

FIRST AMERICAN FINANCIAL CORPORATION
AUDIT COMMITTEE CHARTER

I. PURPOSE

The purposes of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of First American Financial Corporation (the "Company") shall include the following:

- A. To provide assistance to the Board in fulfilling its responsibilities with respect to the oversight of:
 - 1. The quality and integrity of the Company's financial statements;
 - 2. The Company's compliance with legal and regulatory requirements;
 - 3. The independent auditor's qualifications and independence; and
 - 4. The performance of the Company's internal audit function and independent auditor.
- B. As the designated "Risk Committee" of the Board, to oversee risks to which the Company is subject and the Company's management of those risks.
- C. To oversee the preparation of the report that Securities and Exchange Commission ("SEC") rules require to be included in the Company's annual proxy statement.

II. STRUCTURE AND OPERATIONS

A. Composition and Qualifications

The Committee shall be comprised of three or more members of the Board, each of whom is determined by the Board to be "independent," as "independence" is defined for directors and audit committee members, and "financially literate," under the rules of the New York Stock Exchange. At least one member of the Committee shall be an "audit committee financial expert" as determined by the Board in accordance with SEC rules. No member of the Committee may serve on the audit committee of more than three public companies, including the Company, unless (i) the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee and (ii) the Company discloses such determination in the annual proxy statement.

B. Appointment and Removal of Committee Members

The members of the Committee shall be appointed on recommendation of the Nominating and Corporate Governance Committee by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the independent directors.

C. Chairperson

Unless a Chairperson is elected by the full Board, the members of the Committee shall designate a Chairperson by the majority vote of the full Committee membership. The Chairperson shall be entitled to cast a vote to resolve any ties. The Chairperson shall chair all regular sessions of the Committee and set the agendas for Committee meetings.

D. Delegation to Subcommittees

In fulfilling its responsibilities, the Committee shall be entitled to delegate its responsibilities to a subcommittee of the Committee consisting of two or more Committee members.

III. MEETINGS

The Committee shall meet at least quarterly at such times and places as the Committee determines, or more frequently as circumstances dictate. The Chairperson or any member of the Committee may call meetings of the Committee. A majority of the Committee constitutes a quorum.

As part of its goal to foster open communication, the Committee shall periodically meet separately, in private sessions, with each of management, the director of the internal audit department, the General Counsel and the independent auditor. The Committee may invite to its meetings any director, management of the Company and such other persons as it deems appropriate in order to carry out its responsibilities.

IV. RESPONSIBILITIES AND DUTIES

The following functions shall be the common recurring activities of the Committee in carrying out its purposes. The functions specified in this Section IV are intended as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to its purposes.

The Committee shall have access to the Company's internal audit group, the Board, corporate executives and independent accountants as necessary to carry out these responsibilities. While acting within the scope of its stated purposes, the Committee shall have all the authority of the Board that is delegable to the Committee under applicable law.

A. Oversight of the Relationship with the Independent Auditor

1. The Committee shall be directly responsible, in its capacity as a committee of the Board, for the appointment, compensation, retention and oversight of the work of the independent auditor. In this regard, the Committee shall appoint, retain, compensate, evaluate, and terminate when appropriate, the independent auditor, which shall report directly to the Committee. The Committee shall also approve all audit engagement fees and terms.
2. The Committee shall pre-approve all audit and permissible non-audit services to be provided by the independent auditor and establish policies and procedures for pre-approval of audit and permissible non-audit services to be provided by the independent auditor. Notwithstanding the foregoing, Committee pre-approval is not required for non-audit services if: (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its auditor during the fiscal year in which the non-audit services are provided; (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.
3. The Committee shall review, at least annually, the qualifications, performance and independence of the independent auditor. In conducting its review and evaluation, the Committee shall:
 - a. obtain and review a report by the Company's independent auditor describing: (i) the auditing firm's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues; and (iii) any relationships between the independent auditor, and the Company or individuals in financial reporting oversight roles at the Company, that may reasonably be thought to bear on the independent auditor's independence and discuss with the independent auditor the potential effects of any such relationships on independence; and

- b. Oversee the rotation of audit partners as required by applicable law, and consider whether there should be regular rotation of the independent audit firm.
4. The Committee shall set clear policies regarding the hiring of employees or former employees of the independent auditor.

B. Financial Reporting Processes and Controls / Internal Audit

1. The Committee shall meet to review and discuss with management and the independent auditor prior to public dissemination the Company's annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the independent auditor's reports related to the financial statements, and recommend to the Board whether the financial statements should be included in the Annual Report on Form 10-K.
2. In consultation with the independent auditor, management and the internal auditors, the Committee shall oversee the integrity of the Company's financial reporting processes, both internal and external. In that connection, the Committee shall review and discuss with the independent auditor the matters required to be discussed by the independent auditor under the Public Company Accounting Oversight Board standards, as amended from time to time, including any problems or difficulties the independent auditor encountered in the course of its audit work and management's response.
3. The Committee shall review periodically the effect of regulatory and accounting initiatives on the financial statements of the Company.
4. The Committee shall review and discuss with management and the independent auditor the Company's earnings press releases (paying particular attention to the use of any "pro forma" or "adjusted" non-GAAP information), as well as company practices with respect to earnings press releases, and financial information and earnings guidance provided to analysts and rating agencies.
5. The Committee shall receive reports from the management and the independent auditor regarding, and review and discuss the adequacy and effectiveness of, the Company's internal controls, including any significant deficiencies in internal controls and significant changes in internal controls reported to the Committee by management or the independent auditor.
6. The Committee shall oversee the performance of the internal audit department. The primary scope of the internal audit department is to

determine whether the Company's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning. The director of the internal audit department shall report to the Committee for strategic direction, reinforcement and accountability, and to executive management for assistance in establishing direction, support and administrative interface.

7. The Committee shall approve the appointment, and dismissal when appropriate, of the director of the internal audit department, and the compensation of the director of the internal audit department.

C. Legal Compliance / Risk Management

1. The Committee shall, in its discretion, review periodically with counsel any legal matter that could have a significant impact on the Company's financial statements.
2. The Committee shall oversee the Company's compliance program with respect to legal and regulatory requirements. The Chief Compliance Officer shall have the authority to communicate directly to the Committee, promptly, about actual and alleged violations of law or the Company's codes of conduct, including any matters involving criminal or potential criminal conduct.
3. The Committee shall discuss regularly with management and the independent auditor the Company's guidelines and policies with respect to risk assessment and risk management, including the Company's major risk exposures, the Company's enterprise risk management program and the other steps management has taken to monitor and control such exposures.
4. The Committee shall establish and oversee procedures for: (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing and federal securities law matters; and (ii) the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters and federal securities law matters.
5. Oversee relevant related party transactions governed by applicable accounting standards (other than those addressed by the Board or the Nominating and Corporate Governance Committee).

D. Investments

1. The Committee shall see that management has developed and communicated a written Investment Policy (the "Policy") that is consistent with the Company's financial objectives and risk profile and shall see that management regularly reviews the Company's investment portfolios for compliance with the Policy,

reports any significant non-compliance to the Committee and takes corrective action or requests the Committee to approve deviations.

2. The Committee shall review and approve the Policy at least annually.
3. The Committee shall, with the assistance of management, monitor and review:
(a) the Company's investment strategies and transactions in light of the Policy, (b) the Company's exposure to market risk, credit risk and other risks, and (c) the performance of the Company's investment portfolios.

E. Reports

1. The Committee shall oversee the preparation of the report required to be included in the Company's proxy statement, pursuant to and in accordance with applicable rules and SEC regulations.
2. The Committee shall report regularly to the full Board including:
 - a. with respect to any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditor or the performance of the internal audit function;
 - b. with respect to issues discussed at meetings of the Committee as the Committee deems appropriate; and
 - c. with respect to such other matters as the Committee may deem relevant to the discharge of its responsibilities.
3. The Committee shall provide the Board with such recommendations as the Committee may deem appropriate. Reports to the Board may take any form, including an oral report by the Chairperson or any other member of the Committee designated by the Committee to make such report.

V. POLICY REGARDING OUTSIDE ADVISORS

The Committee shall have the authority to retain outside legal, accounting or other advisors as it deems necessary or appropriate to assist it in the full performance of its functions, and to approve the outside advisors' fees and other retention terms. The Committee shall receive appropriate funding from the Company, as determined by the Committee, for payment of compensation to any advisors retained by the Committee and for the payment of ordinary administrative expenses that are necessary or appropriate in carrying out the Committee's functions.

VI. ANNUAL PERFORMANCE EVALUATION AND CHARTER REVIEW

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including by reviewing the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary or advisable.