

BIDDING PROCEDURES
for
LOANCARE SERVICING CENTER, INC.
and
LC INSURANCE AGENCY, INC.

INTRODUCTION

LandAmerica Financial Group, Inc. (“Debtor” or “LFG”) is a debtor-in-possession in a chapter 11 case under Case No. 08-35994 (the “Chapter 11 Case”), which is pending in the United States Bankruptcy Court for the Eastern District of Virginia (the “Bankruptcy Court”). LoanCare Servicing Center, Inc. and LC Insurance Agency, Inc. are wholly owned subsidiaries of LFG (collectively, the “Subsidiaries”).

The United States Bankruptcy Court for the Eastern District of Virginia has authorized LFG to enter into an agreement with Alpine Equity, L.P. or an affiliate (“Proposed Purchaser”) for the sale of all of the stock of the Subsidiaries (collectively, the “LoanCare Stock”) and certain tangible assets (collectively, the “Purchased Assets”) pursuant to its bid (the “Stalking Horse Bid”) and Stock Purchase Agreement (“Purchase Agreement”),¹ which Stalking Horse Bid and Purchase Agreement is subject to Bankruptcy Court approval and higher and better offers submitted in accordance with the process described in these Bidding Procedures (as defined below).

KEY DATES

The key dates for the sale process are as follows:

- April 16, 2009 at 10:00 a.m. EST Bidding Procedures Hearing
- May [8], 2009 at 4:00 p.m. EST Due Date for Bids and Deposits
- May [12], 2009 at 9:00 a.m. EST Auction
- May [14], 2009 at 10:00 a.m. EST Sale Approval Hearing

SALE PROCEDURES

Set forth below are the sale procedures (the “Bidding Procedures”) to be employed with respect to the proposed sale (the “Proposed Sale”) of the Subsidiaries. On April ____, 2009, the Bankruptcy Court entered an Order (the “Bidding Procedures Order”) authorizing and approving (i) stalking horse bidder protections for the Proposed Purchaser and (ii) the Proposed Sale to the

¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

Proposed Purchaser or to one or more other Qualified Bidders (defined below) that are determined to have made the highest or otherwise best offers, in one or more transactions, for the Purchased Assets or all or substantially all of the assets of the Subsidiaries (the "Sale Transaction(s)").

STOCK PURCHASE AGREEMENT

On March 13, 2009, the Debtor entered into the Purchase Agreement with the Proposed Purchaser. The Purchase Agreement sets forth the Stalking Horse Bid. Pursuant to the Purchase Agreement, and to the maximum extent permitted by section 363 of title 11 of the United States Code (the "Bankruptcy Code"), the Proposed Purchaser proposes to acquire the Purchased Assets free and clear of pledges, interests, liens, claims and encumbrances.

Qualified Bidders (as defined below) may submit a bid for the Purchased Assets. The Debtor reserves the right to enter into and seek approval of one or more agreements for the sale of any or all of the Purchased Assets, individually or as part of a package, with one or more Qualified Bidders which agreements, if any, shall be subject to higher or otherwise better bids at the auction for the Purchased Assets (the "Auction"), provided that Proposed Purchaser shall be entitled to the Break-up Fee and Expense Reimbursement on the terms set forth in the Purchase Agreement.

THE BIDDING PROCESS

The Debtor and its advisors shall (i) determine in its sole discretion whether any bid for the Purchased Assets is a Qualified Bid (defined below), (ii) coordinate the efforts of Potential Bidders (defined below) in conducting their due diligence investigations, (iii) receive and evaluate offers from Potential Bidders, and (iv) negotiate in good faith any offers made to purchase the Purchased Assets. Any person that wishes to participate in such bidding process must be a Potential Bidder. Neither the Debtor nor its representatives shall be obligated to furnish information of any kind whatsoever to any person that is not a Potential Bidder. The Debtor and its professionals shall use good faith efforts to provide all Potential Bidders with substantially similar access and information.

PARTICIPATION REQUIREMENTS

Any person that wishes to conduct due diligence and participate in the sale process must first deliver to the Debtor:

- (i) An executed confidentiality agreement in form and substance to be provided by the Debtor, and which confidentiality agreement is at least as restrictive in all material respects as the confidentiality agreement entered into between the Debtor and the Proposed Purchaser; and
- (ii) sufficient documents and information as may be requested by the Debtor to allow the Debtor to determine that the bidder has or will have the financial wherewithal to close on the sale of the Purchased Assets.

A “Potential Bidder” is a person that delivers the documents described in subparagraphs (i) and (ii) above, and that the Debtor determines is able (based on the documents and information provided and other considerations deemed relevant by the Debtor), to submit a *bona fide* offer and to be able to consummate a Sale Transaction if selected as a Successful Bidder or Back-Up Bidder (as such terms are defined below).

DUE DILIGENCE

The Debtor may afford each Potential Bidder the time and opportunity to conduct reasonable due diligence; provided, however, that neither the Debtor nor any of its representatives shall be obligated to furnish any due diligence information: (i) at any time to any person other than a Potential Bidder; or (ii) after the Bid Deadline (as hereinafter defined) to any Potential Bidder. The Proposed Purchaser shall continue to have the opportunity to conduct due diligence on the terms set forth in the Purchase Agreement.

BID DEADLINE

The deadline for a Potential Bidder to submit bids shall be **May [8], 2009 at 4:00 p.m. (prevailing Eastern Time)** (the “**Bid Deadline**”). Any Potential Bidder who fails to submit a bid so as to be received by the parties listed below in advance of the Bid Deadline shall not be deemed a Qualified Bidder.

Prior to the Bid Deadline, a Potential Bidder that desires to make a bid shall deliver written copies of its bid in writing and executed by an individual authorized to bind the Potential Bidder. Each bid shall be served by overnight mail and e-mail on: the Debtor (Attn: Michelle Gluck, Esq., LandAmerica Financial Group, Inc., 5600 Cox Road, Glen Allen, VA 23060, mgluck@landam.com), 804-267-8826 (fax); Co-Counsel to the Debtor (Attn: Rachel Strickland and Mark Cognetti, Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019, rstrickland@willkie.com and mcognetti@willkie.com); and Counsel to the Official Committee of Unsecured Creditors (the “**Committee**”) appointed in the Chapter 11 Case (Attn: Jeffrey Sabin, Bingham McCutchen LLP, 399 Park Avenue, New York, NY 10022, jeffrey.sabin@bingham.com).

BID REQUIREMENTS

All bids must include two copies of the following items (the “**Required Bid Materials**”):

- Evidence providing sufficient indicia that such Potential Bidder or representative is legally empowered, by power of attorney or otherwise, and financially capable to (i) bid on behalf of the Potential Bidder, and (ii) complete and sign, on behalf of such Potential Bidder, a binding and enforceable purchase agreement.
- An executed copy of a purchase agreement and any ancillary agreements pursuant to which the Potential Bidder proposes to acquire the Purchased Assets, which purchase agreement shall include (i) a commitment to close by a date no later than fifteen (15) days following the approval of the sale by the

Bankruptcy Court, and (ii) a representation that the Potential Bidder will promptly make all necessary filings pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (“HSR Act”) and promptly pay the fees associated with such filings if applicable.

- A written acknowledgement by the Potential Bidder that it agrees to all of the terms for sale set forth in these Bidding Procedures.
- A proposed purchase price, in cash, securities or other form of consideration, which is determined by the Debtor to be acceptable and equal to or greater than the sum of (i) the purchase price set forth in the Purchase Agreement, (ii) the Expense Reimbursement, (iii) the Break-Up Fee, and (iv) \$50,000, (the sum of (i) through (iv), the “Initial Incremental Bid Amount”).
- A good faith deposit equal to 3% of the proposed purchase price (each such deposit and the deposit referred to in the next paragraph is referred to herein as the “Deposit”). The Deposit shall be held in escrow and will be refunded on the terms set forth below.
- Evidence or a statement indicating that the Potential Bidder has obtained authorization and approval from its board of directors (or comparable governing body) with respect to the submission and consummation of its bid and acceptance of the terms of sale in these Bidding Procedures, or a representation that no such authorization or approval is required and that any and all consents required in connection with the submission and consummation of the bid have been obtained and that no other consents are required.
- Evidence of sufficient cash on hand or written evidence of a commitment for financing or other evidence of the ability to consummate the sale satisfactory to the Debtor with appropriate contact information for such financing sources.
- A redline of the Potential Bidder’s proposed purchase agreement, which is marked against the Purchase Agreement.
- A written disclosure of the identity of each entity that will be bidding for the Purchased Assets or otherwise participating in connection with such bid, and the complete terms of any such participation (including copies of any co-investor agreements, side letters and other similar documents). Further, each bid must provide sufficient information regarding both the Potential Bidder and partner(s), if any, to satisfy the Debtor with respect to the requirements enumerated in section 363(n) of the Bankruptcy Code.
- Such other information as may be reasonably requested by the Debtor, including any information that would allow the Debtor to ascertain the creditworthiness of the Potential Bidder.

In addition, any bid for the Purchased Assets must:

- be on terms that are not materially more burdensome or conditional than the terms of the Purchase Agreement;
- not be conditioned on obtaining financing or the outcome of any due diligence by the Potential Bidder; and
- not request or entitle the Potential Bidder to any break-up fee, expense reimbursement or similar type of payment.

A bid received from a Potential Bidder that includes all of the Required Bid Materials and meets all of the above requirements is a “Qualified Bid.” A Potential Bidder that submits a Qualified Bid (a “Qualified Bidder”) shall be entitled to participate in the Auction.

The Debtor reserves the right to determine the value of any Qualified Bid (either by itself or in connection with one or more other Qualified Bids or the Debtor’s other restructuring alternatives), and which Qualified Bid or Qualified Bids constitutes the highest or otherwise best offer. The Debtor further reserves the right to contact Potential Bidders to discuss or clarify the terms of such Potential Bidder’s bid and to indicate any terms which may need to be modified in order to conform the bid to a Qualified Bid or otherwise evaluate the bid. The Debtor (in consultation with the Committee) also reserves the right to reject, at any time before entry of an order of the Bankruptcy Court approving a Qualified Bid, any bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code, the Bidding Procedures or the terms and conditions of sale, or (iii) contrary to the best interests of the Debtor or its estate.

PROPOSED PURCHASER IS A QUALIFIED BIDDER

The Proposed Purchaser is a Qualified Bidder, and the Purchase Agreement is a Qualified Bid. The Proposed Purchaser shall not be required to take any further action in order to participate in the Auction or, if the Proposed Purchaser’s bid is the Successful Bid (as defined below) or the Back-Up Bid (as defined below), to be named the Successful Bidder or the Back-Up Bidder at the Sale Approval Hearing (as defined below).

AUCTION

If a Qualified Bid other than that submitted by the Proposed Purchaser has been received by the Debtor, the Debtor shall conduct an auction (the “Auction”) with respect to the Purchased Assets. The Auction shall commence on **May [12], 2009** at 9:00 a.m. (prevailing Eastern Time) at the New York offices of Willkie Farr & Gallagher LLP. The Debtor shall notify all Qualified Bidders of the time and specific location of the Auction. If no Qualified Bids are received other than the Stalking Horse Bid or if the Qualified Bids submitted are rejected, no Auction will take place and the Debtor shall request that the Bankruptcy Court approve the Proposed Sale to the Proposed Purchaser at the Sale Approval Hearing.

Only a Qualified Bidder who is designated as such by the Debtor is eligible to participate

at the Auction. During the Auction, bidding shall begin initially with the highest Qualified Bid(s) as determined by the Debtor (after consultation with the Committee and/or its professionals).

Based upon the terms of the Qualified Bids received, the number of Qualified Bidders participating in the Auction, and such other information as the Debtor determines is relevant, the Debtor may conduct the Auction in any manner that they determine will achieve the maximum value for the Purchased Assets. The Debtor may set opening bid amounts in each round of bidding as the Debtor determines to be appropriate. The Debtor may also adopt rules for the Auction at or prior to the Auction that will better promote the goals of the Auction and that are not inconsistent with any order of the Bankruptcy Court. All such rules will provide that all bids shall be made and received in one room, on an open basis, and all Qualified Bidders shall be entitled to be present for all bidding with the understanding that the true identity of each Qualified Bidder (*i.e.*, the principals submitting each bid) shall be fully disclosed to all other Qualified Bidders and that all material terms of each Qualified Bid will be fully disclosed to all other Qualified Bidders throughout the entire Auction. The Debtor shall provide for a court reporter to be present at and prepare a transcript of the Auction.

Unless otherwise agreed by the Debtor, no Qualified Bidder will be permitted more than thirty minutes to respond to the previous bid at the Auction and, at the expiration of such time (unless extended), the Auction shall conclude. Upon conclusion of the bidding, the Auction shall be closed, and the Debtor in the exercise of business judgment, shall (i) immediately review each Qualified Bid on the basis of financial and contractual terms and the factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the Proposed Sale, and (ii) at the Auction identify which highest or best offer(s) for the Purchased Assets will provide the greatest amount of net value to the Debtor and its estate, and advise the Qualified Bidders of such determination. The Qualified Bidder(s) whose final bid(s) is/are deemed by the Debtor to be highest or best following the conclusion of the Auction, will be the "Successful Bidder(s)," and such bid(s), the "Successful Bid(s)." The next highest and best bid(s) on the terms set forth in such party's agreement will be the "Back-Up Bid(s)" and the maker of the bid will be the "Back-Up Bidder(s)." Final Documents between the Debtor and both the Successful Bidder(s) and the Back-Up Bidder(s) will be executed on the same day of the Auction.

EACH BID SUBMITTED SHALL CONSTITUTE AN IRREVOCABLE OFFER AND BE BINDING ON THE SUCCESSFUL BIDDER(S) AND THE BACK-UP BIDDER(S) FROM THE TIME THE BID IS SUBMITTED UNTIL THE ENTRY OF THE SALE APPROVAL ORDER AND IF THE SUCCESSFUL BID(S) AND BACK-UP BID(S) ARE APPROVED, AS THE CASE MAY BE, AS TO THEM UNTIL THE EARLIER OF TWO (2) BUSINESS DAYS AFTER THE SALE OR SALES OF THE PURCHASED ASSETS HAS CLOSED OR, WITH RESPECT TO THE BACK-UP BIDDER, THE LATER OF (A) TWENTY (20) DAYS AFTER THE SALE APPROVAL ORDER IS ENTERED, OR (B) ANY APPLICABLE WAITING PERIOD, TO THE EXTENT REQUIRED, UNDER THE HSR ACT, IN EITHER CASE UNLESS FURTHER EXTENDED BY AGREEMENT BETWEEN THE DEBTOR AND THE BACK-UP BIDDER(S).

SALE APPROVAL HEARING

The Debtor intends to sell the Purchased Assets to the Successful Bidder(s) upon the approval of the Successful Bid(s) and the Back-Up Bid(s) by the Bankruptcy Court after a hearing (the “Sale Approval Hearing”). The Sale Approval Hearing shall be conducted by the Bankruptcy Court on **May [14], 2009** at 10:00 a.m. (prevailing Eastern Time) at which the Debtor will seek Bankruptcy Court approval of the Successful Bid(s) and the Back-Up Bid(s). There will be no further bidding at such hearing. In the event that the Successful Bidder(s) cannot or refuses to consummate the sale or sales because of the breach or failure on the part of the Successful Bidder(s), the Debtor shall be permitted to close with the Back-Up Bidder(s) on the Back-Up Bid(s) without further order of the Court.

TERMS OF SALE

Except as and to the extent provided in the Purchase Agreement or in any other agreement that may be entered into by the Debtor, the sale of the Purchased Assets shall be on an “AS IS, WHERE IS” basis and without representations or warranties of any kind, nature or description by the Debtor or its agents and, by submitting a bid, each Qualified Bidder is deemed to acknowledge and agree to the foregoing.

RETURN OF DEPOSITS

No Deposit submitted pursuant to the Bidding Procedures shall be subject to the liens, claims, security interests, or encumbrances of the Debtor’s creditors. Each Deposit submitted pursuant to the Bidding Procedures will be held in escrow until the selection of the Successful Bidder(s) and the Back-Up Bidder(s), as to all other Qualified Bidders, or as to the Back-Up Bidder(s), forty-eight (48) hours after the Back-Up Bidder(s) is terminated in accordance with the provisions above.

If the Successful Bidder(s) or the Back-Up Bidder(s) fail to consummate an approved sale because of a breach or failure to perform on the part of such Successful Bidder(s) or Backup Bidder(s), the Debtor shall be entitled to retain the Deposit as its damages resulting from the breach or failure to perform by the Successful Bidder(s) or the Back-Up Bidder(s) as the case may be. The Debtor may, at its sole option, credit the Deposit of the Successful Bidder(s) or the Back-Up Bidder(s) towards the purchase price on the closing of the sale of the Purchased Assets. If the Debtor does not so credit the Deposit, it shall return the Deposit to the Successful Bidder(s).

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