NEWS RELEASE

Interthinx Q4 2014 Report Indicates Mortgage Fraud Risk Factors Ebb and Flow with Economic Conditions

- Trends at State, MSA and ZIP Code Levels Reveal Fraud Triggers -

AGOURA HILLS, CALIF. — May 5, 2015 — Interthinx, Inc., a subsidiary of First American Financial Corporation (NYSE: FAF) and a leading provider of comprehensive risk mitigation solutions for the financial services industry, released its quarterly interactive Mortgage Fraud Risk Report, citing the National Mortgage Fraud Risk Index is 101 for Q4 2014—up 3 percent from the last quarter, and is unchanged from one year ago.

Mortgage Fraud Risk Report highlights for Q4 2014:

- Florida is the riskiest state this quarter, with an Index of 130. Property Valuation and Occupancy Fraud Risk are the main drivers of Florida’s overall risk index.
- The Identity Fraud Risk Index is up 15 percent from last quarter due to a higher frequency of alerts identifying issues with a borrower’s SSN trace.
- The Property Valuation Fraud Risk Index is 120, down 2 percent from Q3 2014 and up 19 percent from Q4 2013, with the slight decrease due to a decline in the frequency of alerts identifying specific valuation issues.
- The Occupancy Fraud Risk Index is 131, down 2 percent from last quarter, and down 6 percent from Q4 2013, a change attributed to decreases in the frequencies of loans involving possible straw-buyers, and a decreased rate of owner-occupied loans where the borrower has multiple active loan applications on file.
- The Employment/Income Fraud Risk Index is 61, while down 20 percent from one year ago, the 3 percent increase from last quarter is due to higher rates of alerts identifying notable variances in borrower reported income on loan applications.
- Special Interest: Eight-quarter analysis shows purchase transactions are riskier than refinance transactions, primarily because of higher risk in the Occupancy and Property Valuation Fraud Risk indices.

While the National Mortgage Fraud Risk Index is up, mortgage fraud risk has become more geographically dispersed, demonstrating how mortgage fraud perpetrators prey on economic and market opportunities. Although for the past several years areas with concentrations of distressed properties and borrowers—California and Florida, for example—have presented a wealth of opportunity, risk in the Northeast remains high and is increasing in parts of New York. Mortgage fraud risk is also rising in MSAs in Texas, Oklahoma, Kansas and the Dakotas—trends that warrant monitoring due to the volatility presented in energy dependent regions.

“Clearly, mortgage fraud is a crime of economic opportunism, the nature of which serves to remind our industry that state, MSA and ZIP code trends can be more directly linked to cause and effect than the national trends,” said Jeff Moyer, president of Interthinx.
The full report is available at: http://www2.interthinx.com/l/17902/2015-04-29/vxmrh

About the Mortgage Fraud Risk Report
The Mortgage Fraud Risk Report is an Interthinx information offering created by an internal team of fraud experts. This is the twenty-third time Interthinx has released its quarterly report. The report provides deeper insight into current fraud trends through the analysis of millions of loan applications amassed from the industry’s use of the Interthinx FraudGUARD® loan-level fraud detection tool. The Fraud Risk indices are influenced by many factors including house price indices, concentrations of defaulted and foreclosed properties, market demand and supply, employment rates, collusion by parties to loan transactions, regulation, and changing consumer patterns. By analyzing the data in the Mortgage Fraud Risk Report, it is possible to reach conclusions linked to the overall market experience and gain actionable intelligence to empower risk mitigation in real time.


About Interthinx
Interthinx, Inc., a subsidiary of First American Financial Corporation (NYSE: FAF), provides essential solutions to mitigate risk in the mortgage lending marketplace. Interthinx offers capabilities in mortgage fraud and verification, property valuation, compliance, quality control and loss mitigation that are used by the nation's top financial institutions. Interthinx helps its clients minimize risk, increase operational efficiencies, satisfy regulator demands, manage data verification and remain compliant. For more information, visit www.interthinx.com or call 1-800-333-4510.

About First American
First American Financial Corporation (NYSE: FAF) is a leading provider of title insurance, settlement services and risk solutions for real estate transactions that traces its heritage back to 1889. First American also provides title plant management services; title and other real property records and images; valuation products and services; home warranty products; property and casualty insurance; and banking, trust and investment advisory services. With revenues of $4.7 billion in 2014, the company offers its products and services directly and through its agents throughout the United States and abroad. More information about the company can be found at www.firstam.com.

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