

Antitrust Policy and Guidelines

Introduction

The antitrust laws are designed to insure that business is conducted in an open, competitive atmosphere and that competition is not unreasonably or unfairly restricted. These laws prohibit any agreement, combination, or conspiracy that may result in an unreasonable restraint of trade or an injury to competition. Thus, the following types of agreements, whether by the Appraisal Institute or its Designated Members, Candidates, Practicing Affiliates or Affiliates are deemed to constitute anticompetitive behavior.

- Agreements to fix prices including agreements on the terms and conditions which affect the price of a product or a service;
- Agreements to control or limit the production of a product or a service;
- Agreements to engage in a group boycott or a refusal to deal with certain competitors, suppliers, or customers; and
- Agreements to allocate or divide markets and/or customers.

In addition, membership, candidacy and affiliation requirements and disciplinary procedures in an association such as the Appraisal Institute create antitrust obligations and risks. Membership, candidacy and affiliation requirements must be reasonable, nondiscriminatory, and applied in a uniform manner. They should be substantially related to the association's purpose. Provisions for imposing disciplinary action must protect the Designated Member, Candidate, Practicing Affiliate and Affiliate's due process rights and, like membership, candidacy and affiliation criteria, must be uniformly followed.

Moreover, the tying by a dominate market player of the purchase or sale of one product or service to the purchase or sale of another product or service can be an illegal act that unfairly and unreasonably restrains competition.

Violations of these antitrust laws may result in civil or criminal proceedings, or both. Treble damages and attorneys' fees become part of the recovery for those persons who have been harmed by unfair and illegal anticompetitive actions.

The Appraisal Institute is comprised of competitors who have come together for a common business purpose. Because the Appraisal Institute's Designated Members, Candidates, Practicing Affiliates and Affiliates are competitors, the nature and extent of the activities of both the Appraisal Institute and its Designated Members, Candidates, Practicing Affiliates and Affiliates are closely scrutinized by the courts and regulatory agencies. Moreover, the actions of the Designated Members, Candidates, Practicing Affiliates and Affiliates of an association such as the Appraisal Institute can cause the association itself to be charged with anti-competitive behavior, even if the association was unaware of its members' actions. As a result, strict compliance with the antitrust laws by both the Appraisal

Institute and its Designated Members, Candidates, Practicing Affiliates and Affiliates is essential to safeguard against possible anti-competitive actions which could result in substantial costs and damages.

Policy

It is the policy of the Appraisal Institute to comply strictly, and in all respects, with the antitrust laws (both state and federal). It is also the policy of the Appraisal Institute to educate and encourage its members to adhere strictly, and in all respects, to federal and state antitrust laws.

Prohibited Activities By Designated Members, Candidates, Practicing Affiliates and Affiliates

Meetings are a normal, legitimate function of associations like the Appraisal Institute. However, because association meetings bring together competitors, they must be conducted with a view toward future antitrust scrutiny. To avoid possible liability under the antitrust laws, the following broad topics should not be discussed by any member while participating in Appraisal Institute activities:

- Do not discuss--or engage in any form of conduct from which it may be argued that a Designated Member, Candidate, Practicing Affiliate and Affiliate discussed--fixing the price or fee for appraisal reports or other services. The antitrust laws make any agreement (formal or informal) that has a substantial impact upon price illegal *per se*, regardless of the circumstances or effect on competition. Price fixing in its broadest terms covers any agreement to raise, stabilize, or lower the prices or fees that members charge for appraisal reports or other services. Agreements relating to discounts, allowances, credit terms, rebates, future business, or the terms or conditions of sales are included within price fixing. Price fixing may occur between competitors or between suppliers and customers. It can be either express or implied.
- Do not share information regarding current or future prices or fees for appraisal reports or other services because such actions can have a substantial impact on price and therefore be deemed price fixing. This prohibition includes the various components of the cost of an appraisal report that might affect or impact current or future prices or fees.
- Do not discuss refraining from selling certain appraisal products or services and do not discuss customers or groups of customers to which certain appraisal products and services are not to be sold. Any agreement to control or limit the number of appraisal reports or other services is *per se* illegal under the antitrust laws.
- Do not discuss bids, tenders, solicitations, or other invitations to bid in which Appraisal Institute Designated Members, Candidates, Practicing Affiliates or Affiliates or others in the appraisal profession may be interested because such actions can be considered *per se* illegal. The antitrust laws also prohibit the collusion or appearance of collusion with respect to bidding. Discussion of future bidding opportunities with other potential bidders at Appraisal Institute functions is an invitation to antitrust liability.
- Do not discuss boycotting or refusing to deal with certain competitors, suppliers, customers, or groups of suppliers or customers. Any attempt by Appraisal Institute Designated Members, Candidates, Practicing Affiliates and Affiliates to use the collective power of the association to boycott a competitor, a supplier, or a customer will violate the antitrust laws. Such a boycott is *per se* illegal when it cuts off access to a supply, facility, or market necessary to enable the boycotted firm or individual to compete. Discussion concerning the pros and cons of further

dealings with any common competitor, supplier, or customer must be avoided at all Appraisal Institute functions.

- Do not discuss allocating customers, territories, or markets in which Appraisal Institute Designated Members, Candidates, Practicing Affiliates and Affiliates sell, may sell or refuse to sell their products and services. Agreements among Appraisal Institute Designated Members, Candidates, Practicing Affiliates and Affiliates to divide or allocate customers or markets are *per se* violations of the antitrust laws. Even an informal agreement by which one Designated Member, Candidate, Practicing Affiliate or Affiliate promises to stay out of or to avoid another member's territory, promises to refrain from doing business with certain customers, or promises not to offer certain types of appraisal services constitutes an antitrust violation. As with price fixing cases, no justification or defenses are recognized in the law. Appraisal Institute meetings cannot be used by Designated Members, Candidates, Practicing Affiliates and Affiliates to discuss and determine when, where and to whom members will sell or offer their appraisal products and services.
- Do not discuss costs, inventories, product capacities, profits, profit margins, market studies or surveys, market shares, or other current or future business matters which may affect competition. An anticompetitive agreement does not have to be express and can be established by circumstantial evidence such as the subsequent behavior of the participants at the meeting.

Permitted Activities By Designated Members, Candidates, Practicing Affiliates and Affiliates

The following areas of discussion can be undertaken by Designated Members, Candidates, Practicing Affiliates and Affiliates participating in Appraisal Institute functions without raising substantial antitrust concerns:

- Discussion of common problems and challenges so long as the purpose is not to eliminate competition or encourage uniform action.
- Discussion of future business opportunities and plans so long as it does not include prices or bids.
- Discussion of problems with certain types of customers or suppliers so long as the focus is not on boycotting or refusing to deal with such customers or suppliers.
- Discussion of risks relating to certain types of customers or suppliers so long as there is not an attempt to fix prices or the terms of doing business.
- Discussion of the policies or practices of certain customers or suppliers so long as there is no threat, direct or indirect, to act jointly to enforce changes to those policies or practices.
- Discussion of historical prices, fees and cost data so long as this information is not used to project agreed upon or uniform future prices, fees, or costs.
- Discussion of joint or unified positions for purposes of dealing with governmental bodies and regulatory agencies.
- Discussion of the agenda or the minutes of prior meetings because minutes must accurately reflect the actions taken at the meetings and the agenda that was followed.

8-8-13

Adopted by the Board of Directors
November 12, 2002