



Collateral Risk Network, Inc. Antitrust Policy
As adopted by the CRN Board of Directors July 15, 2020

This Antitrust Policy Statement ("Policy") is applicable to all Collateral Risk Network, Inc. ("CRN") meetings, events, activities and programs. It is required to be read and followed by all Members of CRN, CRN Staff, Officers, Directors, Chairs and Members of all CRN Committees, Councils and Forums and all participants in CRN-sponsored activities.

CRN is committed to adhering to the antitrust laws and all of CRN's activities must be conducted strictly in accordance with U.S. federal and state antitrust laws. This Antitrust Policy will familiarize you with the basics of antitrust law, but it is not a complete or definitive statement. Any specific questions related to antitrust compliance not addressed in this Policy should be forwarded to CRN's Compliance Officer or to your company's legal counsel.

CRN provides a forum for education and open and fair discussions regarding issues involving assessment of collateral risk for the real estate finance industry, and developing standards that are intended to be applicable to all participants in the real estate finance industry. As an educational organization, CRN is committed to full compliance with all laws and regulations and to maintaining the highest ethical standards in the way it conducts its operations and activities. CRN's commitment includes strict compliance with federal and state antitrust laws. CRN is concerned both with collective action by competitors and with keeping its standards from being anticompetitive. This Antitrust Policy addresses issues related to collective action.

OVERVIEW OF THE ANTITRUST LAWS

Antitrust laws are intended to promote and protect competition, which benefits consumers. Competition leads to lower prices, higher quality, and increased output of goods and services. Organizations like CRN can promote competition by engaging in a variety of activities, including standard-setting, educating the public, conveying information to the government, and collecting and disseminating certain information about the industries in which they operate. On the other hand, associations like CRN often bring competitors together in person and through information sharing, and the antitrust laws are always suspicious that competitors might agree to engage in behavior that hurts consumers. For that reason, CRN has developed this Policy to help ensure that its activities are conducted consistently with the antitrust laws.

The United States, the individual states and many foreign countries have antitrust laws. The main antitrust laws at the federal level are the Sherman Act, the Clayton Act, the Robinson-Patman Act, and the Federal Trade Commission Act. The Department of Justice prosecutes some violations of the Sherman Act criminally. Criminal antitrust violations are felonies, and an individual is subject to as much as ten years in prison and a \$1 million fine per violation. Almost all of the individual states have their own antitrust laws.

IMPROPER ACTIVITIES AND PROGRAMS

Before covering particular circumstances and conduct that raises concerns under the antitrust laws, it is useful to set out a few very basic concepts.

Some conduct is considered unlawful under the antitrust laws regardless of (a) the reasons why it is undertaken, (b) the revenues or assets of the parties involved in the conduct or (c) the justifications that can otherwise be made for the conduct. Examples of such "per se" or "hard core" unlawful activities include: (1) price fixing with competitors, (2) bid rigging, (3) allocating customers or markets and (4) certain group boycotts of customers. These "per se" violations are illegal regardless of the circumstances.

Agreements among competitors on price or output are per se unlawful, meaning that the agreements cannot be defended or justified. The agreement itself is illegal, even if it has no effect on price or output. "Price" is interpreted very broadly, including the following:

- wholesale, retail and suggested prices for goods and services (including salaries, benefits and wages for employees or independent contractors)
- price ranges
- pricing formulas
- reference prices (e.g., using one price as a take-off point for other prices)
- price increases or decreases
- margins

Antitrust violations can be based on circumstantial evidence and thus evidence of an explicit agreement is not needed. Therefore, comments that "signal" to competitors on these issues or that could otherwise result in exchanges of competitively sensitive information also must be avoided. For example:

- "If we don't come to our senses and rationalize prices, we're going to destroy the industry."
- "We're going to put each other out of business if we keep producing at this rate."
- "I don't care what others do, but we're raising prices next week."

Agreements among competitors on output or production are also per se unlawful.

Agreements among competitors to allocate, divide or assign customers, territories, products or services are also per se illegal. Agreements between a manufacturer and a dealer to limit that dealer to certain customers or a defined territory are treated differently under the antitrust laws; however, dealers cannot agree on allocations among themselves and have the manufacturer adopt them.

Agreements among competitors to boycott certain suppliers, customers or competitors are per se unlawful in some circumstances. In the not for profit context, restrictions on membership and participation in shows or exhibitions, disciplinary proceedings and standard-setting activities generate most boycott issues. In particular, CRN members should not engage in any discussion about whether to refuse to do business with any other entity or whether to limit or terminate any existing relationship.



The exchange of competitively sensitive information among competitors can lead to price fixing and other antitrust violations. CRN members should not discuss any competitively sensitive information. For example:

- individual company actual, suggested or proposed prices; proposed price changes; discounts; credit terms; mark-ups; margins; costs; price ranges; pricing formulas; and allowances
- actual production levels; plans to increase or decrease production
- wages, salaries and benefits for employees and independent contractors

With appropriate safeguards, not for profit organizations may collect some competitively sensitive business information from their members and provide members with data compilations and survey results. These safeguards may include the use of a third party vendor to collect and process the submissions, limiting access to the raw data, masking the identities of the submitters (even from association personnel) and aggregating data so that the identity of the submitters is not disclosed and cannot be inferred. Under no circumstances can an association ever provide one member with another's competitively sensitive business information.

Responsibility for Antitrust Compliance

Compliance with the antitrust laws is a serious matter. The main purpose of the antitrust laws is to prevent collective action by competitors to restrain trade. CRN wants to follow prudent approaches to antitrust compliance in order to avoid for itself and its participants the harsh criminal penalties, the high costs of defending civil suits, and the devastating impact of private treble damage actions associated with antitrust violations. However, persons that participate in CRN's activities should recognize that criminal antitrust enforcement is directed at the individuals involved even where they represent a company or other entity. Individuals can be prosecuted and sentenced to financial penalties and prison terms for acts they commit on behalf of their company, employer, or association. Although CRN has addressed antitrust issues through this Antitrust Policy, the organizations and individuals that participate in CRN's activities bear the ultimate responsibility for assuring that their actions, and the actions of any persons under their direction, comply with the antitrust laws.

Conduct Of CRN Business

All officers, directors, employees and agents of CRN will receive a copy of this Antitrust Policy and acknowledge in writing (electronic acknowledgement is acceptable) that he or she has read and understands the Policy. A copy of this Policy will also be available to all CRN members (and the general public) on CRN's website and it will be printed in CRN program materials.

A copy of this Policy will also be provided to all speakers and presenters at any conference or meeting sponsored by or affiliated with CRN; presentations on commercial topics must be made available in advance for review by CRN's compliance officer. Notices and agendas of CRN meetings shall be prepared and distributed in advance. Agendas should not include any subjects which are identified as improper for consideration or discussion under this Antitrust Policy and should conform to rules

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established or approved by CRN's compliance officer. At CRN's direction, minutes of certain CRN meetings will be prepared and certain CRN events will be recorded (by audio and/or video).

Discussion that appears to be leading to a violation of this Policy should be discontinued until the compliance officer determines whether any limitations and/or safeguards should be implemented. In addition, if any questions arise regarding the legality of any discussions or other activity, you should consult with counsel before acting.

Meetings should be conducted in a manner such that all participants are afforded an opportunity to present their views. All opinions should be considered before actions are voted upon. The chair of the meeting should undertake this responsibility. CRN staff and the meeting chairs have the responsibility to terminate any discussion or, if necessary, the meetings themselves if the discussion is diverted toward topics that may raise questions under the antitrust laws. The meeting chairs should develop and maintain their familiarity with basic antitrust principles and this Antitrust Policy.

Because it is difficult to specify what actions may present risks under the antitrust law's "unreasonable restraint of trade" standard, CRN's compliance officer should be consulted prior to discussion of any topics that could have the effect of reducing competition.

Antitrust Compliance Reporting Procedures And Disciplinary Policy

CRN is committed to adhering to the antitrust laws. The purpose of this section of the Antitrust Policy is to implement procedures for reporting potential violations and disciplining individuals that fail to comply with CRN's Antitrust Policy and/or with the antitrust laws generally.

At the outset it should be noted that these reporting procedures only apply to conduct as it relates to CRN's events and activities. To the extent information relates to individual companies or the industry generally, that information should be reported to your individual company counsel in the first instance.

Internal Reporting Process

CRN encourages prompt reporting of any incidents involving potential violations of CRN's Antitrust Policy and/or the antitrust laws generally so that corrective action may be taken. Any potential violations (including by any CRN member, member of CRN's Board of Directors, CRN employee or CRN agent) should be reported immediately by telephone to CRN's compliance officer, who is responsible for investigating these complaints.

It cannot be emphasized strongly enough that ALL COMPLAINTS OR INCIDENTS OF POTENTIAL VIOLATIONS OF CRN'S ANTITRUST POLICY OR THE ANTITRUST LAWS GENERALLY MUST BE PROMPTLY REPORTED. CRN cannot resolve a potential violation unless it knows about it. Moreover, in certain circumstances CRN may avoid punishment under the antitrust laws if it promptly notifies the government of a suspected violation. Prompt notification could be the difference between no liability and

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paying significant fines and other criminal sanctions. Therefore, it is the responsibility of any CRN member, member of CRN's Board of Directors, CRN employee or agent of CRN who has information that gives rise to a belief of potential violations to bring the information to the attention of CRN's Compliance Officer as promptly as possible.

Every reported potential violation will be investigated thoroughly and promptly. Depending on the facts and circumstances, the investigation may include the following steps: an interview of the person who reported the alleged violation to obtain complete details regarding the alleged violation; interviews of anyone who is alleged to have committed the acts of alleged violation to respond to the claims; and interviews of any employees who may have witnessed, or who may have knowledge of, the alleged violation. The investigation will be handled in as confidential a manner as possible consistent with a full, fair and proper investigation and subject to any applicable legal requirements.

Non-Retaliation

CRN takes all reports of potential antitrust issues seriously and will not penalize or retaliate against anyone in any way for providing information to CRN's compliance officer. CRN will not tolerate retaliation against anyone for reporting a potential violation of CRN's Antitrust Policy and the antitrust laws generally, or any other unlawful conduct, or for cooperating in an investigation. Any incidents of retaliation should be reported immediately to CRN's compliance officer.

Corrective Action

CRN does not consider conduct in violation of CRN's Antitrust Policy to be within the course and scope of employment and does not sanction such conduct.

If, as a result of the investigation, CRN concludes that a violation of CRN's Antitrust Policy or the antitrust laws generally or retaliation occurred in violation of this Policy, CRN will take prompt and effective remedial action, including appropriate corrective action against the person or people involved in the violation and the retaliating party. The corrective action will depend on the particular facts and circumstances. Corrective action may include, for example: training, disciplinary action ranging from verbal or written warnings to termination of employment or membership, depending on the circumstances. The treatment of employees involved in questionable conduct will be decided on a case-by-case basis, depending on the degree of the involvement. "Self reporting" may weigh in an employee's favor depending on the actual facts and circumstances. If a member of CRN's Board of Directors, a CRN employee or an agent of CRN engages in conduct in violation of the antitrust laws and is convicted or found civilly liable for such conduct and all appeals have run, that person shall be terminated or discharged, provided that such termination or discharge does not violate any applicable U.S. laws. With regard to violations by members, visitors, customers, vendors, suppliers or independent contractors, appropriate corrective action will be taken after consultation with the pertinent management personnel, and may include revocation of membership, denial of access to CRN meetings and events or personnel or termination of their business relationship with CRN.

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Conclusion

Whenever competitors meet, the potential for antitrust compliance issues arises. CRN has established its Antitrust Policy with the object of not only avoiding any violation of the antitrust laws, but also avoiding any activities that might give the appearance of illegality or that might lead to investigation or litigation.

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