bankruptcy Code of the United States, or an order, judgment or decree is entered appointing any such trustee, receiver, custodian, liquidator, or similar official, or approving the petition in any proceedings, and such order remains unstayed and in effect for more than 60 days; or

(viii) if any order is entered in any proceedings against the Borrower or any Subsidiary decreeing the dissolution or split-up of the Borrower or any Subsidiary or if the Borrower or any Subsidiary dissolves (or is dissolved) or its existence is terminated; or

(ix) if any judgment or judgments are entered against the Borrower or any Subsidiary, or against the Property of any such Person, in an aggregate amount in excess of \$100,000 that remains unvacated, unbonded, unstayed or unsatisfied for a period of 45 days.

(f) “GAAP” means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

(g) “Interest Rate Adjustment Date” means the first Banking Business Day of the calendar month immediately following the month in which the Bank of America Line has terminated or is otherwise not effect.

(h) "Libor Rate" for each Interest Period shall mean the offered rate for deposits in United States dollars in the London Interbank market for a one month period which appears on the Libor Rate Reference Page (as defined herein) as of 11:00 a.m. (London time) on the day that is two London Banking Days (as defined herein) preceding the first calendar day of the Interest Period (as such rate may be adjusted from time to time in the Bank's sole discretion for reserve requirements, deposit insurance assessment rates and other regulatory costs). If at least two such offered rates appear on the Libor Rate Reference Page, the rate will be the arithmetic mean of such offered rates.

(i) "Libor Rate Reference Page" shall mean any of the following reference pages or sources (as selected from time to time by the Bank in its discretion): (aa) the Dow Jones Telerate Page 3750; (bb) the Reuters Screen LIBO Page; or (cc) such other index or source as Lender may in its sole discretion select showing rates offered for United States dollar deposits in the London Interbank market.

(j) "Loan Agreement" means that certain Loan Agreement, made as the 31st day of July, 2003, by and between the Borrower and Bank of America, N.A., as such Loan Agreement may be amended from time to time.

(k) "London Banking Day" means each day other than a Saturday, a Sunday or any holiday on which commercial banks in London, England are closed for business.

(l) "Person" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization or any other entity or organization, including a government or agency or political subdivision thereof.

(m) "Subsidiary." means any corporation or other Person more than 50% of the outstanding ordinary voting shares or other equity interests of which is at the time directly or indirectly owned by the Borrower, by one or more of its Subsidiaries, or by the Borrower and one or more of its Subsidiaries.

FIRST ADVANTAGE CORPORATION

By: /s/ JOHN LAMSON

---

Name: John Lamson  
Its: Executive Vice President, Chief Financial Officer