

Antitrust Policy Statement

The American Financial Services Association (AFSA) is the trade association for a wide variety of providers of financial services to consumers and small businesses. As adopted by our members, the mission of AFSA "is to assure a strong and healthy broad based consumer lending services industry which is committed to: (1) providing the public with a quality and cost effective service, (2) promoting a financial system that enhances competitiveness and (3) supporting the responsible delivery and use of credit and credit related products." AFSA is not intended to, and may not, play any role in the competitive decisions of its members or their affiliates or business partners, nor in any way restrict competition among financial service providers in any of the product sectors it serves. Accordingly, any activity that intentionally or unintentionally reduces competition or restrains trade is contrary to AFSA policy.

In order to ensure that AFSA members and staff understand the basic antitrust law and AFSA's antitrust policy, the Board of Directors takes the opportunity, through this statement of policy, to make clear its unequivocal support for the policy of competition served by the antitrust laws and its uncompromising intent to comply strictly in all respects with those laws. In addition to AFSA's firm commitment to the principle of competition served by the antitrust laws, the penalties which may be imposed upon both AFSA and its members involved in any violation of the antitrust laws are so severe that good business judgment demands that every effort be made to avoid such a violation.

Antitrust Laws and Penalties for Violations

Trade associations and their members are subject to both federal and state antitrust laws. Section 1 of the Sherman Act prohibits any agreement or understanding affecting the price of a product regardless of the purpose of the agreement or understanding. Violation of the Sherman Act is a felony punishable by a fine of up to \$1,000,000 or ten (10) years imprisonment (or both) for individuals or a maximum fine of \$100 million for corporations. In addition to a criminal sentence, a corporation or individual convicted of a Sherman Act offense may be ordered to make restitution to the victims for all overcharges resulting from the conspiracy. Victims of bid-rigging or price-fixing conspiracies also may seek civil recoveries up to three times the amount of damages suffered. It is important for AFSA members and staff to note that you may be held liable for criminal conspiracy under the Sherman Act for merely attending a meeting in which members of an association engage in an illegal price fixing discussion, even if you were not an active participant in that discussion. The Sherman Act prohibits not only price fixing, but also bid-rigging, agreements among competitors to boycott or allocate markets, and other types of collusion.

Section 5 of the Federal Trade Commission Act broadly prohibits "unfair methods of competition" and reaches anticompetitive conduct by individuals or companies even if there is no agreement or understanding. Violations of the Federal Trade Commission Act may result in a cease and desist order or dissolution of AFSA itself. Failure to comply with a cease and desist order can result in fines of up to \$10,000.

AFSA Antitrust Guidelines and Statement of Policy

It is the responsibility of every member of AFSA to be guided by the Association's policy of strict compliance with antitrust laws in all AFSA activities. It shall be the special responsibility of Committee Chairs, AFSA officers and officers of AFSA's affiliates to ensure that this policy is known and adhered to in the course of activities pursued under their leadership.

To assist the AFSA staff and all of its officers, directors, and Committee officers in recognizing situations which may raise the appearance of an antitrust problem, the Board will as a matter of policy furnish to each such person AFSA's General Rules of Antitrust Compliance. In addition, AFSA staff will ensure that AFSA members shall receive and familiarize themselves with the General Rules of Antitrust Compliance. Should questions

arise as to the manner in which the antitrust laws may apply to the activities of AFSA or any Committee or Affiliate thereof, such questions shall be directed to AFSA headquarters or to AFSA's antitrust legal counsel.

Antitrust compliance is the responsibility of every AFSA member. Any knowing violation of the AFSA General Rules of Antitrust Compliance or this general policy by an AFSA member shall be handled in accordance with the Complaint Procedure under Article XII of the AFSA Bylaws.

General Rules of Antitrust Compliance

The following rules are applicable to all AFSA activities and must be observed in all situations and under all circumstances without exception or qualification other than as noted below.

1. Neither the American Financial Services Association, nor any Committee, Affiliate or activity of AFSA shall be used for the purpose of bringing about or attempting to bring about any understanding or agreement, written or oral, formal or informal, express or implied, among competitors with regard to business practices, the form or content of documents or contracts, prices (current or future), terms or conditions of sale, distribution, volume of loan originations, territories or customers.
2. No AFSA activity or communication shall include discussion for any purpose or in any fashion of pricing methods, loan origination quotas or other limitation on either the timing, costs or volume of loan originations or sale, or allocation of territories or customers.
3. No AFSA activity or communication shall include any discussion which might be construed as an attempt to prevent any person or business entity from gaining access to any market or customer for goods or services, or to prevent any business entity from obtaining a supply of products or services or otherwise purchasing products or services freely in the market.
4. Neither AFSA nor any Committee or Affiliate thereof shall make any effort to bring about the standardization of any product, or to prevent the development, marketing or sale of any product not conforming to a specified standard for the sole purpose or with the sole effect of inhibiting competition or impeding free choice among consumers for products and services offered by AFSA's members.
5. No AFSA activity or communication shall include any discussion which might be construed as an agreement or understanding to refrain from obtaining funding or purchasing any equipment or services or other supplies from any supplier.
6. AFSA shall not exclude competitors from membership in AFSA, restrict members from dealing with non-members or limit access to information developed by AFSA, unless such limitation is based on the need to protect trade secrets or privilege.
7. Speakers at AFSA, Committee, Affiliate and other professional interest AFSA meetings shall be informed of the need to comply with AFSA's antitrust policy in the preparation and presentation of their talks.
8. All AFSA meetings shall be regularly scheduled and conducted according to an agenda prepared in advance of the meeting and reviewed by AFSA's legal counsel. The minutes of all AFSA meetings shall be accurate and the AFSA officer or director should never sign meeting minutes which have been altered, which are incomplete, or have not been reviewed by AFSA's legal counsel. In no case shall AFSA members hold informal meetings in connection with regularly scheduled AFSA meetings which fail to comply with these procedures or which violate AFSA's General Rules of Antitrust Compliance.