



**AMERICAN LEGAL & FINANCIAL NETWORK
ANTITRUST POLICY AND COMPLIANCE PROGRAM**

A. THE PURPOSE OF THIS ANTITRUST POLICY AND COMPLIANCE PROGRAM

The American Legal & Financial Network (“ALFN”) is an industry association (“association”) whose members are legal and residential mortgage banking professionals. Federal and state antitrust laws prohibit certain types of anti-competitive activities. Violations of the antitrust laws can present severe consequences, including government investigations, catastrophic money judgments, criminal penalties, and on-going government oversight. The antitrust laws apply to associations, including ALFN, and its directors, staff, and members. ALFN is committed to free-market competition among its members and throughout the residential mortgage banking industry. ALFN is also committed to complying with the antitrust laws.

Accordingly, ALFN has developed this Antitrust Policy and Compliance Program with the following objectives in mind:

1. To educate our members and staff about the types of activities and discussions that may raise antitrust concerns;
2. To support a culture of integrity and antitrust compliance; and
3. To identify and minimize or eliminate risks of infringements of the antitrust laws.

ALFN encourages its members to take similar antitrust compliance measures, especially with respect to firm or company representatives who participate or will be participating in ALFN activities.

B. ACTIVITIES THAT RAISE ANTITRUST CONCERNS

1. Price Fixing

Any agreement or understanding among association members to fix fees for legal services provided to servicers and others (“horizontal price fixing”) is unlawful. Such agreements may be explicit, e.g., taking the form of a contract or other oral or written communication, or implicit, e.g., implied by the conduct of the parties and construed to indicate an agreement was formed. Not only would the members be exposed to antitrust liability, but the association would as well if, for example, there was a membership vote or other formal decision-making process by the association, or the individual members took action with the apparent authority of the association. Vertical price fixing also presents antitrust risk.

2. Group Boycotts

A collective refusal by otherwise competing firms or other businesses to deal with some third party, sometimes called a “group boycott,” presents antitrust risk. It may constitute an antitrust violation for one firm or other business to agree with another one that neither one will do business with a particular vendor or client, or that they will do business only with certain vendors or clients or only on certain terms and conditions.

3. Membership Restrictions

As a general rule, any firm, institution, other business, or governmental agency that meets the criteria for membership and pays the applicable dues should be admitted, and allowed to remain, as a member. Considerations such as competitive concerns, business disputes, or personal animosity should not be a basis for denying or revoking membership. Denial of, or expulsion from, membership may constitute a restraint of trade because it could limit the ability of the applicant or nonmember to compete.

4. No-Solicitation/No-Hire Agreements

Any agreement or understanding among association members not to solicit or hire another member’s employees, which does not have a pro-competitive business purpose, may be unlawful. Such an agreement or understanding among employer-members is treated as a horizontal market allocation agreement, the market being the employment market.

5. Agreements to Allocate Clients or Divide Territories

Any agreement or understanding among association members to allocate customers (clients), or divide market areas, or stay out of another member’s market area may be unlawful.

6. Information Collection and Dissemination

The compilation and distribution of industry data on various topics is one of the most valuable services that an association can provide. These programs should be administered by the association to ensure that reports consist of data in composite form and the information submitted by specific member firms, institutions, and other businesses is not revealed. Statistical programs also may not be used as a means of fixing fees or otherwise restraining trade.

7. Government-Related Activities

Efforts by an association or its members to influence the legislative, executive, and judicial branches of federal, state, and local governments, whether through lobbying or litigation, are generally immune from antitrust liability, even if injuries are caused by the lobbying or litigation or are caused by government action that results from the lobbying or litigation.

8. Standard Setting

Standards can have pro-competitive benefits, including lower costs, and promotion of new technologies and technological compatibility. However, standards and the standard-setting process can also be anti-competitive if they facilitate collusion by competitors on price, restrict competition, or disadvantage other competitors. Among the criteria for determining whether a trade association's standard-setting activities are unlawful are the following: (a) the purpose of the standard; (b) whether less restrictive means exist to accomplish the purpose; (c) whether the standard is objective; (d) whether a member's conformance with a standard is a voluntary decision; (e) whether the standard injured non-qualifying or excluded firms; and (f) whether competitors of the injured party participated in the standard-setting process.

9. Codes of Ethics

An association may develop a code of ethics or business practices, and membership in the association may be contingent upon adherence to such rules. However, a code or similar document may not unlawfully regulate legitimate business practices, such as advertising that is not false or misleading, competing with other association members, or offering services or products at reduced prices. Any enforcement process must be fair and non-discriminatory.

C. ALFN's ANTITRUST COMPLIANCE PRACTICES

1. General Operating Practices

a. The board of directors has designated a chief governance officer who participates in senior management decision making and reports periodically to the board of directors on the effectiveness of the Antitrust Policy and Compliance Program. The chief governance officer is authorized, to the extent he/she deems it necessary or appropriate, to obtain advice and assistance from legal counsel.

b. All ALFN directors, officers, employees, and members receive a copy of this Antitrust Policy and Compliance Program, including revisions and updates.

c. ALFN's legal counsel provides appropriate antitrust compliance training to ALFN's directors, officers, and employees, and otherwise disseminates information appropriate to their responsibilities.

d. ALFN's legal counsel periodically conducts antitrust risk assessments. The board of directors, with the assistance of ALFN's legal counsel, will take appropriate steps to manage and mitigate those risks.

e. ALFN's chief governance officer approves, in advance, all new ALFN programs or changes in existing programs, that may raise antitrust concerns. Special attention is given to statistical reporting programs.

f. All ALFN meetings are regularly scheduled, and members are not permitted to hold their own private meetings.

g. An agenda is prepared for each ALFN meeting, and the agenda is reviewed in advance by the chief governance officer.

h. ALFN's legal counsel may be present at meetings of the board of directors and at any other meeting at which antitrust sensitive issues will be discussed.

i. The minutes of all ALFN meetings are complete and accurate, and are reviewed and approved by ALFN's chief governance officer. The minutes reflect ALFN's policy of complying with the antitrust laws.

j. No action by ALFN or its board of directors that has the effect of rejecting a membership application becomes final without review by ALFN's chief governance officer or legal counsel.

k. ALFN has a formal record retention program.

l. ALFN will not delegate authority to any individual who ALFN knew or should have known through the exercise of due diligence has engaged in anti-

competitive activities or other conduct inconsistent with this Antitrust Compliance Program.

m. ALFN will take appropriate disciplinary measures for engaging in anti-competitive conduct and for failing to take reasonable steps to prevent or detect anti-competitive conduct. After anti-competitive conduct has been detected, ALFN will take reasonable steps to respond appropriately to that conduct and to prevent further similar anti-competitive conduct.

2. Membership Policy

a. ALFN's standards for membership are narrowly drawn, nondiscriminatory, objective, rationally related to a pro-competitive purpose of ALFN, and uniformly applied.

b. ALFN does not limit access to information developed by ALFN, unless such limitation is firmly grounded upon the need to protect trade secrets.

3. Self-Regulation and ALFN Code of Ethics

a. ALFN has adopted a Code of Ethics. The Code of Ethics does not have price fixing, market allocation, or boycott implications, or inhibit the ability of any member or group of members to compete.

b. ALFN does not require members to refrain from dealing with any servicer or other client, any other member, or any supplier or vendor.

4. Information Collection and Dissemination

Surveys produced through ALFN that relate to competitively sensitive information such as members' current or future prices (fees), output, or business plans shall meet the following criteria:

- a. The survey will be managed by a third party, such as an accounting firm;
- b. The information provided by the survey participants will be based on data that is more than three months old; and
- c. There are at least five respondents (members) reporting data upon which each disseminated statistic is based; no individual respondent's data represents more than 25 percent on a weighted basis of that statistic; and any information disseminated is sufficiently aggregated such that it would not allow recipients to identify the prices charged or compensation paid by any particular respondent.

5. Caution to Be Exercised Regarding Discussion of Competitively Sensitive Topics at ALFN Meetings

a. Agreements among members that relate to competitively sensitive topics, such as, but not limited to, the following, are typically unlawful under the antitrust laws: (1) members' current or future fee structures (Great care must be taken in discussing past prices or bids.); (2) what constitutes a "fair" fee, fee structure, or profit; (3) possible adjustments (up or down) in members' fee structures; (4) standardization of fee structures; (5) methods of establishing fee structures; (6) allocation of markets; and (7) refusal to deal with a servicer because of its limitation on acceptable fees.

b. For that reason, even discussions and exchange of information about such topics are to be avoided unless the chief executive officer, the chief governance officer, or any member of the board of directors has been consulted in advance. In some cases, it may be determined that it would be best for all concerned for such discussions not to take place. In other cases, efforts may be made to facilitate the discussions in a way that antitrust risk can be minimized or avoided.

D. WHAT TO DO IF ANTITRUST ISSUES ARISE?

1. ALFN Meetings. If you are at an ALFN meeting where a subject matter comes up that you believe raises antitrust concerns, request that the subject be tabled until guidance can be provided by ALFN's chief governance officer or legal counsel regarding parameters for any such discussion.
 - a. If the discussion is not tabled, leave the room and announce that the reason that you are leaving is because you believe that the topic of the discussion raises antitrust concerns.
 - b. Whether the discussion is tabled or not, contact ALFN's chief executive officer, chief governance officer, or any member of ALFN's board of directors and advise him or her of the antitrust concerns
 - c. Consult with your firm's or company's antitrust counsel.
2. Discussions with Competitors
 - a. Discussions with Competitors at ALFN Meetings or Social Gatherings
 - 1) If during the course of an ALFN meeting, you have a discussion with a competitor or group of competitors during a break, on the golf course, during a meal, or at any social gathering, and a subject matter comes up that you believe raises antitrust concerns, request that subject be dropped.

- a) If the subject is not dropped, walk away and announce to the others that the reason that you are walking away is because that you believe that the subject of the discussion raises antitrust concerns.
 - b) Whether the discussion is stopped or not, contact ALFN's chief executive officer, chief governance officer, or any member of ALFN's board of directors, and advise him or her of the antitrust concerns.
 - c) Consult with your firm's or company's antitrust counsel.
- b. Discussions with Competitors not at ALFN Meetings or Social Gatherings
- 1) Be aware that discussing sensitive competition issues with other members that relate to fees, clients, and other competitive information may give rise to antitrust concerns.

E. QUESTIONS; REPORTING SUSPECTED VIOLATIONS; REPORTING CONTACT BY THE GOVERNMENT OR A PLAINTIFF'S ATTORNEY

To report or seek guidance regarding potential or actual anti-competitive conduct or other conduct inconsistent with this Antitrust Policy and Compliance Program, please contact ALFN's chief executive officer, chief governance officer, or any member of ALFN's board of directors. If you wish, you may report the conduct anonymously or confidentially, and without fear of retaliation.

If you have been contacted by a government official or a plaintiff's attorney about ALFN's activities, please notify ALFN's chief executive officer or any member of ALFN's board of directors right away.

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