
**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 June 30, 2008

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: 001-31666

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)

12395 First American Way

Poway, California 92064

(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 a large accelerated filer, accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12-b). Yes No

There were 11,746,391 shares of outstanding Class A Common Stock of the registrant as of July 25, 2008.

There were 47,726,521 shares of outstanding Class B Common Stock of the registrant as of July 25, 2008.

INDEX

Part I. FINANCIAL INFORMATION

Item 1.	Financial Statements	1
	Consolidated Balance Sheets as of June 30, 2008 and December 31, 2007 (unaudited)	2
	Consolidated Statements of Income and Comprehensive Income (Loss) for the Three and Six Months Ended June 30, 2008 and June 30, 2007 (unaudited)	3
	Consolidated Statement of Changes in Stockholders' Equity for the Six Months Ended June 30, 2008 (unaudited)	4
	Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2008 and June 30, 2007 (unaudited)	5
	Notes to Consolidated Financial Statements (unaudited)	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	21
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	38
Item 4.	Controls and Procedures	38

Part II. OTHER INFORMATION

Item 1.	Legal Proceedings	38
Item 1A.	Risk Factors	38
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	38
Item 3.	Defaults Upon Senior Securities	38
Item 4.	Submission of Matters to a Vote of Security Holders	38
Item 5.	Other Information	38
Item 6.	Exhibits	

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements –

**First Advantage Corporation
Consolidated Financial Statements
For the Three and Six Months Ended
June 30, 2008 and 2007**

[Table of Contents](#)**First Advantage Corporation****Consolidated Balance Sheets (Unaudited)***(in thousands, except par value)*

	June 30, 2008	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 41,588	\$ 76,060
Accounts receivable (less allowance for doubtful accounts of \$7,622 and \$7,003 in 2008 and 2007, respectively)	134,868	148,875
Prepaid expenses and other current assets	11,352	10,782
Income tax receivable	6,932	—
Deferred income tax asset	17,391	26,023
Assets of discontinued operations (Note 4)	—	12,052
Due from affiliates	32	—
Total current assets	212,163	273,792
Property and equipment, net	83,790	76,308
Goodwill	754,913	694,519
Customer lists, net	59,805	63,483
Other intangible assets, net	20,481	23,011
Database development costs, net	11,400	11,105
Marketable equity securities	36,034	85,476
Other assets	5,398	4,239
Total assets	<u>\$ 1,183,984</u>	<u>\$ 1,231,933</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 42,873	\$ 44,998
Accrued compensation	30,976	42,199
Accrued liabilities	11,792	12,846
Deferred income	7,475	7,948
Income tax payable	—	51,721
Due to affiliates	—	6,750
Current portion of long-term debt and capital leases	16,541	18,282
Liabilities of discontinued operations (Note 4)	—	4,989
Total current liabilities	109,657	189,733
Long-term debt and capital leases, net of current portion	57,139	14,404
Deferred income tax liability	70,912	90,785
Other liabilities	5,146	5,000
Total liabilities	242,854	299,922
Minority interest	50,059	48,421
Stockholders' equity:		
Preferred stock, \$.001 par value; 1,000 shares authorized, no shares issued or outstanding	—	—
Class A common stock, \$.001 par value; 125,000 shares authorized; 11,742 and 11,368 shares issued and outstanding as of June 30, 2008 and December 31, 2007, respectively	12	11
Class B common stock, \$.001 par value; 75,000 shares authorized; 47,727 shares issued and outstanding as of June 30, 2008 and December 31, 2007	48	48
Additional paid-in capital	498,125	488,683
Retained earnings	381,422	355,745
Accumulated other comprehensive income	11,464	39,103
Total stockholders' equity	891,071	883,590
Total liabilities and stockholders' equity	<u>\$ 1,183,984</u>	<u>\$ 1,231,933</u>

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

[Table of Contents](#)**First Advantage Corporation****Consolidated Statements of Income and Comprehensive Income (Loss) (Unaudited)***(in thousands, except per share amounts)*

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2008	2007	2008	2007
Service revenue	\$ 182,423	\$ 196,641	\$ 370,677	\$ 387,828
Reimbursed government fee revenue	13,122	13,470	27,147	27,544
Total revenue	195,545	210,111	397,824	415,372
Cost of service revenue	53,487	58,461	107,203	117,300
Government fees paid	13,122	13,470	27,147	27,544
Total cost of service	66,609	71,931	134,350	144,844
Gross margin	128,936	138,180	263,474	270,528
Salaries and benefits	62,927	62,745	129,376	133,386
Facilities and telecommunications	8,084	7,800	16,284	15,518
Other operating expenses	22,909	23,787	45,743	46,374
Depreciation and amortization	11,023	9,825	20,919	19,362
Total operating expenses	104,943	104,157	212,322	214,640
Income from operations	23,993	34,023	51,152	55,888
Other (expense) income:				
Interest expense	(1,075)	(3,097)	(1,500)	(6,323)
Interest income	172	309	591	641
Total other (expense), net	(903)	(2,788)	(909)	(5,682)
Equity in earnings of investee	—	670	—	1,450
Income from continuing operations before income taxes and minority interest	23,090	31,905	50,243	51,656
Provision for income taxes	9,676	13,241	20,650	21,279
Income from continuing operations before minority interest	13,414	18,664	29,593	30,377
Minority interest	(238)	469	(325)	1,029
Income from continuing operations	13,652	18,195	29,918	29,348
(Loss) income from discontinued operations, net of tax	(1,264)	152	(4,241)	242
Net income	\$ 12,388	\$ 18,347	\$ 25,677	\$ 29,590
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustments	(670)	1,321	2,080	1,715
Unrealized loss on investment	(9,230)	—	(29,719)	—
Comprehensive income (loss)	\$ 2,488	\$ 19,668	\$ (1,962)	\$ 31,305
Basic income per share:				
Income from continuing operations	\$ 0.23	\$ 0.31	\$ 0.50	\$ 0.50
Loss from discontinued operations, net of tax	(0.02)	—	(0.07)	—
Net income	\$ 0.21	\$ 0.31	\$ 0.43	\$ 0.50
Diluted income per share:				
Income from continuing operations	\$ 0.23	\$ 0.31	\$ 0.50	\$ 0.50
Loss from discontinued operations, net of tax	(0.02)	—	(0.07)	—
Net income	\$ 0.21	\$ 0.31	\$ 0.43	\$ 0.50
Weighted-average common shares outstanding:				
Basic	59,435	58,954	59,297	58,665
Diluted	59,617	59,445	59,374	59,130

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

[Table of Contents](#)**First Advantage Corporation****Consolidated Statement of Changes in Stockholders' Equity
For the Six Months Ended June 30, 2008 (Unaudited)**

<i>(in thousands)</i>	<u>Common Stock Shares</u>	<u>Common Stock Amount</u>	<u>Additional Paid- in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income(Loss)</u>	<u>Total</u>
Balance at December 31, 2007	59,095	\$ 59	\$488,683	\$355,745	\$ 39,103	\$883,590
Net income	—	—	—	25,677	—	25,677
Class A shares issued in connection with share based compensation	374	1	4,390	—	—	4,391
Tax expense related to stock options	—	—	(204)	—	—	(204)
Share based compensation	—	—	5,281	—	—	5,281
Foreign currency translation	—	—	—	—	2,080	2,080
Exercise put on a warrant	—	—	(25)	—	—	(25)
Unrealized loss on investment, net of tax	—	—	—	—	(29,719)	(29,719)
Balance at June 30, 2008	<u>59,469</u>	<u>\$ 60</u>	<u>\$498,125</u>	<u>\$381,422</u>	<u>\$ 11,464</u>	<u>\$891,071</u>

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

[Table of Contents](#)**First Advantage Corporation****Consolidated Statements of Cash Flows****For the Six Months Ended June 30, 2008 and 2007 (Unaudited)***(in thousands)*

	For the Six Months Ended June 30,	
	2008	2007
Cash flows from operating activities:		
Net income	\$ 25,677	\$ 29,590
(Loss) income from discontinued operations	(4,241)	242
Income from continuing operations	\$ 29,918	\$ 29,348
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	20,919	19,362
Bad debt expense	3,464	3,507
Share based compensation	4,974	8,557
Minority interests in net (loss) income	(325)	1,029
Equity in earnings of investee	—	(1,450)
Deferred income tax	7,676	6,050
Change in operating assets and liabilities, net of acquisitions:		
Accounts receivable	13,603	(11,751)
Prepaid expenses and other current assets	(535)	(1,033)
Other assets	(116)	(686)
Accounts payable	(2,322)	(2,608)
Accrued liabilities	(1,962)	(6,577)
Deferred income	(477)	(360)
Due from affiliates	(6,782)	313
Net change in income tax accounts	(59,400)	3,142
Accrued compensation and other liabilities	(11,157)	2,939
Net cash (used in) provided by operating activities—continuing operations	(2,522)	49,782
Net cash provided by operating activities—discontinued operations	754	1,141
Cash flows from investing activities:		
Database development costs	(2,092)	(1,835)
Purchases of property and equipment	(17,479)	(19,210)
Cash paid for acquisitions	(59,160)	(27,183)
Cash balance of companies acquired	331	120
Net cash used in investing activities—continuing operations	(78,400)	(48,108)
Net cash provided by (used in) investing activities—discontinued operations	1,721	(908)
Cash flows from financing activities:		
Proceeds from long-term debt	90,000	42,817
Repayment of long-term debt	(52,033)	(51,707)
Cash contributions from First American to Leadclick LLC	2,402	3,785
Proceeds from Class A shares issued in connection with stock option plan and employee stock purchase plan	4,365	3,067
Distribution to minority interest shareholders	(949)	(2,120)
Tax (expense) benefit related to stock options	(204)	231
Net cash provided by (used in) financing activities	43,581	(3,927)
Effect of exchange rates on cash	(146)	(97)
Decrease in cash and cash equivalents	(35,012)	(2,117)
Cash and cash equivalents at beginning of period	76,060	31,106
Decrease (increase) in cash and cash equivalents of discontinued operations	540	(233)
Cash and cash equivalents at end of period	\$ 41,588	\$ 28,756

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

[Table of Contents](#)

First Advantage Corporation

Consolidated Statements of Cash Flows

For the Six Months Ended June 30, 2008 and 2007 (Unaudited)

	For the Six Months Ended June 30,	
	2008	2007
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 1,467	\$ 6,512
Cash received for income tax refunds	\$ 987	\$ —
Cash paid for income taxes	\$ 69,125	\$ 12,363
Non-cash investing and financing activities:		
Class A shares issued in connection with acquisitions	\$ —	\$ 10,912
Notes issued in connection with acquisitions	\$ 3,026	\$ 3,432
Class A shares issued for restricted stock	\$ 2,767	\$ 5,518
Unrealized loss on investment, net of tax	\$ 29,719	\$ —

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

First Advantage Corporation

Notes to Consolidated Financial Statements

1. Organization and Nature of Business

First Advantage Corporation (the “Company” or “First Advantage”) is a global risk mitigation and business solutions provider and operates in six primary business segments: Lender Services, Data Services, Dealer Services, Employer Services, Multifamily Services, and Investigative and Litigation Support Services.

The First American Corporation and affiliates (“First American”) own approximately 80% of the shares of capital stock of the Company as of June 30, 2008. 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.

As part of the Company’s streamlining initiative, in the second quarter of 2008, First Advantage sold First Advantage Investigative Services (“FAIS”), which was included in our Investigative and Litigation Support Services segment, and Credit Management Solutions Inc. (“CMSI”) which was included in our Dealer Services segment. These businesses are presented in discontinued operations at June 30, 2008. The results of these businesses’ operations in the prior periods have been reclassified to conform to the 2008 classification.

In October 2007, the Company completed the sale of its US Search business. US SEARCH.com was included in the Company’s Data Services segment. With the growth of First Advantage, a consumer-driven people locator service no longer fits into the Company’s core business strategy. The results of this business’ prior periods operations are reflected in the Company’s Consolidated Statements of Income and Comprehensive Income (Loss) as discontinued operations.

In October 2007, the Company sold 2,875,000 shares of DealerTrack Holdings, Inc. (“DealerTrack”) common stock. The sale resulted in a pretax investment gain of approximately \$97.4 million or \$58.4 million after tax and \$0.99 per diluted share. The Company discontinued using the equity method of accounting for its remaining investment in DealerTrack. After the sale, First Advantage continues to own approximately 2,553,000 shares of DealerTrack common stock, which is approximately 6% of the outstanding shares.

On March 1, 2007, John Long submitted his resignation as the Chief Executive Officer (“CEO”) and as a director of the Company, effective as of March 30, 2007. In connection with his resignation from the Company, Mr. Long and First Advantage entered into a Transition Agreement dated as of March 2, 2007. The Transition Agreement provides that Mr. Long will receive cash severance of \$4.4 million; \$2.2 million was paid in March 2007 with the remaining payment of \$2.2 million paid in March 2008. In addition, Mr. Long received an acceleration of his unvested options and two restricted stock awards, effective March 30, 2007. An additional restricted

First Advantage Corporation

Notes to Consolidated Financial Statements

stock award made to Mr. Long will vest during the term of restrictive covenants set forth in the Transition Agreement. Restricted stock units, previously granted to Mr. Long, will continue to vest according to the terms of First Advantage's 2003 Incentive Compensation Plan. Based on the recommendation of the Compensation Committee, the Transition Agreement was approved by First Advantage's board of directors on March 1, 2007. In connection with the Transition Agreement, First Advantage recorded compensation expense of \$8.0 million in the quarter ending March 31, 2007 (included in salaries and benefits in the accompanying Consolidated Statements of Income and Comprehensive Income (Loss)) for the six months ended June 30, 2007, reflecting the value of the cash severance payment of \$4.4 million and the value of the previously unvested restricted stock, restricted stock units and stock options. The \$8.0 million of compensation expense reduced net income for the six months ended June 30, 2007 by \$4.7 million or 8 cents per diluted share.

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 statement of the results for the interim period. The year-end balance sheet data was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles. This report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2007 filed with the Securities and Exchange Commission.

First Advantage completed one acquisition during the six months ended June 30, 2008. The Company's operating results for the three and six months ended June 30, 2008 include results for the acquired entity from the date of acquisition.

Operating results for the three and six months ended June 30, 2008 and 2007 are not necessarily indicative of the results that may be expected for the entire fiscal year.

As of June 30, 2008, the Company's significant accounting policies and estimates, which are detailed in the Company's Annual Report on Form 10-K for the year ended December 31, 2007, have not changed from December 31, 2007, except for the adoption of Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements," and SFAS 159, "The Fair Value Option for Financial Assets and Liabilities."

First Advantage Corporation

Notes to Consolidated Financial Statements

Fair Value Accounting

In February 2007, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards No. 159 “The Fair Value Option for Financial Assets and Liabilities” (“SFAS 159”). SFAS 159 allows companies to report selected financial assets and liabilities at fair value at their discretion. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 is effective at the beginning of a company’s first fiscal year after November 15, 2007. The Company adopted SFAS 159 on January 1, 2008. The Company did not apply the fair value option and, therefore, SFAS 159 does not have an impact on our Consolidated Financial Statements.

In September 2006, the FASB issued SFAS 157 “Fair Value Measurements”. SFAS 157 defines fair value, establishes a framework for measuring fair value within generally accepted accounting principles, and expands disclosure requirements regarding fair value measurements. The Company has adopted FASB Staff Position 157-2, “Effective Date of FASB Statement No. 157,” (“FSP 157-2”), issued February 2008, and as a result the Company has partially applied the provisions of SFAS 157 as of January 1, 2008, which had no material effect on its consolidated financial statements. FSP 157-2 delays the effective date of SFAS 157 for non-financial assets and liabilities until January 1, 2009, except for those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually).

SFAS 157 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. SFAS 157 also requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped, based on significant levels of inputs as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability; or

Level 3 – unobservable inputs, such as discounted cash flow models or valuations.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement. At June 30, 2008, the Company’s marketable equity securities, \$36.0 million, are valued using quoted market prices multiplied by the number of shares owned (Level 1). For additional information about our marketable equity securities, refer to Note 8 of the Notes to Consolidated Financial Statements in our Form 10-K.

First Advantage Corporation

Notes to Consolidated Financial Statements

Recent Accounting Pronouncements

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (revised 2007) "Business Combinations" ("SFAS 141(R)"). This replaces SFAS 141, "Business Combinations," and requires an acquirer to recognize the assets acquired, the liabilities assumed, including those arising from contractual contingencies, any contingent consideration, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions specified in the statement. SFAS 141(R) also requires the acquirer in a business combination achieved in stages (sometimes referred to as a step acquisition) to recognize the identifiable assets and liabilities, as well as the noncontrolling interest in the acquiree, at the full amounts of their fair values (or other amounts determined in accordance with SFAS 141(R)). In addition, SFAS 141(R)'s requirement to measure the noncontrolling interest in the acquiree at fair value will result in recognizing the goodwill attributable to the noncontrolling interest in addition to that attributable to the acquirer. SFAS 141(R) amends SFAS 109, "Accounting for Income Taxes," to require the acquirer to recognize changes in the amount of its deferred tax benefits that are recognizable because of a business combination either in income from continuing operations in the period of the combination or directly in contributed capital, depending on the circumstances. SFAS 141(R) is effective at the beginning of a company's first fiscal year after December 15, 2008. The Company is currently evaluating the effects of adoption on its consolidated financial statements and the impact, if any, is not known at this time.

In December 2007, the FASB issued SFAS 160 "Noncontrolling Interests in Consolidated Financial Statements". SFAS 160 amends Accounting Research Bulletin 51, "Consolidated Financial Statements," to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It also clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 also changes the way the consolidated income statement is presented by requiring consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. It also requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. SFAS 160 is effective at the beginning of a company's first fiscal year after December 15, 2008. The Company is currently evaluating the effects of adoption on its consolidated financial statements and the impact, if any, is not known at this time.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS 162"). This statement identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in accordance with generally accepted accounting principles ("GAAP"). With the issuance of this statement, the FASB concluded that the GAAP hierarchy should be directed toward the entity and not its auditor, and reside in the accounting literature established by the FASB as opposed to the American Institute of Certified Public Accountants ("AICPA") Statement on Auditing Standards No. 69, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles." This statement is effective 60 days following the Securities and Exchange Commission's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles." We have evaluated the new statement and have determined that it will not have a significant impact on the determination or reporting of our financial results.

3. Acquisitions

During the six months ended June 30, 2008, the Company completed one acquisition for approximately \$16.3 million in cash. In addition, the Company paid consideration of approximately \$42.9 million in cash and approximately \$3.0 million in debt related to earnout provisions from prior year acquisitions and an additional purchase of a portion of minority interests in LeadClick Media Inc.

First Advantage Corporation**Notes to Consolidated Financial Statements**

The preliminary allocation of the aggregate purchase price of this acquisition and the earnouts are as follows:

<i>(in thousands)</i>	
Goodwill	\$59,013
Identifiable intangible assets	2,308
Net assets acquired	865
	<u>\$62,186</u>

The changes in the carrying amount of goodwill, by operating segment, are as follows for the six months ended June 30, 2008:

<i>(in thousands)</i>	Balance at December 31, 2007	Acquisitions and Earnouts	Adjustments to net assets acquired	Balance at June 30, 2008
Lender Services	\$ 51,088	\$ 894	\$ (545)	\$ 51,437
Data Services	230,115	8,008	510	238,633
Dealer Services	55,155	—	515	55,670
Employer Services	245,316	30,215	1,046	276,577
Multifamily Services	49,100	—	—	49,100
Investigative and Litigation Support Services	63,745	19,896	(145)	83,496
Consolidated	<u>\$ 694,519</u>	<u>\$ 59,013</u>	<u>\$ 1,381</u>	<u>\$ 754,913</u>

The adjustments to net assets acquired represent post acquisition adjustments for those companies not acquired in the period.

4. Discontinued Operations

As discussed in Note 1, in October 2007, the Company completed the sale of its consumer business, US SEARCH.com for approximately \$26.5 million in cash resulting in a gain before income taxes of approximately \$20.4 million. US SEARCH.com was included in the Company's Data Services segment. With the growth of First Advantage, a consumer-driven people locator service no longer fits into the Company's core business strategy. The results of this business' prior periods operations are reflected in the Company's Consolidated Statements of Income and Comprehensive Income (Loss) as discontinued operations.

As part of the Company's streamlining initiative, First Advantage sold FAIS in April 2008, which was included in our Investigative and Litigation Support Services segment, and sold CMSI in June 2008, which was included in our Dealer Services segment. These businesses are presented in discontinued operations at June 30, 2008. The results of these businesses' operations in the prior periods have been reclassified to conform to the 2008 classification.

[Table of Contents](#)

First Advantage Corporation

Notes to Consolidated Financial Statements

The following amounts have been segregated from continuing operations and are reflected as discontinued operations for the three and six months ended June 30, 2008 and 2007.

<i>(in thousands, except per share amounts)</i>	For the Three Months Ended		For the Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2008	2007	2008	2007
Total revenue	\$ 2,826	\$ 11,709	\$ 7,671	\$ 23,511
(Loss) income from discontinued operations before income taxes	\$ (2,141)	\$ 257	\$ (7,155)	\$ 411
Income tax (benefit) expense	(877)	105	(2,914)	169
(Loss) income from discontinued operations, net of tax	\$ (1,264)	\$ 152	\$ (4,241)	\$ 242
Loss per share:				
Basic	\$ (0.02)	\$ —	\$ (0.07)	\$ —
Diluted	\$ (0.02)	\$ —	\$ (0.07)	\$ —
Weighted-average common shares outstanding:				
Basic	59,435	58,954	59,297	58,665
Diluted	59,617	59,445	59,374	59,130

During 2008, the Company recorded a pre-tax charge of approximately \$5.5 million, or \$3.3 million after income taxes, in discontinued operations to reduce the carrying value of goodwill and other assets related to these businesses in order to reflect the net proceeds realized from selling these two businesses.

At December 31, 2007, the Company classified certain assets and liabilities associated with the discontinued operations as assets of discontinued operations and liabilities of discontinued operations in the Consolidated Balance Sheets in accordance with the guidance in the SFAS 144.

<i>(in thousands)</i>	December 31, 2007
Current assets	3,614
Long term assets	8,438
Total assets of discontinued operations	12,052
Total liabilities of discontinued operations	4,989
Net assets of discontinued operations	\$ 7,063

5. Goodwill and Intangible Assets

In accordance with SFAS 142, "Goodwill and Other Intangible Assets," the Company will complete the goodwill impairment test for all reporting units in the fourth quarter of 2008 (using the September 30 valuation date). As of June 30, 2008, no impairment triggers have been identified. With the decline in the housing market,

[Table of Contents](#)**First Advantage Corporation****Notes to Consolidated Financial Statements**

challenging credit environment, increased unemployment and uncertain economic conditions, the Company will continue to monitor events and circumstances that may cause an impairment assessment, specifically in our data services (specialty credit and lead generation), and employer services reporting units.

Goodwill and other intangible assets as of June 30, 2008 and December 31, 2007 are as follows:

<i>(in thousands)</i>	<u>June 30, 2008</u>	<u>December 31, 2007</u>
Goodwill	\$ 754,913	\$ 694,519
Customer lists	\$ 95,777	\$ 93,712
Less accumulated amortization	(35,972)	(30,229)
Customer lists, net	\$ 59,805	\$ 63,483
Other intangible assets:		
Noncompete agreements	\$ 11,907	\$ 14,717
Trade names	21,631	21,620
	33,538	36,337
Less accumulated amortization	(13,057)	(13,326)
Other intangible assets, net	\$ 20,481	\$ 23,011

Amortization of customer lists and other intangible assets totaled approximately \$4.4 million and \$4.1 million for the three months ended June 30, 2008 and 2007, respectively and \$8.5 million and \$8.1 million for the six months ended June 30, 2008 and 2007, respectively.

Estimated amortization expense relating to intangible asset balances as of June 30, 2008, is expected to be as follows over the next five years and thereafter:

<i>(in thousands)</i>	
Remainder of 2008	\$ 7,970
2009	15,228
2010	14,189
2011	11,504
2012	10,284
Thereafter	21,111
	<u>\$80,286</u>

[Table of Contents](#)**First Advantage Corporation****Notes to Consolidated Financial Statements**

The changes in the carrying amount of identifiable intangible assets are as follows for the six months ended June 30, 2008:

<i>(in thousands)</i>	<u>Other Intangible Assets</u>	<u>Customer Lists</u>
Balance, at December 31, 2007	\$ 23,011	\$63,483
Acquisitions	226	2,082
Adjustments	10	(11)
Amortization	(2,766)	(5,749)
Balance, at June 30, 2008	<u>\$ 20,481</u>	<u>\$59,805</u>

6. Debt

Long-term debt consists of the following at June 30, 2008:

(in thousands, except percentages)

Acquisition notes:	
Weighted average interest rate of 5.00% with maturities through 2011	\$27,676
Bank notes:	
\$225 million Secured Credit Facility, interest at 30-day LIBOR plus 1.25% (3.77% at June 30, 2008) matures September 2010	45,000
Capital leases and other debt:	
Various interest rates with maturities through 2011	1,004
Total long-term debt and capital leases	\$73,680
Less current portion of long-term debt and capital leases	16,541
Long-term debt and capital leases, net of current portion	<u>\$57,139</u>

At June 30, 2008, the Company was in compliance with the financial covenants of its loan agreement.

[Table of Contents](#)**First Advantage Corporation****Notes to Consolidated Financial Statements****7. Earnings Per Share**

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

<i>(in thousands, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Income from continuing operations	\$13,652	\$18,195	\$29,918	\$29,348
(Loss) income from discontinued operations, net of tax	(1,264)	152	(4,241)	242
Net Income - numerator for basic and fully diluted earnings per share	<u>\$12,388</u>	<u>\$18,347</u>	<u>\$25,677</u>	<u>\$29,590</u>
Denominator:				
Weighted-average shares for basic earnings per share	59,435	58,954	59,297	58,665
Effect of restricted stock	75	124	47	123
Effect of dilutive securities - employee stock options and warrants	107	367	30	342
Denominator for diluted earnings per share	<u>59,617</u>	<u>59,445</u>	<u>59,374</u>	<u>59,130</u>
Earnings per share:				
Basic				
Income from continuing operations	\$ 0.23	\$ 0.31	\$ 0.50	\$ 0.50
Loss from discontinued operations, net of tax	(0.02)	—	(0.07)	—
Net income	<u>\$ 0.21</u>	<u>\$ 0.31</u>	<u>\$ 0.43</u>	<u>\$ 0.50</u>
Diluted				
Income from continuing operations	\$ 0.23	\$ 0.31	\$ 0.50	\$ 0.50
Loss from discontinued operations, net of tax	(0.02)	—	(0.07)	—
Net income	<u>\$ 0.21</u>	<u>\$ 0.31</u>	<u>\$ 0.43</u>	<u>\$ 0.50</u>

For the three months ended June 30, 2008 and 2007, options and warrants totaling 3,062,601 and 2,105,586, respectively, were excluded from the weighted average diluted shares outstanding, as they were antidilutive. For the six months ended June 30, 2008 and 2007, options and warrants totaling 3,599,011 and 1,901,776, respectively, were excluded from the weighted average diluted shares outstanding, as they were antidilutive.

8. Share-Based Compensation

In the first quarter of 2008, the Company changed from granting stock options as the primary means of share-based compensation to granting restricted stock units ("RSU"). The fair value of any RSU grant is based on the market value of the Company's shares on the date of the grant and is recognized as compensation expense over the vesting period. RSUs generally vest over three years at a rate of 33.3% for the first two years and 33.4% for last year.

[Table of Contents](#)**First Advantage Corporation****Notes to Consolidated Financial Statements**

Restricted stock activity since December 31, 2007 is summarized as follows:

<i>(in thousands, except exercise prices)</i>	<u>Number of Shares</u>	<u>Weighted Average Grant-Date Fair Value</u>
Nonvested restricted stock outstanding at December 31, 2007	336	\$ 26.10
Restricted stock granted	475	\$ 20.32
Restricted stock forfeited	(4)	\$ 20.36
Restricted stock vested	(127)	\$ 25.70
Nonvested restricted stock outstanding at June 30, 2008	<u>680</u>	<u>\$ 22.17</u>

The following table illustrates the share-based compensation expense recognized for the three and six months ended June 30, 2008 and 2007. Approximately \$3.4 million of the six months ended June 30, 2007 share-based compensation expense is related to the former CEO's 2007 transition agreement.

<i>(in thousands)</i>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Stock options	\$ 1,326	\$ 2,027	\$ 2,700	\$ 4,915
Restricted stock	1,349	628	2,188	3,526
Employee stock purchase plan	42	40	86	116
	<u>\$ 2,717</u>	<u>\$ 2,695</u>	<u>\$ 4,974</u>	<u>\$ 8,557</u>

Stock option activity under the Company's stock plan since December 31, 2007 is summarized as follows:

<i>(in thousands, except exercise prices)</i>	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Aggregate Intrinsic Value</u>
Options outstanding at December 31, 2007	4,615	\$ 22.60	\$ 247
Options exercised	(241)	\$ 17.69	932
Options forfeited	(89)	\$ 23.93	4
Options outstanding at June 30, 2008	<u>4,285</u>	<u>\$ 22.84</u>	<u>\$ 184</u>
Options exercisable, end of the quarter	<u>3,357</u>	<u>\$ 22.21</u>	<u>\$ 184</u>

[Table of Contents](#)**First Advantage Corporation****Notes to Consolidated Financial Statements**

The following table summarizes information about stock options outstanding at June 30, 2008:

(in thousands, except for exercise prices, years and weighted average amounts)

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Shares	Weighted Avg Remaining Contractual Life in Years	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
\$7.00 - \$ 12.50	9	3.0	\$11.51	9	\$11.51
\$12.51 - \$ 25.00	3,068	5.0	\$20.99	2,710	\$20.80
\$25.01 - \$ 50.00	1,197	7.7	\$27.08	627	\$27.27
\$50.01 - \$242.25	11	2.0	\$87.63	11	\$87.63
	<u>4,285</u>			<u>3,357</u>	

The Company had outstanding warrants to purchase up to 41,462 shares of its common stock at an exercise price of \$12.05 per share as of June 30, 2008. The weighted average remaining contractual life in years for the warrants outstanding is 2.93.

9. Income Taxes

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal examinations by tax authorities for years before 2003, and state and local, and non-U.S. income tax examinations by tax authorities before 2002. The Internal Revenue Service is conducting an examination of First Advantage Corporation's 2005 consolidated federal income tax return. The Company does not anticipate material adjustments as a result of this examination.

The Company adopted the provisions of FASB Interpretation No. 48 ("FIN 48"), Accounting for Uncertainty in Income Taxes, on January 1, 2007. As a result of the implementation of FIN 48, the Company recognized approximately a \$0.2 million increase in the liability for uncertain tax benefits as well as approximately \$0.7 million increase in the liability for related penalties and interest, which was accounted for as a reduction to the January 1, 2007 retained earnings.

As of June 30, 2008, the Company has a \$1.9 million total liability recorded for unrecognized tax benefits as well as a \$0.3 million total liability for income tax related interest. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is \$1.9 million. The majority of the unrecognized tax benefits and associated interest relates to foreign operations. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Company does not currently anticipate that the total amount of unrecognized tax benefits will significantly increase or decrease by the end of 2008.

First Advantage Corporation

Notes to Consolidated Financial Statements

10. Segment Information

The Company operates in six primary business segments: Lender Services, Data Services, Dealer Services, Employer Services, Multifamily Services, and Investigative and Litigation Support Services.

The Lender Services segment offers lenders credit reporting solutions for mortgage and home equity needs.

The Data Services segment includes business lines that provide transportation credit reporting, motor vehicle record reporting, fleet management, criminal records reselling, subprime credit reporting, consumer credit reporting services, and lead generation services. Revenue for the Data Services segment includes \$1.4 million and \$1.3 million of inter-segment sales for the three months ended June 30, 2008 and 2007, respectively, and \$2.8 million and \$2.5 million of inter-segment sales for the six months ended June 30, 2008 and 2007, respectively.

The Dealer Services business segment serves the automotive dealer marketplace by delivering consolidated consumer credit reports and automotive lead generation services.

The Employer Services segment includes employment background screening, occupational health services, tax incentive services and hiring solutions. 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. Hiring solutions include applicant tracking software, recruiting services and outsourced management of payroll and human resource functions. Tax incentive services include services related to the administration of employment-based and location-based tax credit and incentive programs, sales and use tax programs and fleet asset management programs. Revenue for the Employer Services segment includes \$0.1 million and \$0.2 million of inter-segment sales for the three month periods ended June 30, 2008 and 2007, respectively. Revenue for the Employer Services segment includes \$0.5 million and \$0.6 million of inter-segment sales for the six month periods ended June 30, 2008 and 2007, respectively.

The Multifamily Services segment includes resident screening and software services. Resident screening services include criminal background and eviction searches, credit reporting, employment verification and lease performance and payment histories. Revenue for the Multifamily Services segment includes \$0.2 million and \$0.1 million of inter-segment sales for the three months ended June 30, 2008 and 2007, respectively. Revenue for the Multifamily Services segment includes \$0.4 million and \$0.3 million of inter-segment sales for the six months ended June 30, 2008 and 2007, respectively.

First Advantage Corporation

Notes to Consolidated Financial Statements

The Investigative and Litigation Support Services segment includes all investigative services. Products and services offered by the Investigative and Litigation Support Services segment includes computer forensics, electronic discovery, due diligence reports and other high level investigations.

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

Service revenue for international operations included in the Employer Services segment was \$12.3 million and \$9.8 million for the three months ended June 30, 2008 and 2007, respectively and \$23.4 million and \$18.4 million for the six months ended June 30, 2008 and 2007, respectively. Service revenue for international operations included in the Investigative and Litigation Support Services segment was \$11.7 million and \$6.0 million for the three months ended June 30, 2008 and 2007, respectively and \$24.6 million and \$6.1 million for the six months ended June 30, 2008 and 2007, respectively.

[Table of Contents](#)**First Advantage Corporation****Notes to Consolidated Financial Statements**

The following table sets forth segment information for the three and six months ended June 30, 2008 and 2007.

<i>(in thousands)</i>	<u>Service Revenue</u>	<u>Depreciation and Amortization</u>	<u>Income (Loss) From Operations</u>	<u>Assets</u>
Three Months Ended June 30, 2008				
Lender Services	\$ 33,680	\$ 1,088	\$ 5,518	\$ 76,680
Data Services	27,882	2,715	5,561	323,548
Dealer Services	24,955	296	4,646	87,234
Employer Services	55,511	3,592	3,004	427,488
Multifamily Services	19,986	1,429	6,569	89,343
Investigative and Litigation Support Services	21,178	858	7,535	115,539
Corporate and Eliminations	(769)	1,045	(8,840)	64,152
Consolidated	<u>\$182,423</u>	<u>\$ 11,023</u>	<u>\$ 23,993</u>	<u>\$1,183,984</u>
Three Months Ended June 30, 2007				
Lender Services	\$ 43,682	\$ 1,686	\$ 11,686	\$ 82,424
Data Services	32,615	2,577	9,976	319,954
Dealer Services	27,489	296	3,743	108,450
Employer Services	57,971	2,671	6,799	366,150
Multifamily Services	19,676	1,187	5,866	84,618
Investigative and Litigation Support Services	15,752	721	5,027	94,492
Corporate and Eliminations	(544)	687	(9,074)	64,378
Consolidated (excluding Assets of Discontinued Operations)	<u>\$196,641</u>	<u>\$ 9,825</u>	<u>\$ 34,023</u>	<u>\$1,120,466</u>
Six Months Ended June 30, 2008				
Lender Services	\$ 72,994	\$ 1,831	\$ 14,983	\$ 76,680
Data Services	56,511	5,361	11,694	323,548
Dealer Services	50,881	591	9,165	87,234
Employer Services	109,198	6,671	6,475	427,488
Multifamily Services	38,335	2,798	11,341	89,343
Investigative and Litigation Support Services	44,681	1,623	17,060	115,539
Corporate and Eliminations	(1,923)	2,044	(19,566)	64,152
Consolidated	<u>\$370,677</u>	<u>\$ 20,919</u>	<u>\$ 51,152</u>	<u>\$1,183,984</u>
Six Months Ended June 30, 2007				
Lender Services	\$ 90,294	\$ 3,334	\$ 24,342	\$ 82,424
Data Services	66,312	5,072	20,661	319,954
Dealer Services	54,825	615	7,411	108,450
Employer Services	112,796	5,139	11,910	366,150
Multifamily Services	37,281	2,357	10,180	84,618
Investigative and Litigation Support Services	28,075	1,501	7,948	94,492
Corporate and Eliminations	(1,755)	1,344	(26,564)	64,378
Consolidated (excluding Assets of Discontinued Operations)	<u>\$387,828</u>	<u>\$ 19,362</u>	<u>\$ 55,888</u>	<u>\$1,120,466</u>

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

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 and availability of cash flows and other sources of liquidity, current levels of operations, anticipated growth, future market positions, synergies from integration, ability to execute its growth strategy, levels of capital expenditures and ability to satisfy current debt. These forward-looking statements, and others 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. In addition to the risk factors set forth above and in this quarterly report on Form 10-Q, you should carefully consider the risk factors set forth in the Company’s Annual Report on Form 10-K for the year ended December 31, 2007, as well as the other information contained the Company’s Annual Report, as updated or modified in subsequent filings. The Company faces risks other than those listed in the Annual Report, as updated, including those that are unknown and others of which the Company may be aware but, at present, considers immaterial. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

First Advantage Corporation (Nasdaq: FADV) ("First Advantage" or the "Company") provides global risk mitigation, screening services and credit reporting to enterprise and consumer customers. The Company operates in six primary business segments: Lender Services, Data Services, Dealer Services, Employer Services, Multifamily Services, and Investigative & Litigation Support Services. First Advantage is headquartered in Poway, California and has approximately 4,800 employees in offices throughout the United States and abroad. During the six months ended June 30, 2008, First Advantage acquired one company, which is included in the Employer Services segment.

Operating results for the three and six months ended June 30, 2008 included total service revenue of \$182.4 million and \$370.7 million, respectively. This represents a decrease of 7.2% and 4.4% over the same periods in 2007, including \$5.3 million and \$10.8 million in service revenue related to acquisitions. Operating income for the three and six months ended June 30, 2008 was \$24.0 million and \$51.2 million, respectively. Operating income decreased \$10.0 million for the three months ended June 30, 2008 in comparison to the same period in 2007. Results of operation for the three months ended June 30, 2008 includes approximately \$1.7 million (\$1.0 million after taxes or 2 cents per diluted share) of costs related to the consolidation of operations. Operating income decreased \$4.7 million for the six months ended June 30, 2008 in comparison to the same period in 2007. In connection with the former CEO's Transition Agreement, First Advantage recorded compensation expense of \$8.0 million in the six months ended June 30, 2007 (included in salaries and benefits in the accompanying Consolidated Statements of Income and Comprehensive Income (Loss)), reflecting the value of the cash severance payment of \$4.4 million and the value of the previously unvested restricted stock, restricted stock units and stock options. The \$8.0 million of compensation expense reduced net income for the six months ended June 30, 2007 by \$4.7 million or 8 cents per diluted share.

As part of the Company's streamlining initiative, in the second quarter of 2008, First Advantage sold FAIS, which was included in our Investigative and Litigation Support Services segment, and sold CMSI in June 2008, which was included in our Dealer Services segment. These businesses are presented in discontinued operations at June 30, 2008. The results of these businesses' operations in the prior periods have been reclassified to conform to the 2008 classification.

In October 2007, the Company completed the sale of its US Search business. US SEARCH.com was included in the Company's Data Services segment. With the growth of First Advantage, a consumer-driven people locator service no longer fits into the Company's core business strategy. The results of this business' operations in the prior periods are reflected in the Company's Consolidated Statements of Income and Comprehensive Income (Loss) as discontinued operations.

Management expects continued weakness in the real estate and mortgage markets impacting the Company's Lender Services segment and the lead generation and specialty credit businesses in the Data Services segment. In addition, the impact of the issues in the real estate and related credit markets together with the recent escalation in energy costs and other macroeconomic matters has resulted in higher unemployment rates negatively impacting the volumes in the Employer Services segment. Given this outlook, management of these segments will focus on expense reductions, operating efficiencies, and increasing market share.

Critical Accounting Estimates

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, 2007.

[Table of Contents](#)

Recent Accounting Pronouncements

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (revised 2007) “Business Combinations” (“SFAS 141(R)”). This replaces SFAS 141, “Business Combinations”, and requires an acquirer to recognize the assets acquired, the liabilities assumed, including those arising from contractual contingencies, any contingent consideration, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions specified in the statement. SFAS 141(R) also requires the acquirer in a business combination achieved in stages (sometimes referred to as a step acquisition) to recognize the identifiable assets and liabilities, as well as the noncontrolling interest in the acquiree, at the full amounts of their fair values (or other amounts determined in accordance with SFAS 141(R)). In addition, SFAS 141(R)’s requirement to measure the noncontrolling interest in the acquiree at fair value will result in recognizing the goodwill attributable to the noncontrolling interest in addition to that attributable to the acquirer. SFAS 141(R) amends SFAS 109, “Accounting for Income Taxes,” to require the acquirer to recognize changes in the amount of its deferred tax benefits that are recognizable because of a business combination either in income from continuing operations in the period of the combination or directly in contributed capital, depending on the circumstances. SFAS 141(R) is effective at the beginning of a company’s first fiscal year after December 15, 2008. The Company is currently evaluating the effects of adoption on its consolidated financial statements and the impact, if any, is not known at this time.

In December 2007, the FASB issued SFAS No. 160 “Noncontrolling Interests in Consolidated Financial Statements” (“SFAS 160”). SFAS 160 amends Accounting Research Bulletin 51, Consolidated Financial Statements, to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It also clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 also changes the way the consolidated income statement is presented by requiring consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. It also requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. SFAS 160 is effective at the beginning of a company’s first fiscal year after December 15, 2008. The Company is currently evaluating the effects of adoption on its consolidated financial statements and the impact, if any, is not known at this time.

In May 2008, the FASB issued SFAS No. 162, “The Hierarchy of Generally Accepted Accounting Principles” (“SFAS 162”). This statement identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in accordance with generally accepted accounting principles (“GAAP”). With the issuance of this statement, the FASB concluded that the GAAP hierarchy should be directed toward the entity and not its auditor, and reside in the accounting literature established by the FASB as opposed to the American Institute of Certified Public Accountants (“AICPA”) Statement on Auditing Standards No. 69, “The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles.” This statement is effective 60 days following the Securities and Exchange Commission’s approval of the Public Company Accounting Oversight Board amendments to AU Section 411, “The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles.” We have evaluated the new statement and have determined that it will not have a significant impact on the determination or reporting of our financial results.

Table of Contents

The following is a summary of the operating results by the Company's business segments for the three and six months ended June 30, 2008 and 2007.

(in thousands, except percentages)

	Lender Services	Data Services	Dealer Services	Employer Services	Multifamily Services	Invest/Litigation Support Services	Corporate and Eliminations	Total
Three Months Ended June 30, 2008								
Service revenue	\$33,680	\$27,882	\$24,955	\$55,511	\$ 19,986	\$ 21,178	\$ (769)	\$182,423
Reimbursed government fee revenue	—	11,906	—	2,226	—	—	(1,010)	13,122
Total revenue	33,680	39,788	24,955	57,737	19,986	21,178	(1,779)	195,545
Cost of service revenue	12,517	9,361	14,224	16,070	1,759	440	(884)	53,487
Government fees paid	—	11,906	—	2,226	—	—	(1,010)	13,122
Total cost of service	12,517	21,267	14,224	18,296	1,759	440	(1,894)	66,609
Gross margin	21,163	18,521	10,731	39,441	18,227	20,738	115	128,936
Salaries and benefits	11,222	6,769	1,935	20,339	6,386	8,442	7,834	62,927
Facilities and telecommunications	1,868	799	109	2,554	896	713	1,145	8,084
Other operating expenses	1,467	2,677	3,745	9,952	2,947	3,190	(1,069)	22,909
Depreciation and amortization	1,088	2,715	296	3,592	1,429	858	1,045	11,023
Income (loss) from operations	\$ 5,518	\$ 5,561	\$ 4,646	\$ 3,004	\$ 6,569	\$ 7,535	\$ (8,840)	\$ 23,993
Operating margin percentage	16.4%	19.9%	18.6%	5.4%	32.9%	35.6%	N/A	13.2%
Three Months Ended June 30, 2007								
Service revenue	\$43,682	\$32,615	\$27,489	\$57,971	\$ 19,676	\$ 15,752	\$ (544)	\$196,641
Reimbursed government fee revenue	—	11,097	—	3,644	—	—	(1,271)	13,470
Total revenue	43,682	43,712	27,489	61,615	19,676	15,752	(1,815)	210,111
Cost of service revenue	14,244	9,765	16,126	16,366	1,890	551	(481)	58,461
Government fees paid	—	11,097	—	3,644	—	—	(1,271)	13,470
Total cost of service	14,244	20,862	16,126	20,010	1,890	551	(1,752)	71,931
Gross margin	29,438	22,850	11,363	41,605	17,786	15,201	(63)	138,180
Salaries and benefits	12,459	5,771	2,334	21,352	6,721	6,976	7,132	62,745
Facilities and telecommunications	1,870	777	214	2,412	982	545	1,000	7,800
Other operating expenses	1,737	3,749	4,776	8,371	3,030	1,932	192	23,787
Depreciation and amortization	1,686	2,577	296	2,671	1,187	721	687	9,825
Income (loss) from operations	\$11,686	\$ 9,976	\$ 3,743	\$ 6,799	\$ 5,866	\$ 5,027	\$ (9,074)	\$ 34,023
Operating margin percentage	26.8%	30.6%	13.6%	11.7%	29.8%	31.9%	N/A	17.3%

Table of Contents

<u>Six Months Ended June 30, 2008</u>	<u>Lender Services</u>	<u>Data Services</u>	<u>Dealer Services</u>	<u>Employer Services</u>	<u>Multifamily Services</u>	<u>Invest/Litigation Support Services</u>	<u>Corporate and Eliminations</u>	<u>Total</u>
Service revenue	\$72,994	\$56,511	\$50,881	\$109,198	\$ 38,335	\$ 44,681	\$ (1,923)	\$370,677
Reimbursed government fee revenue	—	24,215	—	5,031	—	—	(2,099)	27,147
Total revenue	72,994	80,726	50,881	114,229	38,335	44,681	(4,022)	397,824
Cost of service revenue	26,196	18,692	29,092	30,807	3,314	1,021	(1,919)	107,203
Government fees paid	—	24,215	—	5,031	—	—	(2,099)	27,147
Total cost of service	26,196	42,907	29,092	35,838	3,314	1,021	(4,018)	134,350
Gross margin	46,798	37,819	21,789	78,391	35,021	43,660	(4)	263,474
Salaries and benefits	23,061	13,587	4,181	40,571	13,638	17,695	16,643	129,376
Facilities and telecommunications	3,822	1,577	221	5,050	1,830	1,495	2,289	16,284
Other operating expenses	3,101	5,600	7,631	19,624	5,414	5,787	(1,414)	45,743
Depreciation and amortization	1,831	5,361	591	6,671	2,798	1,623	2,044	20,919
Income (loss) from operations	<u>\$14,983</u>	<u>\$11,694</u>	<u>\$ 9,165</u>	<u>\$ 6,475</u>	<u>\$ 11,341</u>	<u>\$ 17,060</u>	<u>\$ (19,566)</u>	<u>\$ 51,152</u>
Operating margin percentage	20.5%	20.7%	18.0%	5.9%	29.6%	38.2%	N/A	13.8%

<u>Six Months Ended June 30, 2007</u>	<u>Lender Services</u>	<u>Data Services</u>	<u>Dealer Services</u>	<u>Employer Services</u>	<u>Multifamily Services</u>	<u>Invest/Litigation Support Services</u>	<u>Corporate and Eliminations</u>	<u>Total</u>
Service revenue	\$90,294	\$66,312	\$54,825	\$112,796	\$ 37,281	\$ 28,075	\$ (1,755)	\$387,828
Reimbursed government fee revenue	—	23,285	—	6,430	—	—	(2,171)	27,544
Total revenue	90,294	89,597	54,825	119,226	37,281	28,075	(3,926)	415,372
Cost of service revenue	29,847	20,371	31,688	32,306	3,444	1,060	(1,416)	117,300
Government fees paid	—	23,285	—	6,430	—	—	(2,171)	27,544
Total cost of service	29,847	43,656	31,688	38,736	3,444	1,060	(3,587)	144,844
Gross margin	60,447	45,941	23,137	80,490	33,837	27,015	(339)	270,528
Salaries and benefits	25,390	11,426	4,866	42,428	13,634	12,950	22,692	133,386
Facilities and telecommunications	3,816	1,495	492	4,755	1,917	1,043	2,000	15,518
Other operating expenses	3,565	7,287	9,753	16,258	5,749	3,573	189	46,374
Depreciation and amortization	3,334	5,072	615	5,139	2,357	1,501	1,344	19,362
Income (loss) from operations	<u>\$24,342</u>	<u>\$20,661</u>	<u>\$ 7,411</u>	<u>\$ 11,910</u>	<u>\$ 10,180</u>	<u>\$ 7,948</u>	<u>\$ (26,564)</u>	<u>\$ 55,888</u>
Operating margin percentage	27.0%	31.2%	13.5%	10.6%	27.3%	28.3%	N/A	14.4%

Lender Services Segment

Three Months Ended June 30, 2008 Compared to Three Months Ended June 30, 2007

Service revenue was \$33.7 million for the three months ended June 30, 2008, a decrease of \$10.0 million compared to service revenue of \$43.7 million for the three months ended June 30, 2007. The acquisition of a mortgage credit reporting business during the fourth quarter of 2007 increased service revenue by \$3.5 million, while service revenue from existing businesses decreased by \$13.5 million. A decrease in transactions related to the decline in the mortgage industry resulted in an overall decrease in service revenue.

Gross margin was \$21.2 million for the three months ended June 30, 2008, a decrease of \$8.2 million compared to gross margin of \$29.4 million in the same period of 2007. The acquisition of a mortgage credit reporting business during the fourth quarter of 2007 increased gross margin by \$1.9 million, while gross margin from existing businesses decreased by \$10.1 million. The impact of the decrease in transactions, lower gross margin as a percentage of service revenue from the credit reporting business acquired in the fourth quarter of 2007, lower gross margin on new products and services, and an increase in credit data costs resulted in an overall decrease in gross margin. Gross margin was 62.8% for the three months ended June 30, 2008 as compared to 67.4% for the three months ended June 30, 2007.

[Table of Contents](#)

Salaries and benefits decreased by \$1.2 million. Salaries and benefits were 33.3% of service revenue in the second quarter of 2008 compared to 28.5% during the same period in 2007. The acquisition of a mortgage credit reporting business during the fourth quarter of 2007 increased salaries and benefits expense by \$0.5 million during the three months ended June 30, 2008, while salaries and benefits from existing businesses decreased by \$1.7 million. The segment has decreased employees in line with the decrease in service revenue. Severance expense of \$0.2 million was recorded for the three months ended June 30, 2008.

Facilities and telecommunication expenses for the second quarter of 2008 were comparable to the same period in 2007. Facilities and telecommunication expenses were 5.5% of service revenue in the second quarter of 2008 compared to 4.3% in the second quarter of 2007.

Other operating expenses decreased by \$0.3 million. Other operating expenses were 4.4% of service revenue in the second quarter of 2008 compared to 4.0% for the same period of 2007. The decrease in other operating expense was due to a reduction in temporary labor costs, international operations, and bad debt expense. This is offset by the acquisition of a mortgage credit reporting business during the fourth quarter of 2007 which increased other operating expenses by \$0.5 million during the three months ended June 30, 2008.

Depreciation and amortization decreased by \$0.6 million. Depreciation and amortization was 3.2% of service revenue during the second quarter of 2008 compared to 3.9% in the same period in 2007. The decrease is primarily due to certain fixed assets and intangibles becoming fully depreciated.

Income from operations was \$5.5 million for the three months ended June 2008 compared to \$11.7 million in the same period of 2007. The acquisition of a mortgage credit reporting business during the fourth quarter of 2007 increased income from operations by \$0.6 million, while income from operations from existing businesses decreased by \$6.8 million. The operating margin percentage decreased from 26.8% to 16.4% primarily due to the overall decrease in service revenue.

Data Services Segment

Three Months Ended June 30, 2008 Compared to Three Months Ended June 30, 2007

Service revenue was \$27.9 million for the three months ended June 30, 2008, a decrease of \$4.7 million compared to service revenue of \$32.6 million in the same period of 2007. The decrease in service revenue is primarily due to the reduced volumes in the lead generation business and specialty credit businesses as a result of the economic slowdown in the housing and credit markets.

Cost of service revenue was \$9.4 million for the three months ended June 30, 2008, a decrease of \$0.4 million compared to cost of service revenue of \$9.8 million in the same period of 2007. Cost of service revenue was 33.6% of service revenue during the second quarter of 2008 compared to 29.9% in the same period in 2007. The increase as a percentage of service revenue is primarily due to reduced volume levels of the relatively higher gross margin lead generation and specialty credit businesses.

Salaries and benefits increased by \$1.0 million. Salaries and benefits were approximately 24.3% of service revenue in the second quarter of 2008 compared to 17.7% of service revenue in the second quarter of 2007. The increase is primarily due to an increase in salaries and benefits for technology personnel previously outsourced to gain cost efficiencies.

Facilities and telecommunication expenses for the second quarter of 2008 were comparable to the same period in 2007. Facilities and telecommunication expenses were approximately 2.9% of service revenue in the second quarter of 2008 compared to 2.4% of service revenue in the second quarter of 2007.

Other operating expenses decreased by \$1.1 million. Other operating expenses were 9.6% of service revenue in the second quarter of 2008 compared to 11.5% in the second quarter of 2007. The decrease is primarily due to the decrease of technology related shared services fees.

[Table of Contents](#)

Depreciation and amortization for the second quarter of 2008 was comparable to the same period in 2007. Depreciation and amortization was 9.7% of service revenue during the second quarter of 2008 compared to 7.9% in the same period in 2007.

Income from operations was \$5.6 million for the second quarter of 2008, a decrease of \$4.4 million compared to \$10.0 million in the second quarter of 2007. The operating margin percentage decreased from 30.6% to 19.9% in comparing the second quarter of 2007 to the second quarter of 2008. The decrease is primarily driven by the lead generation business where revenue has declined, cost of service has increased and expenses to support future growth have increased.

Dealer Services Segment

Three Months Ended June 30, 2008 Compared to Three Months Ended June 30, 2007

Service revenue was \$25.0 million for the three months ended June 30, 2008, a decrease of \$2.5 million compared to service revenue of \$27.5 million for the three months ended June 30, 2007. The decrease in service revenue is primarily due to the decrease in revenues at the automotive lead generation business.

Gross margin was \$10.7 million for the three months ended June 30, 2008, a decrease of \$0.7 million compared to gross margin of \$11.4 million in the same period of 2007. The impact of the decrease in service revenue, primarily in the automotive lead generation business, resulted in an overall decrease in gross margin. Gross margin was 43.0% for the three months ended June 30, 2008 as compared to 41.3% for the three months ended June 30, 2007.

Salaries and benefits decreased by \$0.4 million. Salaries and benefits were 7.8% of service revenue in the second quarter of 2008 compared to 8.5% during the same period in 2007. Salaries and benefits expense decreased due to operational efficiencies.

Facilities and telecommunication expenses for the second quarter of 2008 were comparable to the same period in 2007. Facilities and telecommunication expenses were approximately 0.4% of service revenue in the second quarter of 2008 compared to 0.8% of service revenue in the second quarter of 2007.

Other operating expenses decreased by \$1.0 million. Other operating expenses were 15.0% of service revenue in the second quarter of 2008 compared to 17.4% for the same period in 2007. The decrease is primarily due to a decrease in the amounts from shared services, and a decrease in bad debt expense at the automotive lead generation business.

Depreciation and amortization for the second quarter of 2008 was comparable to the same period in 2007. Depreciation and amortization were 1.2% of service revenue in the second quarter of 2008 compared to 1.1% for the same period in 2007.

Income from operations was \$4.6 million for the three months ended June 2008 compared to \$3.7 million in the same period in 2007. The operating margin percentage increased from 13.6% to 18.6% primarily due to the impact of operational efficiencies at the automotive credit reporting subsidiary, including the impact of lower allocations from shared services.

Employer Services Segment

Three Months Ended June 30, 2008 Compared to Three Months Ended June 30, 2007

Service revenue was \$55.5 million for the three months ended June 30, 2008, a decrease of \$2.5 million compared to service revenue of \$58.0 million in the same period of 2007. The decrease was a result of a decline of \$4.2 million of revenue from existing businesses offset by the addition of \$1.7 million of revenue from the acquisition in the second quarter of 2008. The decline in service revenue from existing businesses is primarily due to the occupational health division and certain tax incentive revenue related to the Katrina tax credit program. This is offset by organic growth in our international background companies.

Salaries and benefits decreased by \$1.0 million. Salaries and benefits were 36.6% of service revenue in the second quarter of 2008 compared to 36.8% in the same period of 2007. The decrease is a direct effect of office closings in 2007 and the shift of personnel to shared services, offset by an increase for acquisitions and international expansion. In addition, there was approximately \$0.5 million in severance costs recorded for the three months ended June 30, 2008 for office consolidations.

Facilities and telecommunication expenses are comparable to the same period of 2007. Facilities and telecommunication expenses were 4.6% of service revenue in the second quarter of 2008 and 4.2% in the second quarter of 2007.

Other operating expenses increased by \$1.6 million. Other operating expenses were 17.9% of service revenue in the second quarter of 2008 and 14.4% for the same period of 2007. The increase in other operating expenses is primarily due to the increase in allocation for shared services, and an increase of \$0.2 million in bad debt expenses.

Depreciation and amortization increased by \$0.9 million primarily due to the addition of intangible assets related to the acquisitions and the rollout of new software projects. Approximately \$0.5 million was related to asset write downs for the office consolidations.

Income from operations was \$3.0 million for the three months ended June 30, 2008, a decrease of \$3.8 million compared to income from operations of \$6.8 million in the same period of 2007. The operating margin percentage decreased from 11.7% to 5.4%. The decrease in the operating margin is primarily due to reduced volumes, a change in the revenue mix, and the costs incurred of \$1.1 million in connection with office consolidations.

Multifamily Services Segment

Three Months Ended June 30, 2008 Compared to Three Months Ended June 30, 2007

Service revenue was \$20.0 million for the three months ended June 30, 2008, an increase of \$0.3 million compared to service revenue of \$19.7 million in the same period of 2007. The organic growth was 1.6% for the segment.

Salaries and benefits cost decreased \$0.3 million. Salaries and benefits were 32.0% of service revenue for the second quarter of 2008 compared to 34.2% of service revenue in the same period of 2007.

Facilities and telecommunication expenses are comparable to the same period of 2007. Facilities and telecommunication expenses were 4.5% of service revenue in the second quarter of 2008 and 5.0% in the second quarter of 2007.

Other operating expenses are comparable to the same period of 2007. Other operating expenses were 14.7% of service revenue in the second quarter of 2008 compared to 15.4% in the same period of 2007.

[Table of Contents](#)

Depreciation and amortization increased \$0.2 million. Depreciation and amortization was 7.2% of service revenue in the second quarter of 2008 compared to 6.0% in the same period of 2007.

The operating margin percentage increased from 29.8% to 32.9%. Income from operations was \$6.6 million in the second quarter of 2008 compared to income from operations of \$5.9 million in the same period of 2007. The increase in operating margin is primarily due to the impact of operational efficiencies obtained on increased service revenue.

Investigative and Litigation Services Segment

Three Months Ended June 30, 2008 Compared to Three Months Ended June 30, 2007

Service revenue was \$21.2 million for the three months ended June 30, 2008, an increase of \$5.4 million compared to service revenue of \$15.8 million in the same period of 2007. The increase is primarily due to the growth in the segment's electronic discovery business of the Litigation Support Services division.

Salaries and benefits increased by \$1.5 million. Salaries and benefits were 39.9% of service revenue in the second quarter of 2008 compared to 44.3% in the same period of 2007. The expense increase is mainly due to the increase of employees in the Litigation Support Services division to support the revenue growth and compensation related to revenue and profitability.

Facilities and telecommunication expenses increased \$0.2 million. Facilities and telecommunication expenses were 3.4% of service revenue in the second quarter of 2008 and 3.5% in the same period of 2007.

Other operating expenses increased by \$1.3 million. Other operating expenses were 15.1% of service revenue in the second quarter of 2008 and 12.3% for the same period of 2007. The expense increase is related to geographic expansion and new business development efforts in this segment.

Depreciation and amortization were flat when compared to the second quarter of 2007. Depreciation and amortization was 4.1% of service revenue in the second quarter of 2008 compared to 4.6% in the same period of 2007.

The operating margin percentage increased from 31.9% to 35.6%. Income from operations was \$7.5 million for the second quarter of 2008 compared to \$5.0 million for the same period of 2007. The increase in margin is primarily due to the revenue increase on the higher margin electronic discovery business.

Corporate

Three Months Ended June 30, 2008 Compared to Three Months Ended June 30, 2007

Corporate costs and expenses represent primarily compensation and benefits for senior management, administrative staff, technology personnel and their related expenses in addition to an administrative fee paid to First American. The corporate expenses were \$8.8 million in the second quarter of 2008 compared to expenses of \$9.1 million in the same period of 2007.

Consolidated Results

Three Months Ended June 30, 2008 Compared to Three Months Ended June 30, 2007

Consolidated service revenue for the three months ended June 30, 2008 was \$182.4 million, a decrease of \$14.2 million compared to service revenue of \$196.6 million in the same period in 2007.

[Table of Contents](#)

Acquisitions accounted for \$5.3 million increase in revenue growth offset by \$19.5 million of revenue decline at existing businesses. The decrease in service revenue is primarily due to the declining economy and mortgage industry, and the challenging credit environment, offset by growth in our e-discovery business and international operations.

Salaries and benefits increased \$0.2 million. Salaries and benefits were 34.5% of service revenue for the three months ended June 30, 2008 and 31.9% for the same period in 2007. The increase is related to additional employees added to support international growth, offset by decreases in employees and office closures.

Facilities and telecommunication increased by \$0.3 million compared to the same period in 2007. Facilities and telecommunication expenses were 4.4% of service revenue in the second quarter of 2008 and 4.0% in the same period of 2007.

Other operating expenses decreased by \$0.9 million compared to the same period in 2007. Other operating expenses were 12.6% of service revenue for the three months ended June 30, 2008 and 12.1% in the second quarter of 2007. The decrease is due to operational efficiencies on decreased revenues.

Depreciation and amortization increased by \$1.2 million due to an increase in amortization of intangible assets as a result of acquisitions, fixed asset additions and the roll out of internally developed software, offset by certain fixed assets and intangibles becoming fully depreciated.

The consolidated operating margin was 13.2% for the three months ended June 30, 2008, compared to 17.3% for the same period in 2007. The operating margin was 14.1% for the three months ended June 30, 2008, excluding the \$1.7 million of restructuring costs.

Income from operations was \$24.0 million for the three months ended June 30, 2008 compared to \$34.0 million for the same period in 2007. The decrease of \$10.0 million is comprised of an increase in operating income of \$0.9 million in Dealer Services, \$2.5 million in Investigative and Litigation Support Services and \$0.7 million at Multifamily Services offset by decreases in operating income of \$6.1 million in Lender Services, \$4.4 million in Data Services, \$3.8 million in Employer Services and a decrease of corporate expenses of \$0.2 million.

Lender Services Segment

Six Months Ended June 30, 2008 Compared to Six Months Ended June 30, 2007

Service revenue was \$73.0 million for the six months ended June 30, 2008, a decrease of \$17.3 million compared to service revenue of \$90.3 million for the six months ended June 30, 2007. The acquisition of a mortgage credit reporting business during the fourth quarter of 2007 increased service revenue by \$8.0 million, while service revenue from existing businesses decreased by \$25.3 million. A decrease in transactions related to the decline in the mortgage industry resulted in an overall decrease in service revenue.

Gross margin was \$46.8 million for the six months ended June 30, 2008, a decrease of \$13.6 million compared to gross margin of \$60.4 million in the same period of 2007. The acquisition of a mortgage credit reporting business during the fourth quarter of 2007 increased gross margin by \$4.3 million, while gross margin from existing businesses decreased by \$17.9 million. Gross margin was 64.1% for the six months ended June 30, 2008 as compared to 66.9% for the six months ended June 30, 2007. The decrease is due to an increase in credit data costs and the current year's product mix.

Salaries and benefits decreased by \$2.3 million. Salaries and benefits were 31.6% of service revenue in the first six months of 2008 compared to 28.1% during the same period in 2007. The acquisition of a mortgage credit reporting business during the fourth quarter of 2007 increased salaries and benefits expense by \$1.4 million during the six months ended June 30, 2008, while salaries and benefits from existing businesses decreased by \$3.7 million. The segment has decreased employees in line with the decrease in service revenue.

[Table of Contents](#)

Facilities and telecommunication expenses were 5.2% of service revenue in the first six months of 2008 compared to 4.2% in the same period in 2007.

Other operating expenses decreased by \$0.5 million. Other operating expenses were 4.2% of service revenue in the first six months of 2008 compared to 3.9% for the same period of 2007. The decrease in other operating expense was due to a reduction of temporary labor costs, international operations, and bad debt expense. This is offset by the acquisition of a mortgage credit reporting business during the fourth quarter of 2007 which increased other operating expenses by \$1.0 million during the six months ended June 30, 2008.

Depreciation and amortization decreased by \$1.5 million. Depreciation and amortization was 2.5% of service revenue during the six months ended June 30, 2008 compared to 3.7% in the same period in 2007. The decrease is primarily due to certain fixed assets and intangibles becoming fully depreciated.

Income from operations was \$15.0 million for the six months ended June 2008 compared to \$24.3 million in the same period of 2007. The acquisition of a mortgage credit reporting business during the fourth quarter of 2007 increased income from operations by \$1.3 million, while income from operations from existing businesses decreased by \$10.6 million. The operating margin percentage decreased from 27.0% to 20.5% primarily due to the overall decrease in service revenue.

Data Services Segment

Six Months Ended June 30, 2008 Compared to Six Months Ended June 30, 2007

Service revenue was \$56.5 million for the six months ended June 30, 2008, a decrease of \$9.8 million compared to service revenue of \$66.3 million in the same period of 2007. The decrease in service revenue is primarily due to the reduced volumes in the lead generation and specialty credit businesses as a result of the economic slowdown in the housing and credit markets.

Cost of service revenue was \$18.7 million for the six months ended June 30, 2008, a decrease of \$1.7 million compared to cost of service revenue of \$20.4 million in the same period of 2007. Cost of service revenue was 33.1% of service revenue during the first half of 2008 compared to 30.7% in the same period in 2007. The increase as a percentage of service revenue is primarily due to reduced volume levels of the relatively higher gross margin lead generation and specialty credit businesses.

Salaries and benefits increased by \$2.2 million. Salaries and benefits were approximately 24.0% of service revenue in the six months ended June 30, 2008 compared to 17.2% of service revenue in the same period of 2007. The increase is primarily due to an increase in salaries and benefits for technology personnel previously outsourced to gain cost efficiencies.

Facilities and telecommunication expenses for the six months ended June 30, 2008 were comparable to the same period in 2007. Facilities and telecommunication expenses were approximately 2.8% and 2.3% of service revenue for the six months ended June 30, 2008 and 2007, respectively.

Other operating expenses decreased by \$1.7 million. Other operating expenses were 9.9% of service revenue in the six months ended June 30, 2008 and 11.0% in the same period of 2007. The decrease is primarily due to the decrease of technology related shared services fees.

Depreciation and amortization increased by \$0.3 million. Depreciation and amortization was 9.5% of service revenue during the six months ended June 30, 2008 compared to 7.6% in the same period in 2007.

[Table of Contents](#)

Income from operations was \$11.7 million for the six months ended June 30, 2008, a decrease of \$9.0 million compared to \$20.7 million in the six months ended June 30, 2007. The operating margin percentage decreased from 31.2% to 20.7% in comparing the first six months of 2008 to the same period of 2007. The decrease is primarily driven by the lead generation business where revenue has declined, cost of service has increased and expenses to support future growth have increased.

Dealer Services Segment

Six Months Ended June 30, 2008 Compared to Six Months Ended June 30, 2007

Service revenue was \$50.9 million for the six months ended June 30, 2008, a decrease of \$3.9 million compared to service revenue of \$54.8 million for the six months ended June 30, 2007. The decrease in service revenue is primarily due to the decline in revenues at the automotive lead generation business.

Gross margin was \$21.8 million for the six months ended June 30, 2008, a decrease of \$1.3 million compared to gross margin of \$23.1 million in the same period of 2007. The impact of the decrease in service revenue, primarily in the automotive lead generation business, resulted in an overall decrease in gross margin. Gross margin was 42.8% for the six months ended June 30, 2008 as compared to 42.2% for the six months ended June 30, 2007.

Salaries and benefits decreased by \$0.7 million. Salaries and benefits were 8.2% of service revenue in the first six months of 2008 compared to 8.9% during the same period in 2007. Salaries and benefits expense decreased due to operational efficiencies.

Facilities and telecommunication expenses decreased by \$0.3 million. Facilities and telecommunication expenses were 0.4% of service revenue in the first six months of 2008 compared to 0.9% in the first six months of 2007. The decrease in facilities and telecommunication expense is due to the impact of the relocation and consolidation of facilities for the automotive lead generation business in 2007.

Other operating expenses decreased by \$2.1 million. Other operating expenses were 15.0% of service revenue in the first six months of 2008 compared to 17.8% for the same period in 2007. The decrease in 2008 is due to a decrease in the amounts allocated from shared services, and a decrease in bad debt expense at the automotive lead generation business.

Depreciation and amortization was 1.2% and 1.1% of service revenue for the six months ended June 30, 2008 and 2007, respectively.

Income from operations was \$9.2 million for the six months ended June 2008 compared to \$7.4 million in the same period in 2007. The operating margin percentage increased from 13.5% to 18.0% primarily due to the impact of operational efficiencies at the automotive credit reporting subsidiary, including the impact of lower allocations from shared services and operating improvements in the automotive lead generation business.

Employer Services Segment

Six Months Ended June 30, 2008 Compared to Six Months Ended June 30, 2007

Service revenue was \$109.2 million for the six months ended June 30, 2008, a decrease of \$3.6 million compared to service revenue of \$112.8 million in the same period of 2007. The decrease was a result of a reduction in revenue of \$6.4 million from existing businesses offset by the addition of \$2.8 million of revenue from acquisitions. The decrease in service revenue from existing businesses is directly related to the slowdown in hiring in the United States and abroad. This is offset by the 2007 and 2008 acquisitions and continued international growth.

[Table of Contents](#)

Salaries and benefits decreased by \$1.9 million. Salaries and benefits were 37.2% of service revenue in the six months ended June 30, 2008 compared to 37.6% in the same period of 2007. The decrease is a direct effect of office closings in 2007 and the shift of personnel to shared services, offset by an increase for international growth. . In addition, there was approximately \$0.5 million in severance costs recorded for the six months ended June 30, 2008 for office consolidations.

Facilities and telecommunication expenses increased by \$0.3 million. Facilities and telecommunication expenses were 4.6% of service revenue in the six months ended June 30, 2008 and 4.2% in the six months ended June 30, 2007.

Other operating expenses increased by \$3.4 million. Other operating expenses were 18.0% of service revenue in the six months ended June 30, 2008 and 14.4% for the same period of 2007. The increase in other operating expenses is primarily due to the increase in allocation for shared services, increase in bad debt, and foreign currency losses.

Depreciation and amortization increased by \$1.5 million primarily due to the addition of intangible assets related to the acquisitions and the rollout of new software projects. Approximately \$0.5 million was recorded related to asset write downs for the office consolidations.

The operating margin percentage decreased from 10.6% to 5.9%. The operating margin was 7.0% excluding the restructuring charges. Income from operations was \$6.5 million for the six months ended June 30, 2008, a decrease of \$5.4 million compared to income from operations of \$11.9 million in the same period of 2007. The decrease in the operating margin is primarily due to a change in the revenue mix of the businesses in the six months ended June 30, 2008 compared to the same period in 2007 and restructuring costs of \$1.1 million incurred in 2008.

Multifamily Services Segment

Six Months Ended June 30, 2008 Compared to Six Months Ended June 30, 2007

Service revenue was \$38.3 million for the six months ended June 30, 2008, an increase of \$1.0 million compared to service revenue of \$37.3 million in the same period of 2007. The 2.8% organic growth is driven by expanded market share and an increase in products and services.

Salaries and benefits expenses are comparable to the same period of 2007. Salaries and benefits were 35.6% of service revenue for the six months ended June 30, 2008 compared to 36.6% of service revenue in the same period of 2007.

Facilities and telecommunication expenses are comparable to the same period of 2007. Facilities and telecommunication expenses were 4.8% and 5.1% of service revenue in the six months ended June 30, 2008 and 2007, respectively.

Other operating expenses decreased \$0.3 million. Other operating expenses were 14.1% of service revenue in the six months ended June 30, 2008 compared to 15.4% in the same period of 2007.

Depreciation and amortization increased \$0.4 million. Depreciation and amortization was 7.3% of service revenue in the six months ended June 30, 2008 compared to 6.3% in the same period of 2007.

Income from operations was \$11.3 million for the six months ended June 30, 2008 compared to income from operations of \$10.2 million in the same period of 2007. The operating margin percentage increased from 27.3% to 29.6% due to increased revenue from the renter's insurance program and cost containment with revenue growth.

Investigative and Litigation Services Segment

Six Months Ended June 30, 2008 Compared to Six Months Ended June 30, 2007

Service revenue was \$44.7 million for the six months ended June 30, 2008, an increase of \$16.6 million compared to service revenue of \$28.1 million in the same period of 2007. The increase is primarily due to the growth in the segment's electronic discovery business of the Litigation Support Services division.

Salaries and benefits increased by \$4.7 million. Salaries and benefits were 39.6% of service revenue in the six months ended June 30, 2008 compared to 46.1% in the same period of 2007. The increase is mainly due to the increase of employees in the Litigation support division to support the revenue growth and compensation related to revenue and profitability.

Facilities and telecommunication expenses increased \$0.5 million. Facilities and telecommunication expenses were 3.3% of service revenue in the six months ended June 30, 2008 and 3.7% in the same period of 2007.

Other operating expenses increased by \$2.2 million. Other operating expenses were 13.0% of service revenue in the six months ended June 30, 2008 and 12.7% for the same period of 2007. The expense increase is related to geographic expansion and new business development efforts in this segment.

Depreciation and amortization were flat when compared to the same period of 2007. Depreciation and amortization was 3.6% of service revenue in the six months ended June 30, 2008 compared to 5.3% in the same period of 2007.

The operating margin percentage increased from 28.3% to 38.2%. Income from operations was \$17.1 million for the six months ended June 30, 2008 compared to \$7.9 million for the same period of 2007. The increase in margin is primarily due to the significant revenue increase on the higher margin electronic discovery business.

Corporate

Six Months Ended June 30, 2008 Compared to Six Months Ended June 30, 2007

Corporate costs and expenses represent primarily compensation and benefits for senior management, administrative staff, technology personnel and their related expenses in addition to an administrative fee paid to First American. The corporate expenses were \$19.6 million in the six months ended 2008 compared to expenses of \$26.6 million in the same period of 2007. The decrease is primarily related to the \$8.0 million of severance costs recorded for the former CEO in the six months ended June 30, 2007.

Consolidated Results

Six Months Ended June 30, 2008 Compared to Six Months Ended June 30, 2007

Consolidated service revenue for the six months ended June 30, 2008 was \$370.7 million, a decrease of \$17.1 million compared to service revenue of \$387.8 million in the same period in 2007. Acquisitions accounted for \$10.8 million increase in revenue growth offset by \$27.9 million of revenue decline at existing businesses. The decrease in service revenue is directly related to the downturn in domestic hiring, the decline in the mortgage industry, weakness in the credit markets, and overall economic slowdown. This is offset by organic growth in the Employer Services segment international service revenue and the Investigative and Litigation Support segment.

[Table of Contents](#)

Salaries and benefits decreased \$4.0 million. Salaries and benefits were 34.9% of service revenue for the six months ended June 30, 2008 and 34.4% for the same period in 2007. The decrease is primarily due to strategic reductions in employees, office closures and the departure of our former CEO in 2007. In connection with the former CEO's Transition Agreement, the Company recorded compensation expense of \$8.0 million in the six months ended June 30, 2007, reflecting the value of the cash severance payment of \$4.4 million and the value of the previously unvested restricted stock, restricted stock units and stock options. This is offset by the increase related to customary annual salary increases, acquisitions and additional employees added to support international growth.

Facilities and telecommunication increased by \$0.8 million compared to the same period in 2007. Facilities and telecommunication expenses were 4.4% of service revenue in the six months ended June 30, 2008 and 4.0% in the same period of 2007. The increase is primarily related to acquisitions, relocation expenses, and international expansion, offset by office consolidations.

Other operating expenses decreased by \$0.6 million compared to the same period in 2007. Other operating expenses were 12.3% and 12.0% of service revenue for the six months ended June 30, 2008 and 2007, respectively. The decrease is due to a decrease in temporary labor, marketing, and office expenses related to the overall initiative to reduce costs. This is offset by an increase in shared services allocations and acquisitions.

Depreciation and amortization increased by \$1.6 million due to an increase in amortization of intangible assets as a result of acquisitions, fixed asset additions and the roll out of internally developed software, offset by certain fixed assets and intangibles becoming fully depreciated. Approximately \$0.7 million was recorded related to asset write downs for the office consolidations.

The consolidated operating margin was 13.8% for the six months ended June 30, 2008, compared to 14.4% for the same period in 2007. Excluding restructuring costs of \$1.7 million in 2008, the consolidated operating margin was 14.3%.

Income from operations was \$51.2 million for the six months ended June 30, 2008 compared to \$55.9 million for the same period in 2007. Results of operation for the six months ended June 30, 2008 includes restructuring costs of \$1.7 million. The decrease of \$4.7 million is comprised of an increase in operating income of \$1.8 million in Dealer Services, \$9.1 million in Investigative and Litigation Support Services and \$1.2 million at Multifamily Services offset by decreases in operating income of \$9.4 million in Lender Services, \$9.0 million in Data Services, \$5.4 million in Employer Services and a decrease of corporate expenses of \$7.0 million.

Liquidity and Capital Resources

Overview

The Company's principal sources of capital include, but are not limited to, existing cash balances, operating cash flows and borrowing under its Secured Credit Facility. The Company's short-term and long-term liquidity depends primarily upon its level of net income, working capital management (accounts receivable, accounts payable and accrued expenses) and bank borrowings. The Company believes that, based on current forecasts and anticipated market conditions, sufficient operating cash flow will be generated to meet substantially all operating needs, to make planned capital expenditures, scheduled debt payments, and tax obligations for the next twelve months. Any material variance of operating results could require us to seek other funding alternatives including raising additional capital.

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.

[Table of Contents](#)

Statements of Cash Flows

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. As of June 30, 2008, cash and cash equivalents were \$41.6 million.

Net cash used in operating activities of continuing operations was \$2.5 million compared to cash provided by operating activities from continuing operations of \$49.8 million for the six months ended June 30, 2008 and 2007, respectively.

Cash provided by operating activities of continuing operations decreased by \$52.3 million from the six months ended June 30, 2007 to the same period of 2008 while income from continuing operations was \$29.9 million in the six months ended June 30, 2008 and \$29.3 million for the same period in 2007. The decrease in cash provided by operating activities was primarily due to income tax payments of \$59.4 million, the majority of which were made in the first quarter of 2008 and payments made for annual incentive compensation. The tax payment was primarily related to the gain on sale of investment securities recognized in the fourth quarter of 2007.

Cash used in investing activities of continuing operations was \$78.4 million and \$48.1 million for the six months ended June 30, 2008 and 2007, respectively. In the six months ended June 30, 2008, cash in the amount of \$59.2 million was used for acquisitions (including \$45.9 million related to earnout provisions and purchase of minority interests of prior years' acquisitions) compared to \$27.2 million in 2007. Purchases of property and equipment, including software, were \$17.5 million in the six months ended June 30, 2008 compared to \$19.2 million in the same period of 2007.

Cash provided by financing activities of continuing operations was \$43.6 million for the six months ended June 30, 2008, compared cash used in financing activities of continuing operations of \$3.9 million for the six months ended June 30, 2007. In the six months ended June 30, 2008, proceeds from existing credit facilities were \$90.0 million compared to \$42.8 million in 2007. Repayment of debt was \$52.0 million in the six months ended June 30, 2008 and \$51.7 million in the same period of 2007.

Debt and Capital

In 2005, the Company executed a revolving credit agreement, with a bank syndication (the "Credit Agreement"). Borrowings available under the Credit Agreement total up to \$225 million. The Credit Agreement includes a \$10 million sub-facility for the issuance of letters of credit and up to a \$5 million swing loan facility. The credit facility maturity date is September 28, 2010. The Credit Agreement is collateralized by the stock of the Company's subsidiaries.

At June 30, 2008, the Company had available lines of credit of \$175.0 million and the Company was in compliance with the financial covenants of its loan agreements.

First Advantage filed a new Registration Statement with the Securities and Exchange Commission for the issuance of up to 5.0 million 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 January 9, 2006. A total of 1,338,631 shares were issued for acquisitions as of June 30, 2008.

[Table of Contents](#)

First Advantage filed a Registration Statement with the Securities and Exchange Commission for the issuance of up to 2.0 million shares of our Class A common stock, par value \$.001 per share, from time to time for general corporate purposes. The Registration Statement was declared effective on January 3, 2005. No shares have been issued as of June 30, 2008.

Contractual Obligations and Commercial Commitments

The following is a schedule of long-term contractual commitments, as of June 30, 2008, over the periods in which they are expected to be paid.

<u>In thousands</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Thereafter</u>	<u>Total</u>
Advertising commitments	\$ 127	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 127
Minimum contract purchase commitments	1,496	2,065	1,254	410	—	—	5,225
Operating leases	9,056	13,928	10,230	7,658	6,507	19,638	67,017
Debt and capital leases	11,411	9,309	52,535	425	—	—	73,680
Interest payments related to debt (1)	2,069	2,604	1,883	4	—	—	6,560
Total (2)	<u>\$24,159</u>	<u>\$27,906</u>	<u>\$65,902</u>	<u>\$8,497</u>	<u>\$6,507</u>	<u>\$ 19,638</u>	<u>\$152,609</u>

(1) Estimated interest payments are calculated assuming current interest rates over minimum maturity periods specified in debt agreements.

(2) Excludes FIN 48 tax liability of \$2.2 million due to uncertainty of payment period.

[Table of Contents](#)

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, 2007.

Item 4. Controls and Procedures

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CEO"), 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 and such information is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding disclosures.

There was no change in the Company's internal control over financial reporting during the quarter ended June 30, 2008 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

First Advantage's subsidiaries are involved in litigation from time to time in the ordinary course of their businesses. The Company does not believe that the outcome of any pending or threatened litigation involving these entities will have a material adverse effect on our financial position, operating results or cash flows.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in the Company's Form 10-K for Fiscal Year Ending December 31, 2007.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

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

- a) The annual meeting of the shareholders (the "Meeting") of First Advantage Corporation (the "Company") was held on April 29, 2008.
- b) The names of the persons who were nominated to serve as directors of the Company for the ensuing year are listed below, together with a tabulation of the results of the voting with respect to each nominee. Each of the persons named was recommended by the Board of Directors and Nominating Committee of the Company and all such nominees were elected.

<u>Name of Nominee</u>	<u>Votes For</u>	<u>Votes Withheld</u>
Parker Kennedy	484,633,246	284,687
Anand Nallathambi	484,634,070	283,863
J. David Chatham	484,613,393	304,540
Barry Connelly	484,613,283	304,650
Frank McMahon	484,634,976	282,957
Donald Nickelson	484,635,044	282,889
Donald Robert	484,635,183	282,750
Jill Kanin-Lovers	484,631,782	286,151
D. Van Skilling	484,611,388	306,545
David Walker	483,644,180	1,273,753

Item 5. Other Information

None

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: July 31, 2008

By: /s/ ANAND NALLATHAMBI
Anand Nallathambi
Chief Executive Officer

Date: July 31, 2008

By: /s/ JOHN LAMSON
John Lamson
Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Master License Agreement between First American CoreLogic, Inc. and First Advantage Credco, LLC, effective May 7, 2008.
10.2	Data Furnisher Agreement by and between First Advantage Credco, LLC and First American CoreLogic, Inc., dated May 7, 2008.
10.3	Service Agreement by and between First Advantage Credco, LLC and Rels Reporting Services, LLC, effective January 1, 2008 and executed June 13, 2008.
10.4	Computer Systems and Software Lease and License Agreement by and between First Advantage Credco, LLC and Rels Reporting Services, LLC, effective January 1, 2008, and executed June 13, 2008.
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

MASTER LICENSE AGREEMENT

This Master License Agreement is entered into between First American CoreLogic, Inc., a Delaware corporation (“FACL”) and First Advantage Credco, LLC, a Delaware limited liability company, DBA First American Credco (“Customer”) (collectively, the “Parties,” or individually, a “Party”). This Master License Agreement is effective upon execution by FACL (“Effective Date”).

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

1. Definitions

Unless the context of a provision herein otherwise requires, words importing the singular shall include the plural and vice-versa. The words “include,” “includes” or “including” shall mean include without limitation, includes without limitation or including without limitation. As used in this Agreement, the following terms have particular meanings as defined below.

1.1 **“Agreement”** means this Master License Agreement, together with all related statements of work (each a “SOW”), exhibits, orders and amendments.

1.2 **“Confidential Information”** means (i) information disclosed by a Party relating to the Services, product development strategy and activity, marketing strategy, corporate assessments and strategic plans, either present or future; pricing, financial and statistical information, accounting information, identity of and information regarding the Parties to this Agreement, suppliers, employees, investors, or customers; software, source code, systems, processes, designs, schematics, methods, techniques, algorithms, formulae, inventions, discoveries, policies, guidelines, procedures, practices, disputes or litigation; (ii) other confidential, proprietary or trade secret information disclosed by that Party that is identified in writing as such at the time of its disclosure; (iii) all other confidential, proprietary or trade secret information disclosed by that Party; (iv) information relating to that Party’s employees, contractors or customers, such as social security number verification which, if released, would cause an unlawful or actionable invasion of privacy; and (v) any compilation or summary of information or data that is itself Confidential Information.

1.3 **“End User”** means an individual or entity determined by Customer to have a legitimate business need to use Customer’s products, whom Customer has approved as a qualified recipient of Customer’s products, and, if applicable, who has permission to access Customer’s system on a restricted basis using an assigned password or other security mechanism to access Customer’s products.

1.4 **“Permitted Affiliate”** means an entity that is controlled by, controls, or is under common control with Customer and to which Customer is authorized to provide the Services in the Permitted Applications listed in a particular SOW.

1.5 **“Permitted Applications”** means the authorized use of the Services and restrictions on use of the Services set forth in the applicable SOW and this Agreement.

1.6 **“Services”** means the software applications, models, analytics, and any applicable user manuals and any other services provided by FACL to Customer as specified in each statement of work.

2. Agreement Structure

This Agreement contains terms and conditions applicable to all statements of work (“SOW”). Each SOW sets forth the specific Services, delivery methods, Fees, Permitted Applications and any other terms applicable to the specific Services provided under such SOW. If changes to this Agreement are desired, a written amendment signed by both Parties is required. If a SOW requires the recurring of individual ordering of Services, an order for that particular SOW is required.

3. **License**

3.1 License Grant. Subject to the terms and conditions of this Agreement, FACL grants to Customer a non-exclusive, non-transferable, limited license under FACL's intellectual property rights in the Services to use the Services set forth in each SOW solely for the Permitted Applications for each of the Services. There are no implied licenses under this Agreement, and any rights not expressly granted to Customer are reserved by FACL for its own use and benefit.

3.2 License Restrictions. Customer agrees, represents, and warrants to FACL, both during and after the Term of this Agreement, as follows:

(a) Customer shall not use the Services for purposes other than the Permitted Applications in the applicable SOW and shall ensure compliance with such terms by its End Users and Permitted Affiliates, if applicable.

(b) Unless expressly authorized in an applicable SOW: (i) the Services are for Customer's and its employees' sole use; (ii) with the exception of Permitted Affiliates designated in any applicable SOW, Customer shall not share the Services with any third party, including any third parties involved in any joint venture or joint marketing arrangements with Customer; and (iii) Customer shall not use or store the Services outside the United States.

(c) Unless expressly authorized in an applicable SOW, Customer shall not (and shall contractually require that its End Users and Permitted Affiliates do not): (i) disclose, use, disseminate, reproduce or publish any portion of the Services in any manner or permit the same; (ii) process or combine any portion of the Services or permit any portion of the Services to be processed or combined with other data or software from any other source; (iii) allow access to the Services through any terminals located outside of Customer's operations or facilities; or (iv) use the Services or the results of the Services to create derivative products.

(d) Customer shall not (and shall contractually require that its End Users and Permitted Affiliates do not) use the Services in any way that: (i) infringes any third party's copyright, patent, trademark, trade secret or other intellectual property or proprietary rights or rights of publicity or privacy; (ii) violates any law, statute, ordinance or regulation (including laws and regulations governing unfair competition, anti-discrimination and false advertising); or (iii) is defamatory, trade libelous, unlawfully threatening or unlawfully harassing. Customer shall abide by all prevailing federal, state, and local laws and regulations of any kind governing fair information practices and consumers' rights to privacy, including any applicable non-solicitation laws and regulations.

(e) Customer shall obtain any 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 Services.

(f) Customer shall not (and shall contractually require that its End Users and Permitted Affiliates do not) disassemble, decompile, manipulate or reverse engineer FACL's proprietary information or any portion of the Services. Customer shall take all necessary steps to prevent unauthorized use or disclosure or disassembly, decompiling, manipulation or reverse engineering of FACL's proprietary information or any portion of the Services.

(g) Customer shall not (and shall contractually require that its End Users and Permitted Affiliates do not) sell, license, publish, display, copy, distribute, or otherwise make available FACL's proprietary information in any form or by any means, except as expressly permitted by this Agreement or applicable SOW, 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.

4. Fees

4.1 **Fees.** In consideration of the license granted to Customer, Customer shall pay FACL the fees set forth in each SOW (“Fees”) within 30 days of FACL’s date of invoice unless provided differently in the applicable SOW. At the end of each FACL billing cycle, FACL may invoice Customer for all Fees incurred by Customer during such billing cycle.

4.2 **Taxes.** Fees are exclusive of sales, use, ad valorem, personal property, and other taxes, which are the responsibility of Customer. FACL shall charge Customer applicable sales tax. Customer shall file all other taxes. If applicable, Customer shall provide FACL with a resale or exemption certificate in order to notify FACL how to appropriately invoice Customer for taxes.

5. Reporting; Audits

5.1 **Report.** If applicable to the fee structure set forth in the applicable SOW, within 15 days after the end of each calendar month, Customer shall provide FACL with a usage or royalty report that sets forth a detailed and accurate statement of the usage and gross revenue earned with respect to that month, together with payment.

5.2 **Compliance Audits.** FACL may, at its own expense, select an independent auditor to audit Customer for the purpose of ensuring Customer’s compliance with the terms and conditions of this Agreement, after providing Customer with reasonable notice. Customer shall promptly provide FACL and its auditors with access to the files and records requested for the audit. If the audit indicates there is a material breach in Customer’s compliance with this Agreement, FACL shall provide Customer with written notice of such material breach. If Customer does not cure the breach within 10 days of the date of the written notice from FACL, FACL may terminate this Agreement. If Customer does not cooperate with FACL’s reasonable request to audit for compliance within 30 days of the date of the notice, FACL may immediately terminate this Agreement. If FACL conducts a compliance audit, Customer shall notify FACL in writing of the identity of persons assigned usernames and passwords to use the Services, and all changes, deletions or additions to the identity of persons assigned usernames and passwords.

6. Term; Termination

6.1 **Term and Termination.** The term of this Master License Agreement commences on the Effective Date and shall continue until all SOWs are terminated. The term of each SOW shall be specified in each such SOW. This Agreement may not be terminated without cause during the term. If either Party breaches any provision of this Agreement (including any provision of any SOW), the non-breaching Party may, upon providing written notice of such breach, terminate this Agreement (including all SOWs) or the particular SOW that directly relates to such breach, if the breach is not cured within 30 days following such notice, unless a shorter cure period is otherwise set forth herein or in the applicable SOW. If Customer breaches this Agreement after receiving two prior breach notices within the term of this Agreement, FACL may automatically terminate this Agreement without providing further notice.

6.2 **Effects of Termination.** Upon termination of this Agreement, all license rights granted by FACL to Customer terminate and Customer shall pay FACL in full for all Services accessed or delivered.

6.3 **Return or Destruction of Materials.** Within 15 days of termination of a SOW by either Party, Customer shall: (i) return all Services, the results thereof and all copies of the same to FACL at the address set forth on the signature page of this Agreement or as specified by FACL and certify by an officer of Customer that Customer has returned all Services, the results thereof and all copies of the same; or (ii) destroy all Services, the results thereof and all copies of the same and certify by an officer of Customer that such Services, the results thereof and all copies of the same have been destroyed. If such Services, the results thereof and all copies of the same are not returned or destroyed in accordance with the above, Customer shall provide FACL or its designee access to Customer’s premises for the retrieval of all such materials, and Customer shall pay the actual costs as reasonably incurred by FACL to retrieve such materials. Customer shall continue paying FACL fees ordinarily and reasonably charged by FACL for the Services after the termination of this Agreement, until such time as Customer returns to FACL or destroys such materials.

7. Confidentiality

7.1. Obligation. Neither Party shall use, disseminate, reproduce or permit to be used, disseminated or reproduced, or in any way disclose the other Party's Confidential Information to any person or entity except as required by law or as specifically permitted in this Agreement. Absent prior written consent of the other Party, each Party shall disclose Confidential Information only to those of its employees and independent contractors who have previously agreed to be bound by the terms and conditions of this Agreement and its in-house and outside legal counsel who need to know such information. Each Party shall treat all Confidential Information disclosed to it in connection with this Agreement as strictly confidential using commercially reasonable measures at least equal to those used by such Party with respect to its own Confidential Information.

7.2 Exceptions. The restrictions on use and disclosure of Confidential Information set forth in Section 7.1 shall not apply to any particular Confidential Information when and to the extent that the Confidential Information: (i) is or becomes generally available to the public through no fault of the receiving Party (or anyone acting on its behalf); (ii) was previously rightfully known to the receiving Party free of any obligation to keep it confidential; (iii) is subsequently disclosed to the receiving Party by a third party who may rightfully transfer and disclose the information without restriction and free of any obligation to keep it confidential; or (iv) is independently developed by the receiving Party or a third party without reference or access to the disclosing Party's Confidential Information;. The receiving Party may disclose Confidential Information if required to do so as a matter of law, regulation or court order, provided that: (i) the receiving Party shall use all reasonable efforts to provide the disclosing Party with at least 10 days prior notice of such disclosure, (ii) the receiving Party shall disclose only that portion of the Confidential Information that is legally required to be furnished, and (iii) the receiving Party shall use reasonable efforts to seek from the party to which the information must be disclosed confidential treatment of the disclosed Confidential Information.

8. Warranty; Indemnification; Disclaimers; Injunction

8.1 Customer and FACL Warranty. Customer acknowledges that FACL is not a consumer reporting agency as defined in the Fair Credit Reporting Act, 15 U.S.C. § 1681 et seq. ("FCRA"). Customer represents and warrants that (i) it is a consumer reporting agency under the FCRA, (ii) it shall comply with the FCRA and (iii) it shall not use the Services in a way that would cause a third party to construe FACL as a consumer reporting agency. FACL acknowledges that it is a furnisher of information to consumer reporting agencies as that term is used in the FCRA. FACL represents and warrants that it is a furnisher of information of information to consumer reporting agencies and that it shall comply with the applicable provisions of the FCRA, including, but not limited to section 623 of the FCRA [15 U.S.C. section 1681s-2].

8.2 Infringement. If in FACL's sole discretion the Services violate a third party's intellectual property rights, FACL may: (i) procure the right for Customer to continue using the Services; (ii) modify the Services to render them no longer subject to any such claim or action; or (iii) replace the Services with equally suitable, functionally equivalent, non-infringing services. If none of the above is commercially practicable, FACL may terminate this Agreement and refund a pro-rata amount of the prepaid fees actually paid.

8.3 Disclaimer. EXCEPT AS OTHERWISE PROVIDED FOR IN THIS AGREEMENT OR ANY SOW, THE SERVICES ARE 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, OR WARRANTIES BASED ON COURSE OF DEALING OR USAGE IN TRADE. FACL DOES NOT WARRANT THAT THE SERVICES WILL BE FREE OF BUGS OR COMPUTER VIRUSES, AND HEREBY DISCLAIMS ANY ALL LIABILITY FOR ANY LOSS OR DAMAGES SUFFERED BY ANY PERSON OR ENTITY, INCLUDING CUSTOMER, ON ACCOUNT OF BUGS, VIRUSES, OR OTHER MALICIOUS CODE IN THE SERVICES. FACL MAKES NO REPRESENTATIONS OR WARRANTIES ABOUT THE LEGALITY OR PROPRIETY OF THE USE OF THE SERVICES IN ANY GEOGRAPHIC AREA.

9. Limitation of Liability

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, NEITHER CUSTOMER NOR FACL SHALL HAVE ANY LIABILITY UNDER OR IN ANY WAY RELATED TO THIS AGREEMENT FOR ANY LOSS OF PROFIT OR REVENUE OR FOR ANY CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, OR EXEMPLARY DAMAGES, EVEN IF FACL OR CUSTOMER IS AWARE OF THE POSSIBILITY OF SUCH LOSS OR DAMAGES. THIS LIMIT IS CUMULATIVE AND ALL PAYMENTS UNDER THIS AGREEMENT ARE AGGREGATED TO CALCULATE SATISFACTION OF THE LIMIT.

10. Indemnification

Customer shall indemnify and hold FACL and its affiliates and their respective officers, directors and employees harmless from and against all third party claims, losses, liabilities, costs and expenses arising out of or related to the use of the Services by the Customer (or its End Users or Permitted Affiliates), or attributable to Customer's breach of this Agreement. FACL shall control the defense and any settlement of such claim, and Customer shall cooperate with FACL in defending against such claim. FACL shall indemnify and hold Customer and its affiliates and their respective officers, directors and employees harmless from and against all third party claims, losses, liabilities, costs and expenses arising out of or related to the provision of the Services by FACL, or attributable to FACL's breach of this Agreement. Customer shall control the defense and any settlement of such claim, and FACL shall cooperate with Customer in defending against such claim.

11. General Provisions

11.1 Agency. The Parties acknowledge that this is a business relationship based on the express provisions of this Agreement and no partnership, joint venture, agency, fiduciary or employment relationship is intended or created by this Agreement. Neither Party is the legal representative or agent of, nor has the power or right to obligate, direct or supervise the daily affairs of the other Party, and neither Party shall act or represent or hold itself out as such. The rights, duties, obligations and liabilities of the Parties shall be several and not joint, each party being individually responsible only for its obligations as set forth in this Agreement.

11.2 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.

11.3 Waiver. Any waiver is only valid to the extent expressly set forth in writing. No waiver by either Party of any breach by the other Party of any of the provisions of this Agreement is deemed a waiver of any preceding or succeeding breach of the same or any other provision.

11.4 Survival. The following sections survive termination of this Agreement and continue in full effect until fully satisfied: 3.2 (License Restrictions); 4 (Fees); 5 (Reporting; Audits); 6.2 (Effects of Termination); 6.3 (Return or Destruction of Materials); 7 (Confidentiality); 8.1 (Warranty), 8.3 (Disclaimer); 9 (Limitation of Liability); 10 (Indemnification); and 11 (General Provisions).

11.5 Execution. This Agreement may be executed in any number of counterparts, each of which is deemed an original, and all taken together constitute one and the same instrument. The Parties shall treat a photocopy of this Agreement as a duplicate original. If this Agreement is executed in counterparts, no signatory is bound until all Parties have duly executed this Agreement and all Parties have received a fully executed Agreement. The individuals signing below represent that they are authorized to do so by and on behalf of the Party for whom they are signing.

11.6 Governing Law; Forum; Jury Trial; Attorneys' Fees. The interpretation and construction of this Agreement is governed by the laws of the State of Florida. The Parties shall submit to the exclusive jurisdiction of, and waive any venue objections against, the United States District Court for the Central District of California, Orange County Division and the Superior and Municipal Courts of the State of California located in Orange County in any litigation arising out of this Agreement. Each Party hereby also waives any defenses it may have before such courts based on a lack of personal jurisdiction or inconvenient forum. Each of the Parties waives the right to a jury trial. The prevailing Party shall be awarded its reasonable attorneys' fees and costs in any lawsuit or claim arising out of or related to this Agreement.

11.7 Uncontrollable Acts. Either Party shall be excused from performance of its obligations, except for Customer's obligation to pay the Fees for Services provided, and shall not be liable for any delay caused by the occurrence of contingencies beyond its control including, but not limited to: act of terrorism, war (declared or not declared), sabotage, insurrection, riot, act of civil disobedience, act of any government, accident, fire, explosion, flood, storm, earthquake, volcanic eruption, nuclear event, any act of God, labor disputes, failure or delay of shippers, or unavailability of components, spare parts or units.

11.8 Assignment. Neither party shall assign or transfer this Agreement or any rights or obligations under this Agreement without the express written consent of the other party, such consent shall not be unreasonably withheld. A change in ownership constitutes an assignment under this Agreement. For purposes of this Agreement, a "Change in Control" means (a) any transaction in which Customer or FACL merges or consolidates with or into another entity; (b) any transaction or series of transactions in which Customer or FACL sells or otherwise transfers more than 20 percent of its capital stock (without regard to class or voting rights) or other securities or ownership interests; or (iii) the sale, transfer or other disposition of all or substantially all of Customer's assets or the complete liquidation or dissolution of Customer or FACL. Any unauthorized Change in Control, assignment or transfer shall be void and constitutes ground for immediate termination of this Agreement by FACL or Customer. This Agreement will bind and inure to the benefit of the Parties and their respective permitted successors and permitted assigns.

11.9 Notices. Any notice or other communication required or permitted under this Agreement is sufficiently given if delivered in person or sent by one of the following methods: (a) registered U.S. mail, return receipt requested (postage prepaid); (b) certified U.S. mail, return receipt requested (postage prepaid); or (c) commercially recognized overnight service with tracking capabilities. Notices to Customer will be sent to the address located in the signatory lines. Notices to FACL shall be sent to 4 First American Way, Santa Ana, California 92707, with a copy to FACL's counsel at the same address marked Attention: Legal Department. Any such notice or communication is deemed properly delivered as of the date personally delivered or sent by mail or overnight service. A Party may change its address by written notice given to the other Party before the effective date of such change.

11.10 Conflicts between SOW and Agreement. If there is a conflict between terms this Master License Agreement and the terms and conditions included within an applicable SOW, this Master License Agreement controls unless explicitly stated otherwise in the applicable SOW, and in that case the conflicting terms and conditions in such SOW apply to that SOW only.

11.11 Headings; Joint Drafters. Headings at the beginning of each section and subsection are solely for convenience and shall have no effect upon construction or interpretation of this Agreement. The Parties acknowledge that this Agreement was prepared by both Parties jointly.

11.12 Entire Agreement. With respect to the Services provided under this Agreement, this Agreement constitutes the entire agreement between the Parties and supersedes all prior and contemporaneous agreements and understandings of the Parties; provided, however, that the Data Furnisher Agreement entered into between the Parties dated May 7, 2008 shall remain in full force and effect. No modifications to this Agreement are effective unless in writing and signed by both Parties.

FIRST ADVANTAGE CREDCO, LLC DBA
FIRST AMERICAN CREDCO ("CUSTOMER")

FIRST AMERICAN CORELOGIC, INC. ("FACL")

By: /s/John Bauer
Authorized Signature
Name: John Bauer
Title: Executive Vice President
Address: 12395 First American Way
Poway, CA 92064

By: /s/ Margaret Yonkovich
Authorized Signature
Name: Margaret Yonkovich
Title: CFO
Effective Date: May 7, 2008
Address: 4 First American Way
Santa Ana, California 92707

STATEMENT OF WORK 1

This Statement of Work 1 (“SOW 1”) is between First American CoreLogic, Inc., a Delaware corporation (“FACL”) and First Advantage Credco, LLC, a Delaware limited liability company, DBA First American Credco (“Customer”) (collectively, the “Parties,” or individually, a “Party”). This SOW 1 is subject to the May 7, 2008 Master License Agreement, and all subsequent amendments, exhibits, or attachments (“Agreement”) between the Parties. This SOW 1 is effective upon execution by FACL (“SOW 1 Effective Date”).

I. SERVICES

A. LoanSafe Application: FACL shall provide Customer with LoanSafe software and the server on which the LoanSafe software is installed (collectively, the “LoanSafe Application”).

II. PERMITTED APPLICATIONS: Customer and other approved third parties specified below shall use the Services solely for the applications specified below in accordance with the terms and conditions of this Agreement.

A. Customer’s Use: Customer may use the LoanSafe Application to create reports (“Customer’s Product”), which Customer may resell to RELS Reporting Services, LLC (“RELS”) who may then resell or redistribute to only the following End User for a permissible purpose under the FCRA or fraud or risk management purposes: Wells Fargo Bank, N.A., a National Bank and its affiliated companies (collectively, “Wells Fargo”) located at 1 Home Campus, MAC X2410-06T, Des Moines, IA 50328-0001. Customer may share reports generated by the Loan Safe Application with Wells Fargo’s customers or prospective customers that are subject to an “adverse action” by Wells Fargo as defined by the FCRA or as permitted by the FCRA or state credit reporting laws. Customer shall not use, relicense or redistribute the Services, except as expressly authorized in this Section A (Customer’s Use).

B. End Users’ Use: Wells Fargo may use Customer’s Product for their internal business purposes only in accordance with the Fair Credit Reporting Act, 15 U.S.C. § 1681 et seq. and other applicable laws, rules and regulations. Wells Fargo shall not resell, relicense or redistribute the Customer’s Product, in whole or in part.

C. Additional Restrictions: Customer warrants that Customer shall not use any element or component of the Services to create, replace, supplement, or enhance any title, legal, vesting, ownership, or encumbrance report. Customer further warrants that Customer shall not use the Services coupled with alternative insurance approaches or products without first obtaining written permission from FACL.

III. FEES

A. LoanSafe Application:

- 1. Annual Fee and Discount:** Customer shall pay FACL an annual fee for the Loan Safe Application of one million five hundred and eighty four thousand dollars (\$1,584,000.00). Customer shall discount this Fee by fifteen percent (15%), or, two hundred and thirty-seven thousand, six hundred dollars (\$237,600.00) (“Discount”) to compensate Customer for actual costs incurred in using the Loan Safe Application, which such costs shall include Customer’s support, operations, and delivery Loan Safe Application delivery (collectively, “Costs”). Upon the SOW 1 Effective Date, Customer shall pay to FACL a Fee, after the Discount is applied of one million, three hundred and forty six thousand and four hundred dollars (\$1,346,400.00) to FACL in twelve (12) equal monthly payments of one hundred and twelve thousand, two hundred dollars (\$112,200.00) each (“Equal Installments”).
- 2. Annual True-up:** Upon each anniversary date of the SOW 1 Effective Date, Customer shall provide FACL a cost accounting report setting forth actual Costs. Within 30 days of receipt of the Costs report, in the event the costs exceed the Discount amount, FACL shall pay Customer such excess amounts. Conversely, within 30 days of receipt of the Costs report, in the event the costs are less than the Discount amount, Customer shall pay FACL the difference between the Costs and the Discount.

3. **Overage Fee:** Customer may use the LoanSafe Application to create a maximum of one million five-hundred and eighty-four thousand (1,584,000) reports on an annual basis ("Annual Volume Cap") to provide to Wells Fargo. Customer shall pay FACL one dollar and ninety one cents (\$1.91) for any reports it prepares in excess of the Annual Volume Cap. The payment for reports exceeding the Annual Volume Cap shall be paid on the month following the first report that exceeds Annual Volume Cap.

B. Duplicate Reports: Customer may run a LoanSafe report on a property address that was previously run in the prior 90 days, up to a maximum of three times, for real property data and any such duplicate report shall not be calculated against the Annual Volume Cap ("Property Duplicate Report"). Customer may run a LoanSafe report requesting borrower data on a property address that was previously run in the prior 90 days, one time only and only for 75% of the original monthly reports, and any such duplicate report shall not be calculated against the Annual Volume Cap ("Borrower Duplicate Report"). For example, if Customer created 100 LoanSafe original reports in July 2008 and, within 90 days, requested 80 Borrower Duplicate Reports from those July 2008 original reports, 75 Borrower Duplicate Reports would be free of charge and not count towards the Annual Volume Cap; the other 5 Borrower Duplicate Reports would count towards the Annual Volume Cap (assuming Customer had not exceeded the Annual Volume Cap).

IV. SOW TERM: The initial term of this SOW 1 is for 24 months. Customer may terminate this SOW 1, if the contractual relationship involving the Loan Safe reports between Wells Fargo and RELS is validly terminated ("Early Termination"). In the event of an Early Termination on or before July 16, 2008, Customer may terminate this SOW 1, without penalty, by providing FACL five (5) days prior written notice. In the event of an Early Termination subsequent to July 16, 2008, Customer may terminate this SOW 1 by providing FACL thirty (30) calendar days written notice. If this SOW 1 is terminated by Customer after the Early Termination, Customer shall pay a twenty percent (20%) penalty ("Termination Penalty") of the remaining Fees as stated in SOW 1, III(A)(1). For example, Customer shall pay FACL for the entire month of December 2008, and a pro-rata portion for January 1, 2009 through January 12, 2009. The Termination Penalty is then cancelled from January 13, 2009 through the remaining Term.

If either party breaches any provision of this SOW 1, the non-breaching party shall, upon providing written notice of such breach, may immediately terminate this SOW 1, provided such breach is not cured within sixty (60) days following such notice. If this SOW 1 is terminated as a result of a breach, the non-breaching party shall, in addition to its right of termination, may pursue legal remedies against the breaching party. Notwithstanding the foregoing, if Customer is in breach under Section 4 (Fees) of the Agreement, FACL may terminate or suspend Services under this SOW 1 effective ten (10) days after giving Customer written notice of such breach, unless Customer shall have remedied the breach within such ten (10) day period.

The Term automatically renews for additional successive twelve (12) month terms. Either party may forego automatic renewal by giving the other party not less than thirty (30) calendar days written notice of termination prior to the expiration of the then-current term.

[THIS SPACE IS INTENTIONALLY LEFT BLANK.]

DATA FURNISHER AGREEMENT

THIS DATA FURNISHER AGREEMENT (“Agreement”) is made as of the 7th day of May, 2008 (“Effective Date”), by and between First Advantage Credco, LLC, a Delaware limited liability company with a mailing address at 12395 First American Way, Poway, California, 92064 (“Credco”), and the party identified below (“Client”). Credco and Client are hereinafter sometimes individually referred to as a “Party” and collectively as the “Parties”.

Client’s Full Legal Name: First American CoreLogic, Inc.

Client Address: 4 First American Way, Santa Ana, CA 92707

TERMS AND CONDITIONS OF SERVICE

1. Terms. Terms used in this Agreement but not otherwise explicitly defined shall have the meaning ascribed to them under the Fair Credit Reporting Act (15 U.S.C., §1681 et seq., as the same may be amended from time to time, the “FCRA”).

2. Data Furnisher License

2.1 License Grant. Subject to the terms and conditions of this Agreement, Client grants to Credco a non-exclusive, non-transferable, limited license under Client’s intellectual property rights in the data (the “Data”) identified in any statement of work (“SOW”) hereto solely for the use specified in the permitted applications (“Permitted Applications”) section of any SOW. There are no implied licenses under this Agreement, and any rights not expressly granted to Credco are reserved by Client for its own use and benefit.

2.2 License Restrictions. Credco agrees, represents, and warrants to Client, both during and after the term of this Agreement, as follows:

(a) Credco shall not use the Data for purposes other than the Permitted Applications in any applicable SOW and shall contractually require compliance with such terms by any third parties permitted to use or access the Data.

(b) Unless expressly authorized in an applicable SOW: (i) the Data is for Credco’s and its employees’ sole use; (ii) with the exception of any third parties designated in any applicable SOW, Credco shall not share the Data with any parent, subsidiary, affiliate or other third party, including any third parties involved in any joint venture or joint marketing arrangements with Credco; (iii) Credco shall not use or store the Data outside the United States; and (iv) Credco shall limit use of the Data to its employees who have been appropriately trained.

(c) Unless expressly authorized in an applicable SOW, Credco shall not (and shall contractually require that any third parties’ authorized to use the Data in any applicable SOW do not): (i) disclose, use, disseminate, reproduce or publish any portion of the Data in any manner or permit the same; (ii) process or combine any portion of the Data or permit any portion of the Data to be processed or combined with other data or software from any other source; (iii) allow access to the Data through any terminals located outside of Credco’s operations or facilities; or (iv) use the Data or the results of the Data to create derivative products.

(d) Credco shall not (and shall contractually require that any third parties authorized to use the Data in any applicable SOW do not) use the Data in any way that: (i) infringes any third party’s copyright, patent, trademark, trade secret or other intellectual property or proprietary rights or rights of publicity or privacy; (ii) violates any law, statute, ordinance or regulation (including laws and regulations governing unfair competition, anti-discrimination and false advertising); or (iii) is defamatory, trade libelous, unlawfully threatening or unlawfully harassing. Credco shall abide by all prevailing federal, state, and local laws and regulations of any kind governing fair information practices and consumers’ rights to privacy, including any applicable non-solicitation laws and regulations.

(e) Credco shall not (and shall contractually require that any third parties authorized to use the Data in any applicable SOW do not) disassemble, decompile, manipulate or reverse engineer Client’s proprietary information or any portion of the Data. Credco shall take all necessary steps to prevent unauthorized use or disclosure or disassembly, decompiling, manipulation or reverse engineering of Client’s proprietary information or any portion of the Data.

(f) Credco shall not (and shall contractually require that any third parties authorized to use the Data in any applicable SOW do not) sell, license, publish, display, copy, distribute, or otherwise make available Client's 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.

3. Credco Database; Credco Use. Credco shall maintain a database of any Data for the purposes specified in any given SOW and for no other purpose (the "Credco Database").

4. Client Records; Data Integrity. Client warrants to Credco that Client has the full legal right to provide the data to Credco for the purposes specified in any SOW under the terms of this Agreement, and that no such use by Credco will infringe any patent, copyright, or other right of any third person. Client agrees that at the time of delivery to Credco, any Data shall be complete and accurate to the best of its knowledge and belief, after reasonable investigation and inquiry. At Credco's reasonable request, Client shall promptly, time being of the essence, verify the accuracy of Data provided to Credco, and shall promptly update and correct all known inaccurate information.

5. Compliance Requirements and Applicable Law.

(a) Client acknowledges and agrees that Credco is a Consumer Reporting Agency, within the meaning of the FCRA. Client acknowledges its obligations pursuant to Section 623 of the FCRA and that, in addition to the terms and conditions of this Agreement, the FCRA and other Federal, state and local laws, statutes, regulations, rules, ordinances and/or court orders (collectively referred to as "Applicable Law") may govern the Parties' obligations under this Agreement. As a furnisher of information to a Consumer Reporting Agency, it is Client's responsibility to ensure its compliance with this Agreement and Applicable Law, including but not limited to the Prescribed Notice of Furnisher Responsibility (Appendix G to Part 698 of Title 16 Code of Federal Regulations). The full text of the FCRA can be obtained from the Federal Trade Commission website at <http://www.ftc.gov>, as such web site may be changed from time to time. In addition to all other terms of this Agreement, Client represents, warrants, and certifies that:

(b) Client shall refer all borrowers and former borrowers who have questions or dispute information from Credco's Database or who seek disclosure of information from Credco's Database to Credco's address and/or the toll free number for the Consumer Assistance Line.

(c) Each consumer reinvestigation arising out of a dispute of the Data by a borrower or former borrower shall be conducted in accordance with the provisions of the FCRA and other Applicable Laws.

(d) Credco acknowledges and agrees that Client is not a consumer reporting agency as defined in the FCRA. Credco represents and warrants that (i) it is a consumer reporting agency under the FCRA, (ii) it shall comply with its obligations as a consumer reporting agency under the FCRA and (iii) it shall not use the Data in a way that would cause a third party to construe Client as a consumer reporting agency.

5.1 Intellectual Property Rights. Client acknowledges that nothing shall be construed to convey to Client any title, ownership rights, or other interests in the Credco Database, and that the Credco Database shall be and remain the exclusive property of Credco and/or its affiliates, and no rights therein are granted, transferred, assigned, or licensed to Client by this Agreement or by any action or failure to act on the part of Credco and/or its affiliates, except as specifically provided herein.

6. Non-Disclosure of the terms of the Agreement. Except as otherwise required under Applicable Law or with the prior written consent of the other party, Client and Credco agree not to disclose the existence of this Agreement or the terms herein to any other party.

7. Term of Agreement. The term of this Agreement commences on the Effective Date and shall continue until all SOWs are terminated. The term of each SOW shall be specified in each such SOW. This Agreement may not be terminated without cause during the term. If either Party breaches any provision of this Agreement (including any provision of any SOW), the non-breaching Party may, upon providing written notice of such breach, terminate this Agreement (including all SOWs) or the particular SOW that directly relates to such breach, if the breach is not cured within 30 days following such notice, unless a shorter cure period is otherwise set forth herein or in the applicable SOW.

8. Force Majeure. Neither Party shall be liable for its inability to perform, or for any delay in performing, any of its obligations under this Agreement if that inability or delay is caused by a force majeure event, including, but not limited to, equipment failures, failures or fluctuations in electrical power, lighting, or telecommunications, government action, or for any other cause reasonably beyond their respective control. Such nonperformance shall not be a default hereunder.

9. Indemnification

Credco shall indemnify and hold Client and its affiliates and their respective officers, directors and employees harmless from and against all third party claims, losses, liabilities, costs and expenses arising out of or related to the use of the Services by the Credco (or its End Users or Permitted Affiliates), or attributable to Credco's breach of this Agreement. Client shall control the defense and any settlement of such claim, and Credco shall cooperate with Client in defending against such claim. Client shall indemnify and hold Credco and its affiliates and their respective officers, directors and employees harmless from and against all third party claims, losses, liabilities, costs and expenses arising out of or related to the provision of the Services by Client, or attributable to Client's breach of this Agreement. Credco shall control the defense and any settlement of such claim, and Client shall cooperate with Credco in defending against such claim.

10. Limitation of Liability. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, UNDER NO CIRCUMSTANCES WILL EITHER PARTY HAVE ANY OBLIGATION OR LIABILITY TO THE OTHER HEREUNDER FOR ANY INCIDENTAL, INDIRECT, CONSEQUENTIAL OR SPECIAL DAMAGES INCURRED BY THE OTHER PARTY (INCLUDING DAMAGES FOR LOST BUSINESS, LOST PROFITS OR DAMAGES TO BUSINESS REPUTATION), REGARDLESS OF HOW SUCH DAMAGES ARISE AND REGARDLESS OF WHETHER OR NOT A PARTY WAS ADVISED SUCH DAMAGES MIGHT ARISE.

11. Capacity of the Parties. The Parties hereto are independent contractors under this Agreement and nothing herein shall create any agency, partnership, joint venture, or franchise relationship between the Parties.

12. No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to create or confer and shall not be construed or operate as creating or conferring, any rights or remedies under or by reason of this Agreement, upon any Consumer, applicant, resident, prospective resident, employee, prospective employee or person other than the Parties hereto and their successors and permitted assigns.

13. Assignment. This Agreement may not be assigned by either Party hereto without the prior written consent of the other Party; provided, however, that (i) Credco may assign this Agreement at any time and without notice, in whole or in part, to its parent company, First Advantage Corporation, or to any subsidiary of First Advantage Corporation or any company otherwise affiliated with First Advantage Corporation or Credco through common ownership and control and (ii) Client may assign this Agreement at any time and without notice, in whole or in part, to its ultimate parent company, The First American Corporation, or to any subsidiary of The First American Corporation or any company otherwise affiliated with The First American Corporation or Client through ownership and control.

14. Severability. All sections, clauses, and covenants contained in this Agreement are severable, and in the event any of them shall be held to be invalid by any competent court, this Agreement shall be interpreted as if such invalid sections, clauses, or covenants were not contained herein, without invalidating the remainder of this Agreement, which shall remain in full force and effect.

15. No Waiver. A delay or omission by either Party to exercise its rights upon any event of noncompliance or default by the other Party shall not impair any such right or be construed to be a waiver thereof. A waiver by either of the Parties of any of the duties, conditions, or agreements of the other Party shall not be construed to be a waiver of any succeeding breach thereof or of any duty, condition, or agreement herein. Unless stated otherwise, all remedies provided for in this Agreement shall be cumulative and in addition to and not in lieu of any other remedies available to any Party at law or in equity.

16. Notice. Except as otherwise set forth herein, any notice required to be sent hereunder shall be sent by first class mail or overnight courier service: (a) if to Credco, addressed to the attention of Corporate Counsel and (b) if to Client, addressed to the authorized representative executing this Agreement on behalf of Client, or as otherwise communicated to Credco in writing, each at their respective addresses set forth on the first page of this Agreement.

17. Governing Law. This Agreement shall be governed in accordance with the laws of the United States of America and the State of California, without reference to its choice of law provisions. In the event of litigation arising out of or connected with this

Agreement, Credco and Client agree that the state or Federal courts located in the State of California shall have exclusive jurisdiction, and Client specifically subjects itself to the personal jurisdiction of said courts in the same manner as if this Agreement had been executed and/or was to be performed in the State of California.

18. Entire Agreement. This Agreement and any exhibits attached hereto set forth the entire understanding and agreement between Client and Credco superseding any prior or contemporaneous oral or written agreements or representations, including all proposals, negotiations, or discussions heretofore had between the Parties related to the Data, except for any addendum or amendment to this Agreement that has been executed in accordance with these terms. This Agreement (excluding any exhibits attached hereto may only be amended by a written instrument signed by all Parties to this Agreement.

19. Captions and Headings. The captions and headings in this Agreement are for convenience only and shall not be considered a part of this Agreement.

20. Construction. All provisions and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular, or plural as the identity of the person or entity may require.

21. Additional Actions and Documents. Each of the Parties hereto agrees to take or cause to be taken such further actions, to execute and deliver or cause to be executed and delivered such further instruments, and to use their best efforts to obtain such requisite consents as any other party may from time to time reasonably request in order to fully effectuate the purposes, terms, and conditions of this Agreement.

22. Counterparts; Facsimile Signatures. This Agreement may be executed by the Parties hereto in any number of separate counterparts and all such counterparts so executed constitute one (1) agreement binding on the Parties hereto notwithstanding that the Parties hereto are not signatories to the same counterpart. This Agreement and any other document to be executed in connection herewith may be delivered by facsimile and documents delivered in such manner shall be binding as though an original thereof had been delivered.

23. No Construction against the Drafter. The Parties agree that this Agreement is the result of careful negotiations between sophisticated parties and thus any principle of construction or rule of law that provides that an agreement shall be construed against the drafter of the agreement in the event of any inconsistency or ambiguity in such agreement, shall not apply to the terms and conditions of this Agreement.

24. Authority. The person executing this Agreement represents, warrants, and certifies that he/she (a) has read and understands Client's obligations and duties hereunder, (b) has direct knowledge of the facts and representations made by Client under this Agreement, and (c) has the authority to sign this Agreement on behalf of Client.

IN WITNESS WHEREOF, the Parties hereto have each caused this Agreement to be executed by its duly authorized representative on the date set forth below their respective name to be effective as of the Effective Date set forth on the first page of this Agreement.

First American CoreLogic, Inc.

First Advantage Credco, LLC.

By /s/ Margaret Yonkovich

By /s/ John Bauer

Printed Name: Margaret Yonkovich

Printed Name: John Bauer

Title: Executive: CFO

Title: Executive Vice President

Date Signed: May 7, 2008

Date Signed: May 7, 2008

STATEMENT OF WORK 1

This Statement of Work 1 ("SOW 1") is between First American CoreLogic, Inc., a Delaware corporation ("Client") and First Advantage Credco, LLC, a Delaware limited liability company ("Credco") (collectively, the "Parties," or individually, a "Party"). This SOW 1 is subject to the May 7, 2008 Data Furnisher Agreement, and all subsequent amendments, exhibits, or attachments ("Agreement") between the Parties. This SOW 1 is effective as of May 7, 2008 ("SOW 1 Effective Date").

I. DATA

- A. Public Records Data and Proprietary Loan Application Data

II. PERMITTED APPLICATIONS

- A. **Data Furnished:** Credco may use the Data with the LoanSafe application solely for the purposes of creating LoanSafe reports, which Credco may resell to RELS Reporting Services, LLC, who may then resell the Data to the following End User only: Wells Fargo Bank, N.A., a National Bank and its affiliated companies (collectively, "Wells Fargo") located at 1 Home Campus, MAC X2410-06T, Des Moines, IA 50328-0001.
- B. **Credco Database:** Credco shall have a perpetual license to the Data for the purposes of creating and maintaining a distinct LoanSafe database solely for the purposes of the creating LoanSafe reports for Wells Fargo, subject to the terms and conditions of the Agreement and this SOW 1, and for no other purposes.

III. FEES

A. Data:

1. **Annual Fee and Discount:** Credco shall pay Client an annual fee for the Data of one million five hundred and eighty four thousand dollars (\$1,584,000.00). Client shall discount this Fee by fifteen percent (15%), or, two hundred and thirty-seven thousand, six hundred dollars (\$237,600.00) ("Discount") to compensate Credco for actual costs incurred in using the Data, which such costs shall include Credco's support, operations, and delivery Data delivery (collectively, "Costs"). Upon the SOW 1 Effective Date, Credco shall pay to Client a Fee, after the Discount is applied of one million, three hundred and forty six thousand and four hundred dollars (\$1,346,400.00) to Client in twelve (12) equal monthly payments of one hundred and twelve thousand, two hundred dollars (\$112,200.00) each ("Equal Installments").
2. **Annual True-up:** Upon each anniversary date of the SOW 1 Effective Date, Credco shall provide Client a cost accounting report setting forth actual Costs. Within 30 days of receipt of the Costs report, in the event the costs exceed the Discount amount, Client shall pay Credco such excess amounts. Conversely, within 30 days of receipt of the Costs report, in the event the costs are less than the Discount amount, Credco shall pay Client the difference between the Costs and the Discount.

IV. SOW TERM:

The initial term of this SOW 1 is for 24 months. Credco may terminate this SOW 1, if the contractual relationship involving the Loan Safe reports between Wells Fargo and RELS is validly terminated ("Early Termination"). In the event of an Early Termination on or before July 16, 2008, Credco may terminate this SOW 1, without penalty, by providing Client five (5) days prior written notice. In the event of an Early Termination subsequent to July 16, 2008, Credco may terminate this SOW 1 by providing FACL thirty (30) calendar days written notice. If this SOW 1 is terminated by Credco after the Early Termination, Credco shall pay a twenty percent (20%) penalty ("Termination Penalty") of the remaining Fees as stated in SOW 1, III(A)(1). For example, Credco shall pay Client for the entire month of December 2008, and a pro-rata portion for January 1, 2009 through January 12, 2009. The Termination Penalty is then cancelled from January 13, 2009 through the remaining Term.

SERVICES AGREEMENT

This Service Agreement (“Agreement”) effective January 1, 2008 (“Effective Date”) is entered into by and between First Advantage Credco, LLC (“CREDCO”), a Delaware limited liability company and RELS Reporting Services, LLC (“RELS”), a Delaware limited liability company.

WHEREAS, RELS is an entity that, among other things, provides consumer reports, credit risk scores and other products and services to its end-user customers (“RELS Customers”); and

WHEREAS, RELS desires for CREDCO to host and/or perform certain functions ancillary to RELS’s credit reporting business on behalf of RELS and provide to RELS the services as further described in this Agreement and the exhibits attached hereto.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each of the parties hereto, the parties, intending to be legally bound, do hereby agree as follows:

- 1) **Services.** CREDCO shall furnish to RELS the services (“Services”) set forth in Exhibit “A”, attached hereto, and incorporated herein by reference, subject to the terms and conditions hereinafter set forth.
- 2) **Term.**
 - a) **Effective Date.** This Agreement shall become effective on the Effective Date, and shall continue in full force and effect until terminated by either party giving to the other prior written notice of not less than ninety (90) days, or as otherwise provided herein.
 - b) **Changes to Exhibit A.**
 - i) CREDCO reserves the right, at any time and from time to time, to eliminate an individual service or change the pricing of an individual service listed on Exhibit A. CREDCO shall notify RELS in writing of its intent to eliminate or change the pricing of a service at least ninety (90) days prior to the effective date of such elimination or change. The elimination of a service or a change of pricing shall not alter the parties obligations relating to the remaining services.
 - ii) RELS reserves the right at any time and from time to time, to eliminate a service to be provided by CREDCO from Exhibit A. RELS shall notify CREDCO in writing of its desire to eliminate a particular service from Exhibit A at least forty five (45) days prior to the effective date to the effective date of such elimination. The elimination of a service from Exhibit A shall not alter the parties obligation relating to the remaining services.

- c) **Default.** In the event of a default by either party in the performance of any of its obligations hereunder, the non-defaulting party shall give written notice of such default to the defaulting party. If the defaulting party shall fail to cure any such default within thirty (30) days from the date on which such written notice of default is received, the non-defaulting party shall unilaterally have the right to terminate this Agreement.
 - d) **Termination.** This Agreement will automatically terminate in the event of the dissolution of RELS.
 - e) **Effect of Termination.** Subject to subsection (d), above, upon termination of this Agreement for any reason and by either party, (i) all rights in the Services, shall automatically and immediately revert back to CREDCO; and (ii) RELS shall have no continuing access to or rights in the Services.
 - f) **Survival.** Unless otherwise expressly agreed to by the parties, in writing, any expiration, termination or modification hereof shall not affect the rights and obligations of the parties arising prior thereto.
 - g) **Disposition of Data.** Upon termination of this Agreement, CREDCO shall dispose of RELS's information and data in a secure and legal manner, in conformance with CREDCO policy, and using a standard of care not less than that used for disposal of CREDCO's own confidential data, unless RELS, at least fifteen (15) days prior to such termination, furnishes to CREDCO written instructions for the disposition of such data at RELS's expense.
- 3) **Equipment.** All equipment provided by RELS for use in conjunction with the CREDCO Services must be approved by CREDCO prior to use.
- 4) **Use of the Services.** RELS will use the Services only for its own internal business purposes and/or as an integral part of the services and/or products it provides to third parties and will not sell, lease, license or otherwise provide, directly or indirectly, any of the Services or any portion thereof to any third party. Notwithstanding the above, CREDCO will undertake to modify the interfaces between RELS Customers and RELS so that RELS Customers will have access to the Services at RELS.
- 5) **Compensation.**
- a) Other than the charges relating to the Computer Systems and Software Lease and License services, which shall be governed by the Computer Systems and Software Lease and License Agreement, attached hereto as Exhibit "B", in consideration of CREDCO providing the Services to RELS, RELS agrees to pay CREDCO the fees as more specifically set forth in Exhibit "A" ("CREDCO Fees"). RELS will

pay the CREDCO Fee not later than thirty (30) days after receipt of RELS's invoice therefore. CREDCO reserves the right to terminate this Agreement in the event that any CREDCO Fees remain unpaid sixty (60) days after written notice thereof is given to RELS. RELS agrees to pay a finance charge at the rate of one and one half percent (1.5%) per month or the maximum amount permitted under law for all past due balances until paid. Any finance charge incurred shall be due and payable within the next month's billing.

- b) RELS shall be solely responsible for, and shall pay or reimburse CREDCO for, all Taxes. "Taxes" means all present and future taxes, duties, import deposits, assessments, and other governmental charges (and any related penalties and interest), however designated, that are now or hereafter imposed by or under any governmental authority or agency that are: (i) associated with the performance by CREDCO of its obligations hereunder; (ii) associated with the payment of any amount by RELS to CREDCO pursuant to this Agreement; or (iii) based on the license or use of any Service; excepting only taxes imposed on CREDCO's net income by the United States and each state thereof (and their political subdivisions). Notwithstanding the foregoing, the parties agree to cooperate to enable each to more accurately determine its own tax liability, with respect to this Agreement, and to minimize such liability to the extent legally permissible. Each party shall provide and make available to the other any resale certificates, information regarding out-of-state or out-of-country sales or use of equipment, materials or services, and other exemption certificates or information reasonably requested by the other party.

6) **Confidentiality and Ownership.**

- a) **Confidential Information.** Both parties hereto shall keep confidential, and will cause its employees to keep confidential, all Confidential Information, as defined below, obtained from the other party (the "Disclosing Party"). The parties also agree that all information related to the Agreement is presumed to be Confidential Information unless the Disclosing Party indicates in writing that the information is not confidential or proprietary. Both parties acknowledge that, in the course of its relationship with the other that it and its employees will acquire or have access to information of various kinds concerning the other party's business, as well as the businesses of its affiliates. Both parties acknowledge that all information disclosed by the Disclosing Party to the other party, its employees and/or agents (the "Recipient"), for the purposes of the Agreement(s), or which comes to the attention of Recipient, its employees, during the course of such Agreement(s), is confidential in nature, constitutes a valuable asset of Disclosing Party, is proprietary to the Disclosing Party, and is properly the subject of protection. Both parties also acknowledge that RelS has a responsibility to its customers to keep customers' records strictly confidential and proprietary. Both parties further acknowledge that the Disclosing Party may have proprietary or confidential information of third parties that they may rightfully use in the course of their businesses. Both parties further agree that any entity or person who obtains or is

provided access to Confidential Information (as defined below) as an agent of Recipient may obtain or have access to such Confidential Information only for the purpose of carrying out the performance of specific terms of this Agreement, and, in such case, the agent of Recipient (other than employees of the Recipient): (i) must agree in writing, independently, to be bound by the terms set forth in this Section; and (ii) must agree in writing, independently, to use such Confidential Information only for the purpose of carrying out the performance of specific terms of this Agreement.

b) **Definition of Confidential Information.** “Confidential Information” shall mean and include the following:

- i) **RELS Consumer Information.** Any and all non public information or data, provided by, through, or on behalf of RELS, its customers or clients to CREDCO (or any of CREDCO’s agents approved by RELS in advance under this Agreement), about or relating to any client or prospective or former client of RELS (whether an individual, business entity, governmental unit, or otherwise) or any RELS customer including (without limitation) any and all nonpublic personal information of RELS or its customers (within the meaning of Title V of the Gramm-Leach-Bliley Act and its implementing regulations) made available to CREDCO; provided, however, that the same or similar information that CREDCO receives or obtains from other sources does not constitute RELS Consumer Information. CREDCO warrants and attests that it shall comply with all applicable law, including Regulation P and RELS’s privacy policy, in the performance of its Services to RELS as defined in this section.
- ii) **Proprietary and Other Confidential Information.** Confidential Information also includes any and all confidential business, technical or data processing information, trade secret or other proprietary information acquired from the Disclosing Party, its customers or clients, or any of its affiliates by Recipient, or its employees or agent, in the course of carrying out the tasks hereunder or as a result of access to the Disclosing Party’s Confidential Information, or any of its affiliates, whether prepared by Recipient or its employees, whether or not reduced to writing, and whether or not in human readable or machine readable form, including, without limitation, any information provided by the Disclosing party, its customers or clients, or any of its affiliates concerning the Agreement, concepts, techniques, or procedures, software in various stages of development, discoveries, ideas, inventions, operations, data, designs, drawings, diagrams, specifications, documentation, research, know-how, compilations of information, records, costs, purchasing data, financial data, accounting, marketing and development plans, sales, pricing, profits, business plans or procedures, data, employee information provided by and acquired from the Disclosing Party, or any of its affiliates in the course of the performance by Recipient of any of the tasks hereunder or as a result of this Agreement. Such information shall remain the sole property of the disclosing

party. Confidential Information also includes any and all information described in this subsection (ii) which Recipient obtains from another party and treats as proprietary or designates as confidential information, whether or not owned or developed by the Disclosing Party. Proprietary and Other Confidential Information (but not Rels/client/customer/Consumer Information described in subsection (1) above) shall cease to be Confidential Information after it has been voluntarily disclosed to the public by the Disclosing Party, or independently developed and disclosed by others or has otherwise entered the public domain through lawful means. In any dispute with respect to these exclusions, the burden of proof will be on Recipient to show that the exclusion applies.

- c) **Ownership.** RELS acknowledges that the databases which are used in providing the Services, and the software and systems used by CREDCO in connection with the Services and related materials, and all copyrights, patents, trade secrets and other intellectual property and proprietary rights in and to any of the foregoing (“CREDCO Products”) are and shall remain the exclusive property of CREDCO and the third parties to whom CREDCO is acting as agent or from whom CREDCO has obtained the right to use the CREDCO Products, provided, however, that any data generated for RELS through use of the CREDCO software are and shall remain the exclusive property of RELS.

7) **Representations and Warranties.**

- (a) **Specific Services Warranties.** CREDCO warrants that it will provide competent personnel with sufficient skill knowledge and training to perform the services set forth in the Agreement and that the CREDCO will perform such services in a diligent and professional manner.
- (b) **Compliance with Laws.** CREDCO hereby represents, warrants and covenants that it will comply with any and all laws, rules and regulations applicable to it in connection with this Agreement.
- (c) **No Other Warranties.** CREDCO MAKES NO WARRANTIES, EXPRESS OR IMPLIED, OTHER THAN THE EXPRESS WARRANTIES SET FORTH IN THIS AGREEMENT. NO REPRESENTATIONS OR STATEMENTS NOT EXPRESSLY SET FORTH HEREIN SHALL BE BINDING UPON CREDCO AS A WARRANTY OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

8) **Limitation of Liability.**

- (a) **Availability of Services.** CREDCO will make every reasonable effort to have the Services available in accordance with the terms of this Agreement. However, CREDCO cannot and does not guarantee such availability. Accordingly, except

as otherwise expressly provided in this Agreement, CREDCO's sole liability to RELS or any third party for claims, notwithstanding the form of such claims (e.g., contract, negligence or otherwise), arising out of (i) the interruption or the delay of the Services or (ii) the unavailability of the Services, shall be to use reasonable commercial efforts to resume and/or make the Services available, as promptly as reasonably practicable, subject to the force majeure provision herein.

- (b) **Accuracy of Information.** CREDCO shall not have any obligation or liability for damages to RELS or any third party (i) relating to, or arising out of displaying or furnishing of databases and/or information, (ii) for errors or omissions in collecting, processing, disseminating or displaying the same, or (iii) for the accuracy of databases or information displayed, carried or furnished by or through the Services, beyond CREDCO's obligation to promptly furnish the correct report or data; provided, however, that CREDCO shall be liable for damages resulting from its own fraud or willful misconduct or for its gross negligence. CREDCO shall promptly notify RELS upon discovery of any material errors in or relating to the foregoing. CREDCO shall not have any liability or obligation for the accuracy or display of RELS's data and information, and with respect thereto RELS shall defend, indemnify, save and hold harmless CREDCO, its successors and assigns against any and all actions, proceedings, as well as any direct, actual, and out of pocket claims, liabilities, demands and costs, damages, losses and expenses (including, without limitation, reasonable fees of attorneys) to which CREDCO may be subjected by furnishing such RELS data and information.
- (c) **Force Majeure.** Neither RELS nor CREDCO shall be liable or deemed to be in default for any delay or failure to perform under this Agreement (other than for a default in the payment of any amounts hereunder), or for interruption of the Services, to the extent resulting directly or indirectly from any delay caused by the other party, or by an act of God, war, civil disturbance, court order, labor dispute, third party non-performance, failure of telecommunications equipment or any other cause beyond its reasonable control; provided, however, that CREDCO shall not be excused from performing hereunder as a result of failures or fluctuations in electrical power, heat, light and air conditioning that it reasonably could have prevented.
- (d) **Third Party Information Providers.** No third party who provides CREDCO with any portion of the Services being provided, or which will be provided, by CREDCO, to RELS shall have any direct or indirect liability hereunder to RELS for monetary damage or otherwise on account of the Services and/or software provided, or to be provided, by CREDCO hereunder.
- (e) **Maximum Damages.** CREDCO's entire liability arising under or in connection with this Agreement, whether for breach, tort or otherwise, shall not exceed, in the aggregate, the amounts paid by RELS to CREDCO for the three (3) months immediately preceding the occurrence giving rise to such claim hereunder.

(f) **No Consequential Damages.** IN NO EVENT WILL EITHER PARTY BE RESPONSIBLE FOR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES WHICH THE OTHER PARTY MAY INCUR OR EXPERIENCE ON ACCOUNT OF ENTERING INTO OR RELYING ON THIS AGREEMENT, EVEN IF THE FIRST PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

9) **Laws and Governmental Regulations.**

- a) RELS shall be responsible (i) for compliance with all laws and governmental regulations affecting its business and (ii) for any use it may make of the Services to assist it in complying with such laws and governmental regulations, and, absent CREDCO's gross negligence or willful misconduct, CREDCO shall not have, except as may otherwise be set forth herein, any responsibility relating thereto (including, without limitation, advising RELS of RELS's responsibilities in complying with any laws or governmental regulations affecting RELS's business). While CREDCO shall not have any responsibility for RELS's compliance with the laws and regulations referred to above, CREDCO shall use reasonable commercial efforts to cause the Services to be designed in such a manner that they will be able to assist RELS in complying with its applicable legal and regulatory responsibilities. In no event shall RELS rely solely on its use of the Services in complying with any laws and governmental regulations.
- b) If after the date hereof, any modifications to the Services shall be legally required, except to the extent such changes may be beyond the capability of CREDCO to implement, CREDCO shall modify the Services appropriately; CREDCO shall give prompt written notice to RELS in the event that CREDCO is incapable of making such legally-required change. If providing any of the Services to RELS hereunder violates, or in CREDCO's reasonable opinion is likely to violate, any laws or governmental regulations, CREDCO may, upon written notice to RELS, immediately cease providing the affected Services.

10) **Indemnification.** Both parties shall defend, indemnify and hold harmless the other, together with its officers, directors, employees, agents, parent, subsidiaries and other affiliates, from and against any and all damages, costs, liability, and expense whatsoever (including attorneys' fees and related disbursements) incurred by reason of (i) any failure by a breaching party to perform any covenant or agreement set forth herein; (ii) injury to or death of any person or any damage to or loss of property which is due to the negligence and/or willful acts of the breaching party; or (iii) any breach by the breaching party of any representation, warranty, covenant or agreement under this Agreement; provided, however, that CREDCO's maximum indemnification of RELS in connection with this Agreement, whether for breach of contract, tort or otherwise, shall not exceed, in the aggregate, the amounts paid by RELS to CREDCO under this Agreement for the three (3) months immediately preceding the claim.

11) **General.**

- a) **Entire Agreement.** RELS acknowledges that it has not been induced to enter into this Agreement by any representation or warranty not set forth in this Agreement. This Agreement, including Exhibit "A", contains the entire agreement of the parties with respect to its subject matter and supersedes all existing agreements and all other oral, written or other communications between them concerning its subject matter. This Agreement shall not be modified in any way except by a writing signed by an authorized representative of each party.
- b) **Assignment.** This Agreement may not be assigned by either party, without the other's prior written consent, which shall not be unreasonably withheld, except that either party may, without the other's consent, assign its rights and obligations hereunder to any of its affiliates or in connection with the sale of all or substantially all of its assets or business, in connection with which the Services are used or provided; provided that (i) the assignee agrees to be bound by the terms and conditions of this Agreement to the same extent that the assignor was bound prior to the assignment and (ii) no such assignment shall relieve the assignor of any of its obligations or liabilities under this Agreement, provided, however, that, notwithstanding the foregoing, in no event shall either party assign this Agreement to a competitor of the other party without such other party's prior written consent. This Agreement shall be binding upon and shall inure to the benefit of CREDCO and RELS and their respective successors and permitted assigns.
- c) **Relationship Of Parties.** Both parties acknowledge that the relationship between them is that of independent contractors. Nothing in this agreement shall be construed to constitute a relationship of agency, representation or affiliation (collectively "agents"). Neither party shall be considered an employee of the other, and shall not be entitled to receive any employment benefits offered to employees of the other as the result of this agreement, including but not limited to: workers' compensation coverage; savings or profit sharing plans; stock option, incentive or other bonus plans; health, dental or life insurance coverage; and paid vacations. Neither party will represent to any third party that it is an agent or employee of the other. Neither party will exercise control, or be authorized bind the other by promise or representation, unless expressly authorized to do so by the other party in writing
- d) **Severability.** If any provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remainder of this Agreement shall not in any way be affected or impaired thereby.

- e) **Notices.** Except as otherwise provided herein, all notices and other communications required by or described in this Agreement shall be in writing and shall be forwarded by registered or certified mail, return receipt requested, and sent with proper postage to CREDCO or RELS at the address set forth below or to any other address designated in writing hereafter. Any notice to CREDCO shall be sent to:

Per Gothe, EVP
First Advantage Credco, LLC
12395 First American Way
Poway, CA 92064

With a copy to:

Julie Waters, General Counsel
First Advantage Corporation
100 Carillon Parkway
St. Petersburg, FL 33716

Any notice to RELS shall be sent to:

Stan Baldwin, President
RELS Reporting Services, LLC
12395 First American Way
Poway, CA 92064

- f) **Headings.** The headings in this Agreement are intended for convenience of reference and shall not affect its interpretation.
- g) **Authorization.** The individuals executing this Agreement on behalf of CREDCO and RELS each represent and warrant that they are duly authorized by all necessary action to execute this Agreement on behalf of their respective principals.
- h) **Non-Hire.** Neither party shall recruit or encourage employees of the other to join its company. Neither party shall hire or employ as a consultant either directly or indirectly anyone who has had direct responsibilities relating to the Services as an employee or consultant at the other's company within one (1) year prior to such hiring or employment. This provision shall remain in force for a period of six months after the termination of this Agreement.
- i) **Dispute Resolution; Injunction.** The parties shall use commercially reasonable efforts to cooperate in good faith to resolve any disputes that arise in connection with this Agreement or its subject matter. Notwithstanding the foregoing, a breach of any provisions of Paragraph 6 of this Agreement by a party will cause the other party irreparable injury and damage and therefore may be enjoined through injunctive proceedings in addition to any other rights or remedies which may be available to the injured party, at law or in equity. Any action brought under this Agreement or in conjunction with its subject matter shall be brought in a federal or state court situated in the County of San Diego, State of California.

- j) **Governing Law.** This Agreement shall be governed in all respects by the laws of the State of California, without giving effect to principles of conflicts of law.
- k) **Business Continuity Plan.** CREDCO maintains a Business Continuity Plan (“BCP”) that ensures the continuation of services pursuant to the Agreement, if an incident (event, act or omission) threatens to impair or disrupt CREDCO’s performance under this Agreement. CREDCO agrees to provide and fund its BCP commensurate with the sensitivity of the services being performed by CREDCO. CREDCO agrees to deliver and/or make available for on site review and to meet with RELS to review CREDCO’s BCP. CREDCO will maintain and exercise the BCP at regular intervals (no less frequently than annually). CREDCO will comply with the BCP during the term of this Agreement and will promptly revise its BCP to conform to new governmental regulations, if applicable. If at any time: (1) CREDCO becomes aware that it is not in compliance with its BCP, CREDCO will notify RELS in writing immediately, or (2) RELS becomes aware that CREDCO is not in compliance, RELS will notify CREDCO, and, in each such case, CREDCO will cure any such non-compliance within a time frame agreed to between the parties in writing.
- l) **Survival of Obligations.** Sections 6, 7, 8, 10 and 11 (and any other section which by its nature should survive termination), shall survive termination of this Agreement.

IN WITNESS WHEREOF, this Agreement had been duly executed by the parties as of the Effective Date.

RELS Reporting Services, LLC

First Advantage Credco, LLC

By: /s/ Stan Baldwin
Name: Stan Baldwin
Title: President

By: /s/ John Stancil
Name: John Stancil
Title: Vice President

EXHIBIT A

SERVICES AND FEES

The Services to be provided by CREDCO and the monthly fees to be paid by RELS to CREDCO for the Services are as follows:

1. Analytics	\$ 3,500
2. Back Office Systems Support	\$ 12,900
3. Billing Integrity and Billing Support	\$ 5,700
4. Consumer Disputes	\$ 7,100
5. Data Management	\$ 4,400
—Bureau Subscriber Administration	
6. Legal and Regulatory Specific to Credit Reporting	\$ 2,500
—Compliance and Auditing	
—Lobbying Specific to Credit Reporting Industry	
—Industry Relations	
7. Hardware and Software Procurement	\$ 400
8. Miscellaneous Beaverton Support	\$ 2,850
9. Poway Facility Rent and Support	\$ 3,200
—Mailroom Support	
10. Product Development	\$ 2,700
11. Product Management	\$ 5,450
12. Reporting Systems	\$ 8,800
13. Data Vendor / Bureau Relations	\$ 10,500

COMPUTER SYSTEMS AND SOFTWARE
LEASE AND LICENSE AGREEMENT

This COMPUTER SYSTEMS AND SOFTWARE LEASE AND LICENSE AGREEMENT (“Agreement”) by and between First Advantage Credco, LLC (hereafter referred to as “Credco”), a Delaware Limited Liability Company and RELS Reporting Services, LLC (hereinafter referred to as “RELS”), a Delaware Limited Liability Company, is effective January 1, 2008.

RECITALS

WHEREAS: RELS acts as a reseller of consumer reports and other products and services to certain entities with whom RELS has a written agreement to provide such consumer reports and other products and services (“RELS CUSTOMERS”).

WHEREAS: RELS Customers are in the business of extending mortgage loans to consumers and requires consumer reports from the three national consumer reporting agencies in order to make lending decisions. Such reports are best analyzed when merged and duplicate information is eliminated and formatted in a user friendly manner.

WHEREAS: Credco is engaged in the business of developing and licensing software that produces Merged Reports and other products and services and leasing computer systems capable of delivering them.

WHEREAS; Credco is also a consumer reporting agency that provides information services to the mortgage industry.

WHEREAS: Credco now wishes to license software and lease computer systems to RELS sufficient to allow RELS to obtain Merged Reports and other products and services from the national consumer reporting agencies and other products and services from other agencies pursuant to arrangements to be made between RELS CUSTOMERS or RELS and such agencies and RELS desires to license such system and Equipment from Credco on the terms and conditions described in this Agreement.

NOW THEREFORE, in consideration of the mutual promises and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1) **Definitions**

- a) **Licensed Software** – Licensed Software means Credco’s Software which is a program that (1) merges/combines information received from one or more consumer reporting agencies, eliminates duplicate information and presents a combined report in a standardized arrangement, and (2) receives other information from various data providers and presents such information in an easy-to-read format.
- b) **Equipment** - One or more dedicated Web servers and related hardware and all other tangible items, including without limitation, computers, peripherals, cables, interface devices, tools and spare parts, together with associated supplies and documentation, required to allow RELS to obtain Merged Reports and other products and services through the Licensed Software.
- c) **Installation Site** - Credco offices in Poway, California.
- d) **Merged Reports** – Consumer credit reports obtained from one or more of the national consumer reporting agencies that are combined into one report containing current and accurate information.
- e) **Operative** - In good working order and repair with the appropriate functionality to allow RELS the ability to obtain the Merged Reports and other products and services.
- f) **Operational Failure** - The failure of the leased Equipment and/or Licensed Software to be Operative during RELS’s business hours arising from causes within Credco’s control. The term Operational Failure shall not include failures caused by (1) RELS’s failure to follow proper procedures provided to it by Credco, (2) failure of RELS’s equipment, or (3) the national consumer reporting agencies or any other information provider or agency.

2) **License**

- a) Credco, in consideration of payment of the monthly fees set forth in Exhibit A hereto, hereby grants and RELS accepts a limited, non-exclusive license, subject to the terms and conditions set forth herein to use the Licensed Software and related “bug” fixes, updates, enhancements, upgrades or re-releases, for the purpose of furnishing Merged Reports and other products and services to RELS CUSTOMERS and to no other party and for no other purpose. This Agreement, any license and any program to which it applies may not be assigned, sublicensed or otherwise transferred by RELS without the prior written consent of Credco. Any attempted assignment by RELS without such consent shall be void and this Agreement shall be terminated.
- b) Except as expressly stated herein, RELS agrees that it and its employees, shall not: (i) use Credco's Licensed Software, other than within the scope of the license granted by Credco under this section; (ii) in any way alter, change, modify, adapt, translate, or make derivative works of any Merged Reports or other products and services delivered hereunder; (iii) sublicense Credco's Licensed Software; or (iv) integrate, cross-reference or otherwise use any data contained in Credco's Licensed Software with data obtained from any third party.

3) **Lease**

Credco, in consideration of payment of the fee set forth in Exhibit A hereby leases to RELS all Equipment necessary to run the Licensed Software and furnish the Merged Reports and other products and services to RELS CUSTOMERS, whether such Equipment is located at the Installation Site or elsewhere, and agrees to provide RELS all Connectivity necessary or appropriate for RELS to access the Equipment and Licensed Software to enable it to furnish Merged Reports and other products and services to RELS CUSTOMERS. RELS recognizes that the Equipment may be used for other applications and on behalf of other clients of Credco and RELS shall have no claim on any particular computer Equipment or server by this lease. Credco shall not be responsible for equipment needed by RELS to receive the Merged Reports and other products and services, but only Equipment that makes the Merged Reports and other products and services available.

4) **Term**

This Agreement is effective from the date hereof and shall remain in force and effect for twelve months and shall thereafter be automatically be renewed for additional 12 month terms until either party terminates this Agreement by giving the other three months' written notice prior to the term then in effect; provided, however, that either party may terminate this Agreement in the event of a material breach hereof by the other party, which breach remains uncured thirty (30) days after written notice of such breach is given to the breaching party. In the event that either party hereto shall be adjudged insolvent or bankrupt, or upon the institution of any proceedings seeking relief, reorganization or arrangement under any laws relating to insolvency, or if any involuntary petition in bankruptcy is filed against such party and said petition is not discharged within sixty (60) days after such filing, or upon any assignment for the benefit of its creditors, or upon the appointment of a receiver, liquidator or trustee of any of its assets, or upon the liquidation, dissolution or winding up of its business ("Event of Bankruptcy"), then the party affected by any such Event of Bankruptcy shall immediately give notice thereof to the other party, and the other party at its option may terminate this Agreement upon written notice.

5) **Equipment Installation**

Credco shall configure and use its current Equipment or install new Equipment and Licensed Software for RELS at the Installation Site. The cost of the hardware and software configuration and installation shall be paid by Credco. The Equipment provided for the use by RELS shall meet the current and reasonably anticipated future volume requirements of RELS as estimated in Exhibit B attached hereto and shall otherwise be sufficient for provision of Merged Reports and other products and services in accordance with the terms hereof for such estimated volume. If specialized equipment is required by RELS and/or RELS CUSTOMERS for a particular purpose, Credco may choose to charge RELS an additional fee for such specialized equipment and RELS agrees to pay such additional fee.

6) **Maintenance**

- a) Credco agrees to make necessary modification in the Equipment and Licensed Software, without charge to RELS, to comply with any changes that may from time to time be introduced by the national consumer reporting agencies or Credco's other data providers. Credco agrees to make necessary modification in the Equipment and Licensed Software, with charge to RELS, to comply with any changes that may from time to time be required by RELS and/or RELS CUSTOMERS.
- b) In the event of an Operational Failure, Credco shall assign Credco's qualified technical service personnel to resolve the Operational Failure and bring the Equipment back into operation as soon as possible. Priority shall be given by Credco to operational problems which impair RELS's ability to obtain Merged Reports or other products and services. During Operational Failures, Credco shall provide RELS, at a point designated by RELS from time to time, with progress reports to RELS's on-site designated person (or position).

7) **Warranties, Disclaimers and Indemnities**

- a) Credco Warranties – Credco hereby represents and warrants to RELS as follows: (i) the Equipment and the Licensed Software shall be capable of delivering Merged Reports in the volume requirements estimated in Exhibit B attached hereto and will be free from material defects and errors; (ii) Credco has the power and right to lease the Equipment and license the Licensed Software to RELS without violating the rights of any third party; (iii) neither the Licensed Software nor the stated use thereof by RELS does nor will infringe any patent, copyright, trademark, trade secret, confidentiality or other proprietary right of any third party; and (iv) the Licensed Software shall not contain any backdoor, time bomb, logic bomb, or other code designed (A) to permit access unauthorized by RELS to any RELS system, Web site, computer or network or to any software installed on a RELS computer or network (including the Licensed Software itself), (B) to permit the Licensed Software or any RELS system, Web site, computer or network to be locked or disabled by Credco or any third party without RELS's consent, (C) to cause the Licensed Software to cease operating after a certain period of time, or D) to cause damage to any of RELS's hardware, software or data.
- b) RELS Warranties – RELS represents and warrants to Credco that (i) it has the right and power to enter into this Agreement and that there is no outstanding contract, commitment or legal impediment which may limit, restrict or impair its ability to perform its obligations hereunder; RELS shall use the Licensed Software and the Merged Reports and any other products and services RELS CUSTOMERS or RELS obtains therefrom on behalf of RELS CUSTOMERS in full compliance with all applicable laws, including without limitation the Fair Credit Reporting Act (FCRA) and related state laws and the Real Estate Settlement Procedures Act; (iii) RELS shall resell the Merged Reports only to RELS CUSTOMERS in connection with a permissible purpose as defined in FCRA and shall fully comply with its obligations as a reseller under FCRA; and (iv) RELS is in full compliance with all other applicable laws and regulations.
- c) Information "as is" – RELS understands that the accuracy of information processed from third parties and furnished to RELS through the Licensed Software is not guaranteed by Credco. Credco shall have no responsibility for the accuracy, currency or quality of any

Merged Reports or any other products or services (or the information contained therein) or other information received through the Licensed Software and RELS accepts all such data “as is.”

- d) RELS Indemnity – RELS agrees to indemnify and hold Credco harmless from any and all expenses, costs, claims and damages, including attorneys fees incurred by Credco or its affiliated companies derived from, arising out of, or relating to, (i) any violation of the FCRA by RELS, its employees or agents, (ii) improper publishing or disclosure of information contained in a report obtained through the Licensed Software by its employees or agents or (iii) any breach of any representation, warranty or covenant of RELS hereunder.
- e) Mutual Indemnification. Both parties shall defend, indemnify and hold harmless the other, together with its officers, directors, employees, agents, parent, subsidiaries and other affiliates, from and against any and all damages, costs, liability, and expense whatsoever (including attorneys’ fees and related disbursements) incurred by reason of (i) any failure by a breaching party to perform any covenant or agreement set forth herein; (ii) injury to or death of any person or any damage to or loss of property which is due to the negligence and/or willful acts of the breaching party; or (iii) any breach by the breaching party of any representation, warranty, covenant or agreement under this Agreement; provided, however, that Credco’s maximum indemnification of RELS in connection with this Agreement, whether for breach of contract, tort or otherwise, shall not exceed \$250,000.00 in the aggregate. The existence of multiple claims shall not enlarge the limit of Credco’s indemnification hereunder.
- f) Adverse Action warranty – RELS warrants that, when it obtains Merged Reports or any other product or service through the Licensed Software for resale to RELS CUSTOMERS, RELS will instruct RELS CUSTOMERS not to use Credco’s name, logo, and address or telephone number on any disclosures to the consumer, including, but not limited to, any adverse action notice under FCRA. “Adverse action” has the same meaning as the definition of that term under the FCRA. The adverse action notice provided by RELS CUSTOMERS under the FCRA shall include the name, address and telephone number of RELS.

8) Limitations of Liability

In no event will Credco be liable for any lost profits, or any consequential or incidental damages alleged to be incurred or actually incurred by RELS, RELS CUSTOMERS or anyone claiming through RELS or RELS CUSTOMERS even if Credco has been advised of the possibility of damages. The cumulative liability of Credco to RELS, RELS CUSTOMERS or anyone claiming through them for any and all claims relating to the Licensed Software and Equipment or any information furnished hereunder by Credco, in contract, tort or otherwise, shall be limited to \$250,000.00 in the aggregate, unless caused by Credco’s gross negligence or willful misconduct, in which case Credco’s liability for such gross negligence or willful misconduct will be limited to the amounts paid by RELS to Credco for the three (3) months immediately preceding the occurrence giving rise to such claim hereunder. The existence of multiple claims shall not enlarge the limit of Credco’s liability hereunder. CREDCO MAKES NO OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED, UNDER THIS AGREEMENT, AND HEREBY DISCLAIMS ALL

IMPLIED WARRANTIES, INCLUDING ANY WARRANTIES REGARDING MERCHANTABILITY, USAGE OF TRADE OR FITNESS FOR A PARTICULAR PURPOSE. TO THE MAXIMUM EXTENT ALLOWED BY APPLICABLE LAW, CREDCO SHALL NOT BE LIABLE TO RELS FOR ANY INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OR LOST PROFITS.

9) **Access to Source Code**

RELS acknowledges that by entering into this Agreement, it is not acquiring any right, title or interest in the source code relating to the Licensed Software except for the right to use it as provided in this Agreement. The source code relating to the Licensed Software is a trade secret of Credco and is not generally known to the public or to other persons and RELS agrees to not disclose to any third person or entity said information.

10) **Proprietary Protection**

Credco has sole and exclusive ownership of all rights, title and interest in and to the Licensed Software, all copies thereof, and all modifications and enhancements thereto subject only to the right and license expressly granted to RELS herein. This Agreement does not provide RELS with title or ownership of the Licensed Software, but only a right to use the Licensed Software as provided herein.

11) **Independent Contractor**

The relationship of Credco to RELS hereunder shall be that of Licensor-Licensee and Credco shall be an independent contractor. Consequently, neither party nor any of its employees or agents shall have any authority to act for or on behalf of the other party or to bind the other party without its express approval in writing. Neither party nor any of its employees shall be considered employees of the other and shall not have employee status for any purpose including without limitation, worker's compensation or any employee benefit plan applicable to either party's employees generally. Each party shall be responsible for payment of all taxes including Federal, State and local taxes arising out of its own activities in connection with this Agreement including social security tax, unemployment insurance tax, and any other taxes or business license fees that may be applicable to its employees or agents.

12) **Trade Secret Information**

RELS acknowledges and agrees that the Licensed Software constitutes a trade secret belonging to Credco as the term trade secret is utilized under the provisions of the Uniform Trade Secret Act, California Civil Code Section 3426 et. Seq. (the "Credco Confidential Information").

13) **Ownership and Confidentiality.**

- a) Confidential Information. Both parties hereto shall keep confidential, and will cause its employees to keep confidential, all Confidential Information, as defined below, obtained from the other party (the "Disclosing Party"). The parties also agree that all information related to the Agreement is presumed to be Confidential Information unless the Disclosing Party indicates in writing that the information is not confidential or proprietary. Both parties acknowledge that, in the course of its relationship with the other that it and its employees will acquire or have access to information of various kinds concerning the other party's business, as well as the businesses of its affiliates. Both

parties acknowledge that all information disclosed by the Disclosing Party to the other party, its employees and/or agents (the “Recipient”), for the purposes of the Agreement(s), or which comes to the attention of Recipient, its employees, during the course of such Agreement(s), is confidential in nature, constitutes a valuable asset of Disclosing Party , is proprietary to the Disclosing Party, and is properly the subject of protection. Both parties also acknowledge that Rels has a responsibility to its customers to keep customers’ records strictly confidential and proprietary. Both parties further acknowledge that the Disclosing Party may have proprietary or confidential information of third parties that they may rightfully use in the course of their businesses. Both parties further agree that any entity or person who obtains or is provided access to Confidential Information (as defined below) as an agent of Recipient may obtain or have access to such Confidential Information only for the purpose of carrying out the performance of specific terms of this Agreement, and, in such case, the agent of Recipient (other than employees of the Recipient): (i) must agree in writing, independently, to be bound by the terms set forth in this Section; and (ii) must agree in writing, independently, to use such Confidential Information only for the purpose of carrying out the performance of specific terms of this Agreement.

b) Definition of Confidential Information. “Confidential Information” shall mean and include the following:

- i) RELS Consumer Information. Any and all non public information or data, provided by, through, or on behalf of RELS, its customers or clients to Credco (or any of Credco’s agents approved by RELS in advance under this Agreement), about or relating to any client or prospective or former client of RELS (whether an individual, business entity, governmental unit, or otherwise) or any RELS customer including (without limitation) any and all nonpublic personal information of RELS or its customers (within the meaning of Title V of the Gramm-Leach-Bliley Act and its implementing regulations) made available to Credco; provided, however, that the same or similar information that Credco receives or obtains from other sources shall not constitute RELS’s Consumer Information. Credco warrants and attests that it shall comply with all applicable law, including Regulation P and RELS’s privacy policy, in the performance of its Services to RELS as defined in this section.
- ii) Proprietary and Other Confidential Information. Confidential Information also includes any and all confidential business, technical or data processing information, trade secret or other proprietary information acquired from the Disclosing Party, its customers or clients, or any of its affiliates by Recipient, or its employees or agent, in the course of carrying out the tasks hereunder or as a result of access to the Disclosing Party’s Confidential Information, or any of its affiliates, whether prepared by Recipient or its employees, whether or not reduced to writing, and whether or not in human readable or machine readable form, including, without limitation, any information provided by the Disclosing party, its customers or clients, or any of its affiliates concerning the Agreement, concepts, techniques, or procedures, software in various stages of development, discoveries, ideas, inventions, operations, data, designs, drawings, diagrams, specifications, documentation, research, know-how, compilations of information, records, costs, purchasing data, financial data, accounting, marketing and development plans, sales, pricing, profits, business plans

or procedures, data, employee information provided by and acquired from the Disclosing Party, or any of its affiliates in the course of the performance by Recipient of any of the tasks hereunder or as a result of this Agreement. Such information shall remain the sole property of the disclosing party. Confidential Information also includes any and all information described in this subsection (ii) which Recipient obtains from another party and treats as proprietary or designates as confidential information, whether or not owned or developed by the Disclosing Party. Proprietary and Other Confidential Information (but not Rels/client/customer/Consumer Information described in subsection (1) above) shall cease to be Confidential Information after it has been voluntarily disclosed to the public by the Disclosing Party, or independently developed and disclosed by others or has otherwise entered the public domain through lawful means. In any dispute with respect to these exclusions, the burden of proof will be on Recipient to show that the exclusion applies.

- c) Ownership. RELS acknowledges that the databases which are used in providing the services, and the software and systems used by Credco in connection with the services and related materials, and all copyrights, patents, trade secrets and other intellectual property and proprietary rights in and to any of the foregoing ("Credco Products") are and shall remain the exclusive property of Credco and the third parties to whom Credco is acting as agent or from whom Credco has obtained the right to use the Credco Products, provided, however, that any data generated for RELS through use of the Credco software are and shall remain the exclusive property of RELS.

14) Background Checks.

Prior to the performance of services hereunder, Credco will conduct, or cause to be conducted (by contract or otherwise) third-party background checks on all Credco personnel and subcontractors who will be involved in providing services hereunder which relate to RELS computer networks, information systems, Customer/Consumer Information, databases or secure facilities, or wherein modifications may be made to the RELS information systems. Credco further represents and warrants that in no event will any person who has been convicted of any criminal offense involving dishonesty, a breach of trust, or money laundering participate directly or indirectly in the provision of those services described in the foregoing sentence. Company represents that it is in compliance with Executive Order 13224 (or successor orders/legislation), that it screens its Company Personnel against the Specially Designated Nationals and Blocked Persons list published by the Office of Foreign Assets Control of the U.S. Department of the Treasury (the "OFAC List"), and that no Consultant engaged in performing services under this Agreement is named on the OFAC List. In the event that Credco does not comply with the terms of this Section, RELS will have the right, in its sole and absolute discretion, to terminate this Agreement immediately in addition to all other remedies that may be available to RELS by law or under this Agreement. RELS may also, in its sole discretion, require that Credco provide written evidence of successful background checks on Credco personnel and subcontractors at any time.

15) Disaster Recovery Plan.

Credco warrants that it has a DR Plan that ensures the continuation of services pursuant to the applicable service level agreements, or SLAs, as mutually agreed upon by the parties and attached hereto, if an incident (event, act or omission) threatens to impair or disrupt Credco's delivery of Services. Credco agrees to provide and fund its BCP commensurate with the sensitivity of the Services being performed by Credco. Credco agrees to deliver a copy of its entire BCP upon execution of this agreement, or upon RELS's request and/or will meet with RELS representatives to review Credco's BCP. Credco will maintain and exercise the BCP at regular intervals (no less frequently than annually) and provide RELS with any revisions. Credco will provide RELS with sufficient notice to allow RELS to schedule and participate in and/or monitor its BCP exercises. Credco will comply with the BCP during the term of this Agreement and will promptly revise its BCP to conform to new governmental regulations, if applicable. If at any time: (1) Credco becomes aware that it is not in compliance with its BCP, Credco will notify RELS in writing immediately, or (2) RELS becomes aware that Credco is not in compliance, RELS will notify Credco, and, in each such case, Credco will cure any such non-compliance promptly thereafter, or as otherwise agreed to between the parties in writing. If such non-compliance cannot be cured within such period, Credco will use its best efforts to cure any such non-compliance as soon as practicable. Notwithstanding the foregoing, the Parties agree that if any non-compliance is not cured within the time allotted after notice is provided, RELS will have the right to terminate the affected agreement(s) immediately, without further liability to Credco (i.e., other than any liability or obligation—for payments or otherwise—which has already accrued).

16) System Down Time

Credco will notify RELS representatives in the event that normal maintenance will bring the system down during RELS's hours of operation. RELS's hours of operations are Monday through Friday, 4:00 AM to 11:00 PM Pacific Time; Saturday, 5:00 AM to 10:00 PM Pacific Time; and Sunday, 7:00 AM to 11:00 PM Pacific Time. If it is necessary to bring the system down in an emergency, Credco will notify RELS representatives with as much lead-time as is reasonably possible. Notwithstanding the foregoing, Credco will use its best efforts to perform all maintenance and schedule all down-time during RELS's off-hours.

17) Technical Support

Credco will provide RELS technical support during RELS's normal and extended hours of operation from 5:00 AM to 7:00 PM Pacific Time Monday through Friday; 8:00 AM to 4:30 PM Pacific Time Saturday and Sunday; provided, however, that an emergency pager number shall be available to RELS for technical assistance 24 hours a day, 7 days a week.

18) Normal Business Hours Business Related Support

A Credco's customer service representative will be available to RELS between the hours of 5:00 AM to 5:00 PM PT, Monday through Friday.

19) Security and Access

- a) Security.
- i) Generally. Credco personnel agree to comply with all of RELS's requirements in relation to the security of the computing environment, and otherwise, of RELS and any third parties, including without limitation any subsequently agreed security plan or information processing requirements that may be embodied in the applicable statement of work or in a separately executed information security program, explained in greater detail in subsection ii, below. Credco agrees and understands that project security standards may be changed by RELS or its customers from time to time, and Credco agrees to abide by the then-current security standards applicable to the systems containing RELS information.
 - ii) Credco's Program. Credco's information security program will be designed and implemented to control the risks identified by RELS or Credco which are commensurate with the sensitivity of the RELS data. This ISP will include administrative, technical and physical safeguards appropriate to the size and complexity of Credco's business and the nature and scope of the Services to be performed in order to ensure the confidentiality, integrity and availability of the RELS data, including RELS Confidential Information, and the by-products of such information. The ISP will include information regarding the initial risk assessment, risk management and control, the training of Credco personnel on compliance with the ISP, testing of the ISP, oversight of any subcontractor arrangements, periodic reports to RELS, and the process for annual certification of Credco. Credco will prohibit Credco personnel from possessing weapons or firearms of any kind on RELS's premises or those of Credco's premises where work is being carried out on behalf of RELS or its customers or clients.
- b) System/Facilities Access. Credco will execute all documents generally required by RELS for access to the computing environment or other restricted access areas where work on behalf of RELS is being performed. Except as may be specifically set forth in a given statement of work, Credco represents and warrants that: (1) it will not alter or disable any hardware or software security programs residing on RELS's hardware or systems if such alterations will cause harm to or threaten the confidentiality of RELS data, or that if its customers, or (2) allow unauthorized traffic to pass into the networks of RELS or any of its customers or clients. If Credco does allow unauthorized traffic to pass into the networks of any RELS customer or client, RELS may immediately terminate said access in addition to any other remedies that RELS may have under this Agreement. Further, if any Credco personnel, at any time during the life of this Agreement, is granted remote access to such networks, or is telecommuting in any capacity, then such person will be subject to additional data security requirements as may be called for under the applicable Information Security Policy then in force.
- c) Network Connections. If a network connection is established between Credco and networks used to perform RELS work, Credco agrees to (1) allow RELS or its customers to perform network assessments of Credco's computing environment, or to request access for such assessments of the entity on whose network Services are being performed (based on a schedule mutually agreed upon by the Parties), and (2) maintain an alert status

regarding the security of its computing systems, or those of the other entity, including without limitation all vulnerabilities and security patches or corrective actions, by subscribing to an industry-recognized service, such as CERT or CIAC. Credco understands that, should an assessment by RELS or its customers reveal inappropriate or inadequate security based on the pre-defined security requirements, RELS may, in addition to other remedies it may have, remove, or cause to have removed, Credco's access to the network in question for purposes of performing RELS work until Credco satisfactorily complies with the security requirements.

- d) Security Breach. In the event of any actual or suspected security breach Credco either suffers or learns of that either compromises or could compromise RELS data or Confidential Information, including without limitation customer or consumer data (e.g., physical trespass on a secure facility, computing systems intrusion/hacking, loss/theft of a PC (laptop or desktop), loss/theft of printed materials, etc.) (collectively, a "Security Breach"), Credco will immediately notify RELS senior management of such Security Breach at a notification telephone number provided separately, and will immediately coordinate with senior management or their designees to investigate and remedy the Security Breach. Except as may be strictly required by applicable law, Credco agrees that it will not inform any third party of any such Security Breach without RELS's prior written consent unless such disclosure is required by applicable law or for regulatory compliance. Credco agrees to work with RELS regarding the content of such disclosure so as to minimize any potential adverse impact upon RELS and its clients and customers.
- e) Security Breach. In the event of any actual or suspected security breach RELS either suffers or learns of that either compromises or could compromise Credco data or Confidential Information, including without limitation customer or consumer data (e.g., physical trespass on a secure facility, computing systems intrusion/hacking, loss/theft of a PC (laptop or desktop), loss/theft of printed materials, etc.) (collectively, a "Security Breach"), RELS will immediately notify Credco senior management of such Security Breach at a notification telephone number provided separately, and will immediately coordinate with senior management or their designees to investigate and remedy the Security Breach. Except as may be strictly required by applicable law, RELS agrees that it will not inform any third party of any such Security Breach without Credco's prior written consent unless such disclosure is required by applicable law or for regulatory compliance. RELS agrees to work with Credco regarding the content of such disclosure so as to minimize any potential adverse impact upon Credco and its clients and customers.
- f) Off-site Data Processing. Credco agrees (1) to provide RELS with a copy of a mutually acceptable third-party independent review/report (including without limitation, a Type II SAS 70 report, BITS shared assessment or mutually acceptable equivalent) applicable to the Credco facility that processes RELS data, (2) that RELS or its customers will have the right to review the audit criteria for any such third party audit, and agrees to use commercially reasonable efforts to incorporate any audit criteria recommended by RELS into the actual audit criteria used, (3) that this report will be updated and a copy delivered to RELS annually, upon request, and (4) that its facilities are in compliance with relevant First American security policies.

- g) Data Safeguards. Credco shall establish and maintain safeguards against the destruction, loss, alteration of or unauthorized access to RELS data in the possession of Credco and Credco personnel. In the event Credco intends to implement a change to its data safeguards, that materially impacts or could impact RELS data, Credco shall notify RELS, and upon RELS's written approval (which may be withheld for any reason), Credco will implement such change. Credco will retain all information obtained or created in the course of performance hereunder in accordance with the records retention guidelines as mutually agreed upon by Credco and RELS, or as is required by law (including without limitation the Sarbanes-Oxley Act).

20) Audit Rights

Due to the nature of the Services and the fact that it may be necessary to furnish certain non-public confidential information to Credco in order to allow Credco to perform fully hereunder, RELS requires certain audit rights to certain Credco information. Such information shall include site security, data storage operations, employee screening policy, third party contracts and relationships, business continuity management, financial status, etc. Upon RELS delivering Credco at least thirty (30) days advanced written notice, RELS shall have the right to audit Credco's operations periodically for purposes of ensuring Credco's site security, data storage operations, employee screening policy, operating processes, third party contracts and relationships, business continuity programs, financial documents and other governmentally required protections are in place and at a level satisfactory to meet legal requirements. Credco shall not rely on RELS audits to ensure compliance with any applicable law, as such audits are strictly for the benefit of RELS internal auditing review.

21) Pricing

- a) Credco will license the Licensed Software, lease the Equipment and provide the connectivity and other services described herein to RELS for the prices stated in Exhibit A attached hereto subject to annual increase equal to the percentage increase in the consumer price index, upon a prior 30 day notice provided by Credco. This lease and licensing fee shall be solely for the licensing of the Licensed Software and the lease of the Equipment (and the other matters as set forth in Exhibit A) and does not include the cost of (1) the consumer reports that are accessed by RELS from the national consumer reporting agencies which shall be paid directly to such agencies by RELS, or (2) other products and services that are accessed by RELS from the national consumer reporting agencies or other entities/agencies which shall be paid directly to such agencies/entities by RELS. RELS will pay all fees to Credco not later than 30 days after receipt of RELS's invoice therefore. Credco reserves the right to terminate its license of the Licensed Software and its Equipment lease to the RELS in the event that any fees remain unpaid sixty days after written notice thereof is given to RELS. RELS agrees to pay a finance charge at the rate of one and one half percent (1.5%) per month or the maximum amount permitted by law for all past due balances until paid. Any finance charge incurred shall be due and payable within the next month billing. Credco reserves the right, at any time and from time to time, to change the pricing set forth in Exhibit A. Credco shall notify RELS in writing of its intent to change the pricing at least ninety (90) days prior to the effective date of such change; provided, however, that if RELS is unwilling to pay any increase in pricing, RELS reserves the right to terminate this Agreement upon providing Credco with at least sixty (60) days' prior written notice of its intent to terminate this Agreement.

- b) RELS shall be solely responsible for, and shall pay or reimburse Credco for, all Taxes. "Taxes" means all present and future taxes, duties, import deposits, assessments, and other governmental charges (and any related penalties and interest), however designated, that are now or hereafter imposed by or under any governmental authority or agency that are: (i) associated with the performance by Credco of its obligations hereunder; (ii) associated with the payment of any amount by RELS to Credco pursuant to this Agreement; or (iii) based on the license or use of any Credco Services; excepting only taxes imposed on Credco's net income by the United States and each state thereof (and their political subdivisions). Notwithstanding the foregoing, the parties agree to cooperate to enable each to more accurately determine its own tax liability, with respect to this Agreement, and to minimize such liability to the extent legally permissible. Each party shall provide and make available to the other any resale certificates, information regarding out-of-state or out-of-country sales or use of equipment, materials or services, and other exemption certificates or information reasonably requested by the other party.

22) **Miscellaneous**

a) Entire Agreement

This Agreement is the complete and exclusive statement of the Agreement between RELS and Credco, and as of its date supersedes all prior and contemporaneous agreements, negotiations, representations and proposals, written or oral. Neither party shall be bound by or be liable to the other party for any representation, promise or inducement made by or to any agent or person in the other's employ, which is not embodied in the Agreement.

b) Assignment

This Agreement shall not be assigned by RELS without the prior written consent of Credco. Credco may not assign this Agreement without the prior written consent of RELS except to an affiliate of Credco.

c) Attorneys' Fees

If a legal action or arbitration proceeding is commenced in connection with the enforcement of this Agreement or any instrument or agreement required under this Agreement, the prevailing party shall be entitled to attorneys' fees actually incurred, costs and necessary disbursements incurred in connection with such action or proceeding, as determined by the court or arbitrator.

d) Binding Effect

This Agreement shall be binding on the parties hereto, their successors or assignees. If any term or provision of the Agreement is held to be illegal the validity of the remaining sections or terms shall not be affected.

e) Choice of Law

This Agreement is governed by and shall be construed in accordance with the substantive laws of California, without regard to principals of conflicts of law.

f) Disputes

The parties will endeavor to settle amicably by mutual discussions any dispute arising out of or in connection with this Agreement, the Equipment, Licensed Software and/or the services provided hereunder ("Dispute"). In the event that there is a Dispute which the parties have been unable to resolve, either party may, by written notice to the other, commence the dispute resolution mechanism of this Section 19. Within fifteen (15) days of the giving of such notice, one senior executive from Credco and one senior executive from RELS shall meet to attempt to settle and resolve such Dispute. In the event that any Dispute cannot be resolved through direct discussions, as provided herein, the parties will resolve any dispute arising out of or relating to this Agreement in a binding arbitration conducted under the auspices of the American Arbitration Association in San Diego County, California.

g) Use of Name

Neither party will use, or permit its employees, agents and subcontractors to use, the trademarks, service marks, logos, names, or any other of the other party's or its affiliates' proprietary designations, whether registered or unregistered, without prior written consent. The parties acknowledge that the foregoing sentence is a material provision of this Agreement, breach of which will constitute a material breach hereunder. Either party may seek specific performance or injunctive relief, along with any other remedies allowed by law for violations of this section.

h) Notices

Any notice to be given by either party to the other shall be in writing and may be transmitted by personal delivery, certified first class mail, return receipt requested, or other receipted express delivery service. Notices shall be addressed to the parties but either party may change the address by giving written notice in accordance with this paragraph. Notices delivered personally shall be deemed communicated upon receipt. Notices delivered by certified first class mail or receipted express delivery service shall be deemed communicated three (3) days after the date of mailing.

If to RELS: Stan Baldwin, President
RELS Reporting Services, LLC
12395 First American Way
Poway, CA 92064
Telephone:

If to Credco:

First American Credco
12395 First American Way
Poway, CA. 92064
Attn.: Per Gothe
Telephone:

With a copy to:

Julie Waters, General Counsel
First Advantage Corporation
100 Carillon Pkwy.
St. Petersburg, FL 33716

i) Force Majeure

Neither party shall be liable or deemed to be in default hereunder to the extent that such failure to perform, delay or default arises out of a cause, existing or future, that is beyond the control and without negligence of the party otherwise chargeable with failure, delay or default; including, but not limited to: action or inaction of governmental, civil or military authority; fire; strike; lockout or other labor dispute; flood; war; riot; theft; earthquake; natural disaster; act; negligence or default of the other party. The affected party shall take action to minimize the consequences of any such cause.

j) Survival

The provisions of this agreement contained in sections 7, 8, 10, 11, 12, 13 and 22 all other provisions necessary to interpret the rights and remedies of the parties hereunder shall survive termination of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and represent that their respective signatories whose signature appear below are authorized by all necessary and appropriate corporate action to execute this Agreement as of the Effective Date.

First Advantage Credco, LLC
("Credco")

RELS Reporting Services, LLC
("RELS")

By: /s/ John Stancil
Print Name John Stancil
Title: Vice President

By: /s/ Stan Baldwin
Print Name Stan Baldwin
Title: President

EXHIBIT A
Services and Fee Schedule

SERVICES

1. Altiris Ticketing
2. Application Support
3. Configuration Management
 - ü Technical Helpdesk
4. Customer Solutions (Technical Consulting)
5. Data Center Hardware
6. Data Vendor Enhancement and Maintenance
7. Desktop Support
 - ü ITC (India)
 - ü J2EE Development
 - ü Microsoft Development
 - ü C++ Development
8. Disaster Recovery including hot site support
9. eMail
10. Enterprise Architecture
11. Merge Logic Maintenance and Usage
12. Merge Technology and Patent Usage
13. Origination Website and Support
14. Project Management
15. Quality Assurance
16. RMCR / MP System Workflow and Processing
17. Salesforce.com Support
18. Security and Penetration Testing
19. Software Development
 - ü Business Requirements and Documentation
20. System Administration and Monitoring
21. Systems License
22. Systems Usage
 - ü DHQ
 - ü PFM
 - ü CSM
 - ü CDS
 - ü aDam
 - ü ACE
 - ü Bars
 - ü RELS Credit.com
 - ü EMIS
23. Technical Support
 - ü Analysis (systems)
24. Telecom / Network

FEES:

\$60,000.00 fixed monthly fee plus:

- (a) systems access and usage fee of \$3.87 per transaction; or
- (b) systems access and usage fee for servicing transaction: \$1.00 per transaction.

EXHIBIT B
RELS Locations

Page 18

Chief Executive Officer

I, Anand Nallathambi 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) Disclosed in this 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; and
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: July 31, 2008

/s/ ANAND NALLATHAMBI

Chief Executive Officer

Chief Financial Officer

I, John Lamson 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) 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
 - d) Disclosed in this 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; and
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: July 31, 2008

/s/ JOHN LAMSON

John Lamson
Chief Financial Officer

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 June 30, 2008 (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: July 31, 2008

/s/ ANAND NALLATHAMBI

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.

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 June 30, 2008 (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: July 31, 2008

/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.