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Chicago, Illinois--Fidelity National Financial Family of Companies broadens use of UCCPlus Mezzanine Protection Program, setting a new standard of "Best-Practice Protection" for Lenders and Investors Preparing For a Slow-Down in the Commercial Real Estate Markets.

Fidelity has broadened the use of its *UCCPlus* Mezzanine Protection Program as a credit quality and liquidity tool for mezzanine lenders facing greater competition, compressed spreads, lower Loan-to-Value ratios, tighter underwriting standards and tougher capital requirements.

The *UCCPlus* Mezzanine Protection Program allows secured lenders in the non-real estate commercial loan segments to improve credit quality through the use of a risk management tool that insures the lender's security interest in non-real estate collateral for validity, enforceability, attachment, perfection and priority. *UCCPlus* insures lenders in both Article 8 and Article 9 transactions. Loans that are insured by *UCCPlus* tend to have greater value in the secondary market than loans that are not insured.

***UCCPlus* coverage includes UCC search and filing functions; and protects the lender from fraud, forgery, documentation defects and search office errors and omissions. *UCCPlus* also reduces lender's legal fees, providing for the cost-of-defense in the event of a challenge to the lender's lien priority on reliance collateral.**

***UCCPlus* strengthens transactions by providing national, assignable insurance coverage rather than the lender's reliance on the traditional legal opinion, often heavily laden with caveats and exceptions. In addition, *UCCPlus* provides coverage well beyond the modest indemnification of UCC search and filing vendors.**

According to Gary Zimmerman, Manager and Senior Counsel of Fidelity's UCC Insurance Division, "many banks originating newly created loan products have downplayed both credit worthiness and the importance of reliance collateral". These "relaxed" underwriting standards, are now the subject of greater regulatory scrutiny, rating agency concern, credit quality and liquidity problems", Zimmerman added.

Theodore Sprink, Senior Vice President and National Marketing Director of Fidelity's *UCCPlus* Risk Management Program stated that the *commercial real estate loan markets*, although showing signs of significant slowing, have remained under the radar screen of regulators and rating agencies in much the same way as the sub-prime market problems, which burst suddenly onto the national scene.

Sprink expressed concern with similarities with the sub-prime credit quality and liquidity problems spreading from residential real estate into commercial real estate loan markets, for reasons as follows:

1. the issues of *relaxed underwriting standards with too much money chasing too few deals*
2. the failure of lenders to *"price-to-risk"*
3. the looming new capital requirements forecast in the Basel I to *Basel II implementation.*
4. the *potential for increased defaults, legal fees and write-offs in a time of economic uncertainty*
5. the suggestion that lenders may not utilize all *tools available to measure and manage risk*
6. the strength of the *underlying collateral*
7. the lender's ability to fully and properly *protect the priority of their security interests.*

Sprink suggested that in mezzanine lending, not unlike the sub-prime market, rising defaults and greater reliance on pledged collateral, may have a profound impact on the financial health of major lenders as well as boutique investors, should the current credit quality and liquidity problems spread into the commercial real estate loan market.

Zimmerman indicated the title insurance industry recently developed "UCC Insurance" as a Risk Management tool, specifically to provide an element of back-stopping the threat to the bank's security interest in non-real estate collateral. *UCCPlus* provides the industry's broadest coverages, narrowest exclusion and most flexible pricing model. All underwriters are lawyers and senior paralegals with significant experience in commercial finance, specializing in large and complex transactions.

Fidelity National Financial (FNF) and the Fidelity National Title Group (FNTG) comprise the nation's largest and most respected title insurance and escrow companies, producing policies under the Fidelity National Title, Chicago Title, Ticor Title, Security Union Title and Alamo Title insurance company brands. FNTG currently issues nearly one in three residential and commercial title insurance policies in the U.S., also providing centralized title and closing services to national lenders through its ServiceLink entity.

Additional details of Fidelity's *UCCPlus* Mezzanine Protection Program are available by contacting Gary Zimmerman at 312-223-2441 (gary.zimmerman@fnf.com) or Ted Sprink at 619-744-4410 (tsprink@fnf.com) or visiting www.uccplus.com