

First American Financial Corp
Form S-3ASR
March 01, 2016
Table of Contents

As filed with the Securities and Exchange Commission on March 1, 2016

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

FIRST AMERICAN FINANCIAL CORPORATION

(Exact Name of Registrant as Specified in Its Governing Instruments)

Incorporated in Delaware
(State or other jurisdiction of
incorporation or organization)

26-1911571
(IRS Employer
Identification Number)

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1 First American Way

Santa Ana, California 92707-5913

Telephone: (714) 250-3000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jeffrey S. Robinson, Esq.

Vice President, Secretary & Deputy General Counsel

First American Financial Corporation

1 First American Way

Santa Ana, California 92707-5913

Telephone: (714) 250-3000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a copy to:

Andrew L. Fabens, Esq.

Gibson Dunn & Crutcher LLP

200 Park Avenue

New York, New York 10166-0193

Telephone: (212) 351-4000

Approximate date of commencement of proposed sale to public: From time to time after the effective date of this registration statement.

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If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicated by check mark whether the registrant is a large accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of larger accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one)

Large Accelerated filer Accelerated filer
 Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of	Amount	Proposed	Proposed	Amount of
Securities to be Registered	Registered	Maximum	Maximum	Registration Fee
	to be	Offering Price	Aggregate	
		Per Share	Offering Price	
Common stock, par value \$0.00001 per share	500,000(1)(2)	(2)	(2)	(2)

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- (1) Pursuant to Rule 416 under the Securities Act of 1933, as amended (the Securities Act), this registration statement shall include any additional shares of common stock that may become issuable as a result of any stock split, stock dividend, recapitalization or other similar transaction effected without the receipt of consideration that results in an increase in the number of First American's outstanding shares of common stock.
- (2) Pursuant to Rule 415(a)(6) under the Securities Act, the prospectus included herein relates to 500,000 shares of our common stock previously registered under Registration Statement No. 333-188162, filed by us on April 26, 2013, which were not sold thereunder. This registration statement re-registers the 500,000 shares of our common stock that remain unsold as of the date hereof. Pursuant to Rule 415(a)(6) under the Securities Act, the registration fee previously paid in connection with such unsold securities shall continue to apply to the unsold securities and no additional registration fee is due in connection with this registration statement.

Table of Contents

PROSPECTUS

DIVIDEND REINVESTMENT & DIRECT PURCHASE PLAN

500,000 Shares of Common Stock, \$0.00001 par value

CUSIP 31847R 102

This prospectus describes the First American Financial Corporation Dividend Reinvestment and Direct Purchase Plan (the Plan), a direct stock purchase plan designed to provide investors with a convenient method to purchase shares of First American Financial Corporation's common stock and to reinvest cash dividends in the purchase of additional shares.

Our common stock is listed on the New York Stock Exchange under the symbol FAF. We have our executive offices at 1 First American Way, Santa Ana, California 92707-5913. Our telephone number is (714) 250-3000.

Wells Fargo Shareowner Services, the Administrator of the Plan (the Administrator), may buy shares of First American Financial Corporation common stock in the open market, in privately negotiated transactions or directly from us. If the Administrator buys shares of common stock in the open market, the price of such shares will be the weighted average price of all shares of common stock purchased for the relevant investment date. If the Administrator buys shares of common stock from us, the price of such shares will be the average of the high and low sales prices of our shares of common stock for the relevant investment date as reported on the New York Stock Exchange Consolidated Tape. Shares of common stock purchased in privately negotiated transactions will be made on terms as the purchasing agent may reasonably determine.

Please read this prospectus carefully and keep it and all account statements for future reference. If you have any questions about the Plan, please call the Administrator toll-free at 1-800-468-9716. Customer service representatives are available between the hours of 7:00 a.m. and 7:00 p.m., Central Standard Time, Monday through Friday.

Investing in our common stock involves risks. See Risk Factors beginning on page 2 of this prospectus and in our periodic filings made with the Securities and Exchange Commission (the SEC) for a discussion of certain risks that you should consider before investing in our common stock.

NONE OF THE SEC, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY

OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY SHARES OF FIRST AMERICAN FINANCIAL CORPORATION S COMMON STOCK IN ANY STATE OR OTHER JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. TO THE EXTENT REQUIRED BY APPLICABLE LAW IN CERTAIN JURISDICTIONS, SHARES OF COMMON STOCK OFFERED UNDER THE PLAN TO PERSONS WHO ARE NOT RECORD HOLDERS OF FIRST AMERICAN FINANCIAL CORPORATION S COMMON STOCK ARE OFFERED ONLY THROUGH A REGISTERED BROKER IN THOSE JURISDICTIONS.

This prospectus is dated March 1, 2016.

Table of Contents

TABLE OF CONTENTS

<u>ABOUT THIS PROSPECTUS</u>	1
<u>SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS</u>	1
<u>RISK FACTORS</u>	2
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	2
<u>DOCUMENTS INCORPORATED BY REFERENCE</u>	3
<u>OUR COMPANY</u>	4
<u>DIVIDEND REINVESTMENT & DIRECT PURCHASE PLAN</u>	5
<u>PURPOSE</u>	5
<u>ADMINISTRATION</u>	5
<u>CONTACT INFORMATION</u>	6
<u>ELIGIBILITY AND ENROLLMENT</u>	6
<u>OPTIONAL CASH INVESTMENTS</u>	7
<u>PURCHASE OF COMMON STOCK</u>	8
<u>CASH DIVIDENDS</u>	8
<u>STOCK SPLITS AND STOCK DIVIDENDS</u>	9
<u>VOTING</u>	9
<u>SALE OF COMMON STOCK</u>	9
<u>ISSUANCE OF STOCK CERTIFICATES</u>	11
<u>GIFTS AND TRANSFERS OF COMMON STOCK</u>	11
<u>INTERNET AND TELEPHONE PRIVILEGES</u>	12
<u>INVESTMENT SUMMARY AND FEES</u>	13
<u>WITHDRAWAL FROM THE PLAN</u>	14
<u>AMENDMENT, MODIFICATION, SUSPENSION OR TERMINATION OF THE PLAN</u>	14
<u>TAX MATTERS</u>	14
<u>LIMITATION OF LIABILITY</u>	15
<u>USE OF PROCEEDS</u>	17
<u>PLAN OF DISTRIBUTION</u>	17
<u>VALIDITY OF THE SECURITIES</u>	17
<u>EXPERTS</u>	17
<u>DIRECT REGISTRATION</u>	18

Table of Contents

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the SEC. This prospectus does not contain all of the information set forth in the registration statement and the exhibits to the registration statement. You should read the entire registration statement and this prospectus, together with the additional information described under the headings "Where You Can Find More Information" and "Documents Incorporated by Reference."

You should rely only on information provided in the registration statement, this prospectus and the information incorporated by reference. We have not authorized any person to disseminate any information or to make any representations or to provide you with any information that differs from the foregoing, and, if given or made, such information or representations must not be relied upon as having been authorized by our company. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy securities in any circumstances in which such offer or solicitation is unlawful. The information contained in this prospectus or incorporated by reference may only be accurate as of the date of the release of such information. Our affairs or business may have changed since the date of release of such information.

In this prospectus, we use the terms "the company," "the registrant," "First American," "we," "us" and "our" to refer to First American Financial Corporation and our consolidated subsidiaries or, for the periods prior to June 1, 2010, to the businesses of The First American Corporation that became part of First American Financial Corporation in connection with its separation from The First American Corporation.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus and the documents incorporated by reference herein contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and may contain the words "believe," "anticipate," "expect," "intend," "plan," "predict," "estimate," "project," "will be," "will continue," other similar words and phrases or future or conditional verbs such as "will," "may," "might," "should," "would," or "could." These forward-looking statements include, without limitation, statements regarding future operations, performance, financial condition, prospects, plans and strategies. These forward-looking statements are based on current expectations and assumptions that may prove to be incorrect.

Risks and uncertainties exist that may cause results to differ materially from those set forth in these forward-looking statements. Factors that could cause the anticipated results to differ from those described in the forward-looking statements include:

changes in economic conditions, including interest rate fluctuations and volatility in real estate or capital markets;

changes in regulatory conditions impacting the company's businesses;

changes in the mortgage process, the role of title insurance and other products and services of the company in that process, or the role of government-sponsored enterprises in that process;

changes in relationships with large mortgage lenders and government-sponsored enterprises;

material variance between actual and expected claims experience;

systems damage, failures, interruptions and intrusions, wire transfer errors or unauthorized data disclosures;
and

other factors described in our reports that are incorporated by reference in this prospectus, including under the caption Risk Factors.

The forward-looking statements speak only as of the date they are made. We do not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

Table of Contents

RISK FACTORS

Investing in our common stock involves risk. Please see the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2015 and in the other documents incorporated by reference into this prospectus (see Documents Incorporated by Reference). You should carefully consider these risk factors, as well as the other information contained elsewhere in this prospectus and the information incorporated by reference before making an investment decision. We face risks other than those described in the aforementioned reports, including those that are unknown to us and others of which we may be aware but, at present, consider immaterial. Because of those risk factors, as well as other variables affecting our operating results, past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information and documents with the SEC. You may read and copy any document we file with the SEC at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. The SEC may charge a fee for making copies. You may call the SEC at 1-800-SEC-0330 for more information on the operation of the Public Reference Room, and on the availability of other Public Reference Rooms. Our filings with the SEC are also available to the public on the Internet through the SEC's EDGAR database. You may access the EDGAR database at the SEC's website at www.sec.gov.

We also post our SEC filings on our website at www.firstam.com. Information contained on our website is not intended to be incorporated by reference in this prospectus and you should not consider that information part of this prospectus. Our website address is included in this prospectus as an inactive textual reference only.

It is important for you to analyze the information in this prospectus, the registration statement and the exhibits to the registration statement, and additional information described under the heading Documents Incorporated by Reference below before you make your investment decision.

Table of Contents

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to incorporate by reference certain information in documents we file with it, which means that we can disclose important information to you in this prospectus by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information in this prospectus, information filed subsequently that is incorporated by reference and information in any prospectus supplement. These documents contain important business and financial information about our company, including information concerning its financial performance, and we urge you to read them. We incorporate by reference into this prospectus all of the following documents:

our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed on February 19, 2016;

our Current Report on Form 8-K, filed on February 11, 2016 (to the extent such report is filed); and

the Description of Capital Stock provided under the heading Description of Capital Stock in the information statement attached as Exhibit 99(a) to Amendment No. 5 to our registration statement on Form 10-12B filed on May 12, 2010, together with any amendment or report filed with the SEC for the purpose of updating such description.

We also incorporate into this prospectus all of our filings with the SEC made pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act that we file after the filing of this prospectus but prior to the termination of any offering of shares of common stock made by this prospectus. Information in this prospectus and incorporated by reference is only current as of the date it is made. Information in documents that we subsequently file with the SEC will automatically update and supersede any previously disclosed information. However, any documents or portions thereof or any exhibits thereto that we furnish to, but do not file with, the SEC shall not be incorporated or deemed to be incorporated by reference into this prospectus.

We will furnish to you without charge, upon written or oral request, a copy of any or all of the documents incorporated by reference into this prospectus, except for exhibits to those documents, unless the exhibits are specifically incorporated by reference into those documents. Requests should be addressed to:

First American Financial Corporation

1 First American Way

Santa Ana, California 92707-5913

Attention: Secretary

(714) 250-3000

You should read the information in this prospectus together with the information in the documents incorporated by reference. Nothing contained herein shall be deemed to incorporate information furnished to, but not filed with, the SEC.

Table of Contents

OUR COMPANY

We, through our subsidiaries, are engaged in the business of providing financial services through our title insurance and services segment and our specialty insurance segment. The title insurance and services segment provides title insurance, closing and/or escrow services and similar or related services domestically and internationally in connection with residential and commercial real estate transactions. It also provides products, services and solutions involving the use of real property related data, including data derived from its proprietary database, which are designed to mitigate risk or otherwise facilitate real estate transactions. It maintains, manages and provides access to title plant records and images and, in addition, provides banking, trust and investment advisory services. The specialty insurance segment issues property and casualty insurance policies and sells home warranty products. In addition, our corporate function consists of certain financing facilities as well as the corporate services that support our business operations.

The substantial majority of our business is dependent upon activity in the real estate and mortgage markets, which are cyclical and seasonal. In the current market environment, we are focused on growing our core title insurance and closing services business, building and expanding our data assets to strengthen our core business and offer additional solutions for our customers, and managing complementary businesses in ways that support our core business. We are also focused on continued improvement of our customers' experiences with our products, services and solutions, and we remain committed to efficiently managing our business to market conditions throughout business cycles.

First American Financial Corporation was incorporated in the state of Delaware in January 2008 to hold the financial services businesses of the Company's prior parent. On June 1, 2010, the Company's common stock was listed on the New York Stock Exchange under the ticker symbol FAF. The businesses operated by the Company's subsidiaries have, in some instances, been in existence since the late 1800s.

We have our executive offices at 1 First American Way, Santa Ana, California 92707-5913. Our telephone number is (714) 250-3000. Our website is www.firstam.com. Information contained on or connected to our website is not a prospectus, is not incorporated by reference into this prospectus and does not constitute part of this prospectus.

Table of Contents

DIVIDEND REINVESTMENT & DIRECT PURCHASE PLAN

1. What is the Plan?

The Plan is a convenient, low cost purchase plan available for existing and new investors to increase their holdings in the company's common stock. Participants in the Plan may elect to have dividends reinvested automatically at no cost or buy additional shares of common stock of First American at any time through an optional cash investment of \$50 to \$5,000 per quarter. Participation in the Plan is entirely voluntary and we give no advice regarding your decision to join the Plan.

PURPOSE

2. What is the purpose of the Plan?

The purpose of the Plan is to promote long-term stock ownership among existing and new investors in the company by providing a convenient method to purchase shares of First American common stock and reinvest cash dividends paid on such shares.

Participation in the Plan is voluntary, and we give no advice regarding your decision to join the Plan. If you decide to participate, an *Account Authorization Form* and reply envelope are enclosed for your convenience. In addition, *Account Authorization Forms* are also available online. You can access these services through the Administrator's website, **shareowneronline.com**. If the shares are jointly owned, all owners must sign the form.

ADMINISTRATION

3. Who administers the Plan?

The Plan is administered by Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A., which serves as the company's stock transfer agent, registrar and dividend disbursing agent. As Administrator, Wells Fargo Shareowner Services keeps records, sends statements and performs other duties relating to the Plan.

The Administrator is authorized to choose a broker, including an affiliated broker, at its sole discretion to facilitate purchases and sales of shares of First American common stock by Plan participants. The Administrator will furnish the name of the registered broker, including any affiliated broker, utilized in share transactions within a reasonable time upon written request from the participant.

4. What kind of reports will be sent to participants in the Plan?

As a participant, you will receive a statement for any account activity. You should retain these statements in order to establish the cost basis of shares purchased under the Plan for income tax and other purposes. In addition, each participant will receive all communications sent to all other stockholders, such as annual reports and proxy statements.

Table of Contents

CONTACT INFORMATION

5. How do I contact the Administrator?

Written Correspondence: Wells Fargo Shareowner Services

P.O. Box 64856

St. Paul, MN 55164-0856

Certified and Overnight Delivery: Wells Fargo Shareowner Services

1110 Centre Pointe Curve, Suite 101

Mendota Heights, MN 55120-4100

Telephone Inquiries: 1-800-468-9716 (toll-free)

651-450-4064 (outside the United States)

Internet: **shareowneronline.com**

Email: Go to **shareowneronline.com** and select Contact Us.

When communicating with the Administrator, you should have available your account number and taxpayer identification number.

ELIGIBILITY AND ENROLLMENT

6. How does a First American stockholder participate in the Plan?

If you are already a First American stockholder with shares of common stock registered in your name, you may enroll in the Plan simply by completing and returning an *Account Authorization Form*. You may also enroll online at **shareowneronline.com**.

7. I am not currently a stockholder. Can I participate in the Plan?

Yes. If you currently hold no shares of First American common stock, you may enroll in the Plan by completing and returning an *Account Authorization Form* and either making an initial investment or authorizing automatic deductions from a qualified bank account (see Investment Summary and Fees). You may also enroll online at **shareowneronline.com**.

Regulations in certain countries may limit or prohibit participation in this type of Plan. Accordingly, persons residing outside the United States who wish to participate in the Plan should first determine whether they are subject to any governmental regulation prohibiting their participation.

8. I already own shares of First American common stock, but they are held by my bank or broker and registered in street name. How can I participate?

If you currently own shares of First American common stock but they are held at a bank or broker in its name (street name) you may participate in the Plan without making an initial investment into the Plan by instructing your agent to convert your shares of First American common stock to shares registered in your name through the Direct Registration System. Once the shares are in your name, you may request that the Administrator send you an enrollment package for existing First American stockholders.

9. Are there fees associated with enrollment?

There is no enrollment fee for existing holders of shares of First American common stock. In all other cases, there is a one-time enrollment fee. If you are not making an initial cash investment because you have signed up for

Table of Contents

automatic deductions, you will need to include a check made payable to Wells Fargo Shareowner Services with your *Account Authorization Form*. If your *Account Authorization Form* is accompanied by an initial cash investment, the enrollment fee will be deducted from your initial investment (see Investment Summary and Fees).

OPTIONAL CASH INVESTMENTS

10. What are the minimum and maximum amounts for optional cash investments?

Additional investments may be made in amounts of at least \$50.00 subject to a maximum of \$5,000.00 during any quarter, including your initial investment, if any.

You are under no obligation to make additional cash investments. Funds awaiting purchase do not earn interest. During the period that an optional cash investment is pending, the collected funds in the possession of the Administrator may be invested in certain Permitted Investments. For purposes of this Plan, Permitted Investments shall mean any money market mutual funds registered under the Investment Company Act (including those of an affiliate of the Administrator or for which the Administrator or any of its affiliates provides management advisory or other services) consisting entirely of (i) direct obligations of the United States of America; or (ii) obligations fully guaranteed by the United States of America. The risk of any loss from such Permitted Investments shall be the responsibility of the Administrator. Investment income from such Permitted Investments shall be retained by the Administrator.

11. How do I make an optional cash investment?

Checks should be made payable to Wells Fargo Shareowner Services. Checks must be in U.S. funds and drawn on a U.S. or Canadian financial institution. **Cash, money orders, traveler's checks and third party checks are not allowed.** Checks must be accompanied by the *Transaction Request Form* attached to your account statement and mailed to: Wells Fargo Shareowner Services (see Contact Information).

A refund request for an optional cash investment made by check must be received in writing by the Administrator not less than two (2) trading days before such amount is to be invested.

12. Can I have optional cash investments automatically deducted from my bank account?

Yes. You may setup a one-time, semi-monthly or monthly automatic withdrawal from a designated bank account. The request may be submitted online, by telephone or by sending an *Account Authorization Form* by mail (see Contact Information). Requests are processed and become effective as promptly as administratively possible. Once the automatic withdrawal is initiated, funds will be debited from your designated bank account on or about the 1st and/or the 15th of each month and will be invested in First American common stock within five (5) trading days. Changes or a discontinuation of automatic withdrawals can be made online, by telephone or by using the *Transaction Request Form* attached to your statement. To be effective with respect to a particular investment date, a change request must be received by the Administrator at least 15 trading days prior to the investment date.

13. Will I be charged fees for optional cash investments?

No.

14. How are payments with insufficient funds handled?

If any optional cash contribution, including payments by check or automatic withdrawal, is returned for any reason, the Administrator will remove from the participant's account any shares purchased upon prior credit of such funds, and will sell these shares. The Administrator may sell other shares in the account to recover a returned funds fee for each optional cash investment returned unpaid for any reason and may sell additional shares as necessary to cover any market loss incurred by the Administrator.

Table of Contents

PURCHASE OF COMMON STOCK

15. What is the source of First American common stock purchased through the Plan?

At First American's discretion, purchases of common stock will be made by the Plan's purchasing agent either in the open market, in privately negotiated transactions or directly from First American. Purchases of common stock in the open market may be made on any stock exchange where shares of First American common stock are traded or by negotiated transactions on such terms as the purchasing agent may reasonably determine. Neither First American nor any participant will have any authority or power to direct the date, time or price at which shares of common stock may be purchased by the purchasing agent. No one, other than the Administrator, may select the broker through or from whom purchases are to be made.

We may also, without prior notice to participants, change our determination as to whether shares of our common stock will be purchased by the Administrator directly from us or in the open market or in privately negotiated transactions.

16. When will shares of common stock be purchased?

Any initial, recurring, or one-time optional cash investment will be invested within five (5) trading days, and no later than 35 trading days, except where postponement is necessary to comply with Regulation M under the Exchange Act or other applicable provisions of securities law. No interest will be paid on amounts held by the Administrator pending investment. The Administrator may commingle each participant's funds with those of other participants for the purpose of executing purchases.

17. What is the price of shares of common stock purchased under the Plan?

The price per share paid by each participant for shares of common stock purchased in the open market will be the weighted average price incurred to purchase all shares of common stock acquired on that date. Shares of common stock purchased from First American will be purchased and credited to a participant's account at the average of the high and low sales prices of shares of First American common stock as reported on the New York Stock Exchange Composite Tape on the date of purchase. Shares of common stock purchased in privately negotiated transactions will be made on such terms as the purchasing agent may reasonably determine. No brokerage commissions will be incurred for shares of common stock purchased under the Plan.

Your account will be credited with the number of Plan shares purchased for you, in full and fractional shares, computed to three decimal places.

CASH DIVIDENDS

18. Must my dividends be reinvested automatically?

No. You may choose to reinvest dividends or you may choose to receive cash dividends. No commission will be charged in connection with the reinvestment of dividends.

Full dividend reinvestment All cash dividends payable on shares held in the Plan, along with any shares held through book-entry Direct Registration Shares (DRS), will be used to purchase additional shares. You will not receive cash dividends from First American; instead, all dividends will be reinvested. Whole and fractional shares will be allocated to the Plan account.

Cash dividends All dividends payable to you will be paid in cash. This includes the dividend payable on all shares held in the Plan, any shares held held through book-entry DRS. Your dividend payment will be sent by check unless you have elected to have those dividends deposited directly to a designated bank account.

Table of Contents

Should you elect to receive any cash dividends, the Administrator can deposit those dividends directly into a qualified bank account for you. Direct deposit of cash dividends

For electronic direct deposit of any dividend funds, contact the Administrator to request a *Direct Deposit of Dividends Authorization Form* (see Contact Information). The participant should include a voided check or deposit slip from the bank account for which to set up direct deposit. If the shares are jointly owned, all owners must sign the form.

You may change your reinvestment option at any time online, by calling or by sending a new *Account Authorization Form* to the Administrator. If you do not select an option, the Administrator will default your choice to full reinvestment. Notices received on or before a dividend record date will be effective for that dividend. Notices received after a dividend record date will not be effective until after that dividend has been paid.

You may also send in optional cash with any of the above options.

19. When will my dividends be reinvested and at what price?

The reinvestment of your dividends will be processed within five business days following the dividend payment date and no later than 30 trading days, following the dividend payable date. The price of shares of common stock purchased will be as described in Question 17 above.

The payment of dividends is at the discretion of First American's Board of Directors and will depend upon future earnings, the financial condition of First American and other factors. The Board may change the amount and timing of dividends at any time without prior notice.

STOCK SPLITS AND STOCK DIVIDENDS

20. How would a stock split or stock dividend affect my account?

It is understood that any stock dividends or stock splits distributed by First American on common stock held by the Administrator for the participant will be credited to the participant's account. This will include all whole and fractional shares.

VOTING

21. How do I vote my Plan shares at stockholder meetings?

As a participant in the Plan you will receive voting materials and have the sole right to vote the common stock of First American represented by the shares held for you in the Plan. In the event you do not provide direction for voting, the Plan shares will not be voted.

You are encouraged to read the information carefully. Votes may be submitted online, by telephone or by returning the signed, dated proxy card. Your shares will be voted in accordance with the most recent submitted instructions.

SALE OF COMMON STOCK

22. How do I sell my Plan shares of common stock?

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You may sell any number of whole shares of common stock held in your account by completing the *Transaction Request Form* attached to your account statement and returning it to the Administrator. If the shares are jointly owned, all owners must sign the form. Requests for sales or terminations will generally be executed as soon as administratively possible provided there is sufficient volume and the request is received on a business day when the relevant securities market is open. You may sell online at **shareowneronline.com**, by telephone or through the mail (see **Contact Information**).

Table of Contents

Sales are usually made through an affiliated broker, who will receive brokerage commissions. Typically, the shares are sold through the exchange on which the common shares of First American are traded. Depending on the number of First American shares to be sold and current trading volume, sale transactions may be completed in multiple transactions and over the course of more than one day. All sales are subject to market conditions, system availability, restrictions and other factors. The actual sale date, time or price received for any shares sold through the Plan cannot be guaranteed.

Participants may instruct the Administrator to sell shares under the Plan through a Batch Order, Market Order, Day Limit Order, Good- Til-Date/Canceled Limit Order or Stop Order.

Batch Order (online, telephone, mail) The Administrator will combine each request to sell through the Plan with other Plan participant sale requests for a Batch Order. Shares are then periodically submitted in bulk to a broker for sale on the open market. Shares will be sold no later than five business days (except where deferral is necessary under state or federal regulations). Bulk sales may be executed in multiple transactions and over more than one day depending on the number of shares being sold and current trading volumes. Once entered, a Batch Order request cannot be canceled.

Market Order (online or telephone) The participant's request to sell shares in a Market Order will be at the prevailing market price when the trade is executed. If such an order is placed during market hours, the Administrator will promptly submit the shares to a broker for sale on the open market. Once entered, a Market Order request cannot be canceled. Sales requests submitted near the close of the market may be executed on the next trading day, along with other requests received after market close.

Day Limit Order (online or telephone) The participant's request to sell shares in a Day Limit Order will be promptly submitted by the Administrator to a broker. The broker will execute as a Market Order when and if the stock reaches, or exceeds the specified price on the day the order was placed (for orders placed outside of market hours, the next trading day). The order is automatically canceled if the price is not met by the end of that trading day. Depending on the number of shares being sold and current trading volumes, the order may only be partially filled and the remainder of the order canceled. Once entered, a Day Limit Order request cannot be canceled by the participant.

Good- Til-Date/Canceled (GTD/GTC) Limit Order (online or telephone) A GTD/GTC Limit Order request will be promptly submitted by the Administrator to a broker. The broker will execute as a Market Order when and if the stock reaches, or exceeds the specified price at any time while the order remains open (up to the date requested or 90 days for GTC). Depending on the number of shares being sold and current trading volumes, sales may be executed in multiple transactions and may be traded on more than one day. The order or any unexecuted portion will be automatically canceled if the price is not met by the end of the order period. The order may also be canceled by the applicable stock exchange or the participant.

Stop Order (online or telephone) The Administrator will promptly submit a participant's request to sell shares in a Stop Order to a broker. A sale will be executed when the stock reaches a specified price, at which time the Stop Order becomes a Market Order and the sale will be at the prevailing market price when the trade is executed. The price specified in the order must be below the current market price (generally used to limit a market loss).

Sales proceeds will be net of any fees to be paid by the participant (see Investment Summary and Fees for details). The Administrator will deduct any fees or applicable tax withholding from the sale proceeds. Sales processed on accounts without a valid Form W-9 for U.S. citizens or Form W-8BEN for non-U.S. citizens will be subject to Federal backup withholding. This tax can be avoided by furnishing the appropriate and valid form prior to the sale. Forms are available online at shareowneronline.com.

Table of Contents

A check for the proceeds of the sale of shares (in U.S. dollars), less applicable taxes and fees, will generally be mailed by first class mail four business days after trade date. If a participant submits a request to sell all or part of the Plan shares, and the participant requests net proceeds to be automatically deposited to a checking or savings account, the participant must provide a voided blank check for a checking account or blank savings deposit slip for a savings account. If the participant is unable to provide a voided check or deposit slip, the participant's written request must have the participant's signature(s) medallion guaranteed by an eligible financial institution for direct deposit. Requests for automatic deposit of sale proceeds that do not provide the required documentation will not be processed and a check for the net proceeds will be issued.

To sell shares through a broker of their choice, the participant may request the broker to transfer shares electronically from the Plan account to their brokerage account.

The First American share price may fluctuate between the time the sale request is received and the time the sale is completed on the open market. The Administrator shall not be liable for any claim arising out of failure to sell on a certain date or at a specific price. Neither the Administrator nor any of its affiliates will provide any investment recommendations or investment advice with respect to transactions made through the Plan. This risk should be evaluated by the participant and is a risk that is borne solely by the participant.

The company's trading provides that the participant may not trade in First American's common stock if in possession of material, non-public information about the company. Share sales by employees, affiliates and Section 16 officers must be made in compliance with the First American's insider trading policy.

Alternatively, you may choose to sell your shares of common stock through a broker of your choice by requesting that such shares of common stock be deposited with your broker through the Direct Registration System.

23. Is there a minimum number of shares of common stock that I must maintain in my account to keep it active?

Yes. The Administrator reserves the right to terminate your participation in the Plan if you do not have at least one whole share in the Plan. Upon termination you may receive the cash proceeds from the sale of any fractional share, less any transaction fee and brokerage commission.

ISSUANCE OF STOCK CERTIFICATES

24. Will stock certificates be issued for shares of common stock acquired through the Plan?

No. Stock certificates will not be issued for shares of common stock acquired through the Plan. The absence of stock certificates eliminates the risk of certificate loss, theft or destruction.

25. Can I request a stock certificate?

No.

GIFTS AND TRANSFERS OF COMMON STOCK

26. Can I transfer or gift shares of common stock that I hold in the Plan to someone else?

You may transfer shares of common stock held in the Plan to new or existing stockholders by completing and submitting a *Stock Power Form*. If the shares are jointly owned, all owners must sign the form. This form, along with

instructions can be accessed and printed through **shareowneronline.com**. Please note that you must obtain a Medallion Signature Guarantee for any transfer of shares. If your transferee is not a current Plan participant, your transferee will be enrolled in the Plan.

Table of Contents

To transfer shares of common stock to a minor, you will need to provide the name of the adult custodian who will be listed on the account. Once the minor has reached the age of majority the custodian's name can be removed. Additionally, gifts to minors are irrevocable. Shares of common stock may not be transferred from a custodial account to other custodial accounts or individuals until the minor has reached the age of majority and provides the Administrator with proper transfer instructions and proof of age.

If you request to transfer all shares of common stock in your Plan account between a dividend record date and payment date, your transfer request will be processed; however, your Plan account will not be terminated. You may receive additional dividend reinvestment shares of common stock which will require you to submit a written request to transfer the additional shares of common stock.

INTERNET AND TELEPHONE PRIVILEGES

27. Does the Plan allow me to perform transactions via the Internet?

Yes. You may access your account information and perform transactions online.

If you are an existing registered shareowner:

1. Go to **shareowneronline.com**
2. Select Sign Up Now!
3. Enter your Authentication ID* and Account Number

* If you do not have your Authentication ID, select I do not have my Authentication ID. For security, this number is required for first time sign on.

If you are a new investor:

1. Go to **shareowneronline.com**
2. Under Invest in a Plan, select Direct Purchase Plan
3. Select First American Financial Corporation
4. Under New Investors, select Invest Now

5. Follow instructions on the Buy Shares page

After you have successfully signed up, you will be able to access your account immediately. You will also receive written confirmation to your mailing address on file that your account has been activated for online access.

Once you have activated your account online, you can also:

Authorize, change or stop your Automatic Cash Withdrawal and Investment Service;

Consent for electronic delivery of statements including tax forms;

Sell some or all of your Plan shares; and

Elect to view statements, tax forms, and company communications. You will receive an email notification when new documents are available for viewing.

Certain restrictions may apply. If you have any questions concerning your online privileges, please contact the Administrator.

28. Does the Plan allow me to perform transactions via telephone?

Yes. If you have established automated privileges for your account, you can perform the following transactions by calling the Administrator:

sell some or all of the shares of common stock credited to your account under the Plan;

change your dividend reinvestment option (for example, from full reinvestment to cash);

change the amount of, or stop, automatic withdrawals; or

Table of Contents

terminate your participation in the Plan.

To establish automated privileges, please contact the Administrator and request an *Automated Request Authorization Form*.

INVESTMENT SUMMARY and FEES

29. What are the fees associated with participation in the Plan?

Participation in the Plan is subject to the payment of certain fees as outlined below:

Summary

Minimum cash investments	
Minimum one-time initial purchase for new investors	\$ 250.00
Minimum one-time optional cash investment	\$ 50.00
Minimum recurring automatic investments	\$ 50.00
Maximum cash investments	
Maximum quarterly investment	\$ 5,000.00
Dividend reinvestment options	
Reinvest options	Full, None

Fees

Investment fees	
Initial enrollment (new investors only)	\$15.00
Dividend reinvestment	Company Paid
Check investment	Company Paid
One-time automatic investment	Company Paid
Recurring automatic investment	Company Paid
Dividend purchase trading commission per share	Company Paid
Optional cash purchase trading commission per share	Company Paid
Sales fees	
Batch Order	\$15.00
Market Order	\$25.00
Limit Order per transaction (Day/GTD/GTC)	\$30.00
Stop Order	\$30.00
Sale trading commission per share	\$0.12
Direct deposit of sale proceeds	\$5.00
Other fees	
Returned check / Rejected automatic bank withdrawals	\$35.00 per item
Prior year duplicate statements	\$15.00 per year

Table of Contents

WITHDRAWAL FROM THE PLAN

30. How do I close my Plan account?

You can terminate your participation in the Plan at any time by contacting the Administrator. You can submit your request for termination either online, by telephone or through the mail (see **Contact Information**). For your convenience, a *Transaction Request Form* is attached to your statement. Complete the form by filling in the required fields and indicating your intention to terminate your participation in the Plan. Following termination, all future dividends will be paid to you in cash.

Retain shares If you elect to keep your shares, the whole shares held in your Plan balance will be moved to book-entry Direct Registration Shares (DRS). Any fractional shares will be sold at the market price, and you will receive a check (less any fees) for the proceeds.

Sell shares If you choose to sell all of your shares, your sale proceeds, less applicable taxes and transaction fees, will be remitted to you via check. Or you can choose to have them directly deposited into your bank account.

If you terminate your participation in the Plan but do not indicate your preference to retain or sell your shares, the Plan shares will be moved to book-entry DRS form until the Administrator receives further instructions.

If your request to terminate participation in the Plan is received on or after a dividend record date, but before the dividend payment date, your termination will be processed as soon as administratively possible, and a separate dividend check will be mailed to you. Future dividends will be paid in cash, unless you rejoin the Plan.

Your participation in the Plan may be terminated if you do not have at least one full share of common stock registered in your name or in your Plan account.

AMENDMENT, MODIFICATION, SUSPENSION OR TERMINATION OF THE PLAN

31. Can the Plan be amended, modified, suspended or terminated?

First American reserves the right to amend, modify, suspend or terminate the Plan at any time. All participants will receive notice of any such suspension, modification or termination.

TAX MATTERS

32. What are the U.S. federal income tax consequences of participating in the Plan?

Cash dividends reinvested under the Plan will be taxable for U.S. federal income tax purpose