

## DECLARATION OF MICHELLE SMITH

I, Michelle Smith, declare under penalty of perjury (28 U.S.C. § 1746) that the following is true and correct and I am competent to testify to the matters stated below.

1. I am a resident of **Mokena, Illinois**. I am employed as an underwriter manager for Fireman's Fund Insurance Company ("Fireman's Fund") in **Chicago, Illinois**. I am 37 years of age.

2. My current responsibilities at Fireman's Fund include managing underwriting of the company's dental professional liability insurance. During the second half of 2003 and 2004, I was the exited programs manager for Fireman's Fund. As a part of my responsibilities at that time, I managed the company's exit from the financial institution line of business.

3. Fireman's Fund, which is based in San Francisco, California, provides commercial, personal and specialty insurance products. As of December 31, 2005, Fireman's Fund had assets of \$11.6 billion, with \$2.9 billion in policyholder surplus. Allianz AG of Munich, Germany, one of the world's largest property and casualty insurers, acquired Fireman's Fund in 1991.

4. I have reviewed the following documents:

- a. A letter dated August 9, 2006, addressed to "Dear Investor" on the letterhead of AmeriFirst Funding referencing insurance of AmeriFirst receivable accounts by Fireman's Fund. A true and accurate copy of this document is attached as Exhibit A hereto.
- b. A letter dated May 16, 2003, from Phil Williams of Collateral Protection to Dennis Woods Bowden of American Eagle Acceptance Co. referencing force place collateral protection insurance policies reinsured by Interstate Insurance Group, a member of Fireman's Fund Insurance Group. A true and accurate copy of this document is attached as Exhibit B hereto.
- c. A list titled "Introducing the Secured Debt Obligation Account (SDO Account)" on AmeriFirst Funding letterhead referencing reinsurance of the SDO account by Allianz. A true and correct copy of that document is attached as Exhibit C hereto.
- d. A three page document on AmeriFirst Funding letterhead bearing Fireman's Fund's logo which describes Fireman's Fund and Allianz. A true and accurate copy of these documents is attached as Exhibit D hereto.

5. During 2006 and 2007, Fireman's Fund, including its subsidiaries, has not issued any insurance policies to or for the benefit of AmeriFirst Funding Corp., AmeriFirst Funding, Inc., AmeriFirst Acceptance Corporation, AmeriFirst Leasing LLC,

American Eagle Acceptance Corporation, American Eagle Motors, Inc., Interfinancial Acceptance Corporation, or Interfinancial Holdings, Inc.

6. Exhibit A, the August 9, 2006, letter addressed to “Dear Investor” on the letterhead of AmeriFirst Funding, states in the first paragraph that “[i]n addition to AmeriFirst’s guarantee of your investment, the Fireman’s Fund Insurance Group insures all of our receivable accounts.” This statement is not true. Fireman’s Fund has not insured or reinsured receivable accounts for lenders during 2006 and 2007.

7. Until 2003, Fireman’s Fund offered “force place coverage” to lenders. This “force place coverage” insurance insured only physical damage to the collateral securing loans, and insured only the interest of the lender in that collateral. This insurance did not insure the receivable from the borrower.

8. In 2003, Fireman’s Fund determined that it would no longer offer force place coverage insurance to lenders, and I was placed in charge of the company’s exit from that business. Fireman’s Fund has not written or renewed force place coverage policies for lenders since 2003.

9. Exhibit B, the May 16, 2003, letter from Phil Williams of Collateral Protection to Dennis Woods Bowden of American Eagle Acceptance Co., references force place collateral protection insurance policies reinsured by Interstate Insurance Group, which the letter describes as a member of Fireman’s Fund Insurance Group. This statement appears to relate to a policy issued to American Eagle Acceptance Corp. through Collateral Protection as part of the program under which Fireman’s Fund offered force place coverage to lenders.

10. I searched Fireman’s Fund records and found that American Eagle had a force place coverage policy from November 2000 through November 2003, when the policy expired and was not renewed. American Eagle has not had a force place coverage policy issued by Fireman’s Fund in effect since November 2003. Further, Fireman’s Fund contract with Collateral Protection also was terminated in 2003.

11. Exhibit C, the list titled “Introducing the Secured Debt Obligation Account (SDO Account)” describes the Secured Debt Obligation Account investment as a collateral secured note reinsured by two outside AA rated insurance companies, and it states that Allianz is one of the two reinsurers. I am familiar with the types of insurance offered in the United States by Allianz. To my knowledge, Allianz does not reinsure investments in collateral secured notes as described in Exhibit A and Exhibit C.

12. Exhibit D, the three page document on AmeriFirst Funding letterhead bearing Fireman's Fund's logo which describes Fireman's Fund and Allianz, was not an authorized use of the Fireman's Fund logo. It appears to have been excerpted from a website or other public document, such as an A.M. Best report.

13. I hereby declare under penalty of perjury that the foregoing is true and correct.

Dated: June 18, 2007

  
Michelle Smith



## COLLATERAL PROTECTION

P.O. BOX 568 • HUNTSVILLE, TEXAS 77342-0568 • (936) 295-0370 • (800) 366-0036 • FAX: (936) 295-2062

October 31, 2003

American Eagle Acceptance  
2720 Sylvan Ave  
Dallas TX 75212

Beginning December 1, 2003, Collateral Protection Insurance Agency, Inc. will be writing all certificates and master policies through American National Insurance Company (ANICO) which is one of the financially strongest insurance carriers in the nation (A+ XV Best Rating).

The Interstate Insurance Companies have decided to withdraw from lender placed insurance products effective November 30, 2003 and will no longer write any new force place insurance after that date. All Interstate and Old American master policies will be cancelled effective November 30, 2003 and replaced with the enclosed American National Insurance master policy effective December 1, 2003.

Any Interstate individual certificates with expiration dates after November 30, 2003 will remain in force until the expiration date of the certificate, then rewritten under American National.

There will be no other changes to your program or coverages.

Please **sign and return** the enclosed ANICO application, upon my receipt I will have the authorized representative of our company sign and return an executed copy to you.

We would like to thank you for your business and will continue to work diligently to meet your needs.

Sincerely,

John J. Certa, Jr.  
President