

NACM Affiliation Agreement [2017]

AGREEMENT MADE as of this _____ day of August , 2017 by and between NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, a Maryland nonstock, not-for-profit corporation, with its principal office and place of business at 8840 Columbia 100 Parkway, Columbia, Maryland 21045-2158 hereinafter called "National" or "NACM," and _____, having its principal office and place of business at _____ hereinafter called "the Affiliate" or "Affiliate".

Witnesseth, That

Whereas, the NACM Board of Directors and the Affiliate Council have reviewed and approved this agreement as the sole form of contract between NACM and Affiliated Associations; and,

Whereas, NACM and the Affiliate have determined that it would be in their mutual interest and benefit that Affiliate be recognized and conduct its operations as an NACM Affiliated Association; and,

Whereas, the parties agree that this Agreement defines the criteria and obligations of the affiliation and the procedures to be employed by Affiliate and NACM in the conduct of their relationship; and,

Whereas, the parties also agree to work with and support the objectives of the other in alignment with the terms and objectives of this Agreement;

Therefore, in consideration of the parties meeting the terms and conditions of this Agreement, NACM recognizing that, to the best of NACM's knowledge, _____ meets, and as long as it continues to meet all of the terms of this Agreement, it shall be recognized as an Affiliate of the National Association of Credit Management.

Article I. Definitions

Affiliated Association: An affiliated association is an entity that is legally distinct from NACM. An Affiliate is operated in support of and conducts activities that advance the mission common to NACM and meets the terms of this Affiliation Agreement.

Affiliate Assistance Program: NACM is prepared to support the needs of Affiliates through the Affiliate Assistance Program. The goal of this program is to provide resources and assistance, through an experienced COO network, to observe, offer advice or direction, and recommend actions that may remedy a challenging situation.

Affiliate Service(s) Committee: The Affiliate Service(s) Committee oversees the operations of core services activities of NACM Affiliates approved to operate, offer and sell Core Services and is responsible for creating and recommending changes to the Core Service standards, rules, regulations, procedures maintained in the service(s) Code of Conduct.

Core Services: Core Services are defined as the services that are core to supporting both affiliated members and the operational and financial success of the Affiliate. The Affiliate Core Services are: Business Credit Reporting, Industry Credit Groups, Collections, and Commercial Adjustments

Good Standing: The Affiliate will be considered to be in good standing provided it meets all of the terms set forth in this Agreement.

Majority Vote: A majority vote is more than half of the votes cast of those present and voting, provided that a majority of all Affiliates is present.

Receipt shall be deemed to be five (5) days after the mailing of an invoice.

Semiannually means once within the first six calendar months and once within the last six calendar months.

Super Majority Vote: A super majority vote means at least two-thirds of the votes cast by those present and voting, provided that a majority of all Affiliates is present.

Article II.

Terms and Conditions for Affiliated Associations

- A. The NACM Board of Directors establishes the terms and conditions for creating and recognizing Affiliated Association status.
- B. Affiliated Association status is defined through this contractual NACM Affiliated Association Agreement (“Agreement”) between NACM and the Affiliate.
- C. Corporate Status
 - 1. The Affiliate and any related business or service corporation related to the Affiliate is, and agrees to remain, a non-stock membership corporation.
 - a. This requirement does not apply to any Affiliate that failed to meet the non-stock requirement as of September 1, 2009 provided that the Affiliate has maintained its affiliation status continuously since September 1, 2009.
 - 2. The Affiliate agrees to comply with all applicable governmental laws and regulations.
- D. Affiliation Status
 - 1. Any Affiliate, not approved for affiliation as of January 1, 1995, will be ineligible to apply for affiliation status unless there is an open area in which to operate, unless it can immediately sign a minimum of 100 members and it agrees to meet all of the requirements of this Agreement.
- E. Required Minimum Service Offerings
 - 1. The Affiliate will actively offer, market and generate revenue from the sale of memberships to qualify and maintain its status as an Affiliate of the National Association of Credit Management.
 - a. The Affiliate agrees to make its best effort to recruit and retain members, known as affiliated or national members.
 - 2. In accordance with the Codes of Conduct and after approval, the Affiliate will offer, actively market and generate revenue from the sale of at least two Core Services to qualify to continue to be recognized as an Affiliate of the National Association of Credit Management.
 - 3. The Affiliate agrees to support the mission, vision and offerings of NACM.

F. Core Services of the Affiliate

1. The Code of Conduct for the Operation of an approved NACM Affiliate Business Credit Reporting Operation is attached to this Agreement as **Exhibit D**.
2. The Code of Conduct for the Operation of an approved NACM Industry Credit Group Service is attached as **Exhibit E**.
3. The Code of Conduct for the Operation of an approved NACM Collection Service is attached to this Agreement as **Exhibit C**.
4. The Code of Conduct for the Operation of an approved NACM Commercial Adjustment Service is attached to this Agreement as **Exhibit B**.
5. The Affiliate, if approved to offer an NACM Affiliate Core Service, agrees to comply at all times with the standards, rules, regulations, procedures of that Core Service's Code of Conduct.
6. The Affiliate agrees to use its name and the NACM Affiliate Icon in connection with its approved Core Services.

G. Required Certification

1. By January 31st of each year, the Affiliate agrees to complete an annual certification, furnishing true statements to each question or item listed.

Article III

Relationships of Organizations

- A. Each party to this Agreement recognizes the value of affiliating with each other. Both parties agree that their missions are compatible and that their activities will significantly support and advance the credit management profession and professional.

1. Each party to this Agreement will exercise responsible stewardship over its tangible and intangible assets, manage its risks effectively, and institute effective financial and accounting controls.
2. Each party to the Agreement recognizes that their business operations are entwined through shared members, shared customers and clients and a shared brand. As such, the relationship between the Affiliate and NACM goes beyond a business relationship or business alliance.

B. Areas of Responsibility

The United States is divided into Areas of Responsibility, one or more of which may be assigned to the Affiliate by the Committee responsible for the oversight of Affiliate Services. Although the primary purpose of Areas of Responsibility is to provide the Affiliate with the responsibility for the development and maintenance of business credit information for the area(s) assigned to it, the Affiliate agrees to accept the responsibility of offering, marketing, building and maintaining memberships throughout its assigned area of responsibility and to also offer, actively market, build and maintain the sale of its core services throughout its assigned area of responsibility.

1. Affiliate agrees to actively solicit membership and offer its core and other services within its Area of Responsibility.

2. Affiliate agrees to be respectful of others' areas of responsibility.
3. Affiliate agrees that memberships sold outside of its area of responsibility must be sold for a permissible business reason, such as to a member who joins a national or regional group sponsored, maintained and actively hosted by the Affiliate.

C. Contracts

Recognizing that each Affiliate in the network is an independent business and that NACM is an independent business with a contractual relationship with all Affiliates, the Affiliate agrees to exercise extreme caution, care, and to use sound business judgment when entering into contractual agreements in its name.

1. The Affiliate agrees that it may enter into contracts in its name only.
2. The Affiliate agrees that one Affiliate cannot bind the network of Affiliates and/or NACM when entering into contracts.

D. Brand

Recognizing that the NACM brand is used and shared by each Affiliate in the network and NACM, and recognizing that the actions of any one party can diminish or disparage the NACM brand, the Affiliate agrees to conduct itself in an ethical and fair manner and agrees to adhere to the highest standards possible.

E. Regional Conferences and Events

The Affiliate agrees to honor an equal rotation of regional conferences and events in a region among the participating Affiliates in the region. Affiliates wanting to serve as a regional conference host agree to work together on the schedule and that the non-hosting Affiliates agree to support the conference with marketing. Regional conferences will rotate around, within the interested Affiliates.

Article IV

Administration & Leadership

The 2017 Article IV was amended and adopted in May 2019

A. Codes of Conduct

1. Changes to the Codes of Conduct will be approved by a super majority vote, as defined in Article I, of the Affiliates approved for that service and by a super majority vote of the Affiliate Council.
2. The Affiliate Service(s) Committee is responsible for creating and recommending changes to the Core Service standards, rules, regulations, procedures maintained in the service(s) Code of Conduct.
 - a. At the recommendation of the appropriate Committee, and in compliance (or accordance) with the procedures outlined in the Code of Conduct for that service, the Affiliate Council may suspend or terminate the ability of the Affiliate to offer a core service by super majority vote should the Affiliate fail to comply with all rules, regulations, procedures or Code of Conduct for that service. The Affiliate agrees to accept suspensions and terminations made by the Affiliate Council and to work within the Code of Conduct to remedy.
 - b. In the case where the Affiliate fails to meet or comply with all rules, regulations,

procedures or Code of Conduct for a Core Service, the Affiliate agrees that it is not authorized to use the Affiliate name and NACM Affiliate logo for that service until such time as approval for that service has been granted or reinstated by the Affiliate Service(s) Committee and the Affiliate Council.

- c. With the approval of the Affiliate Service(s) Committee and the Affiliate Council, the Affiliate may offer Core Services through an outsourcing agreement to another NACM Affiliate approved for said service(s).

B. Network of Affiliates

1. Although independently managed and operated, together and collectively, NACM Affiliates are referred to as the “Network of Affiliates” or “Network”.
2. The Network of Affiliates may be grouped into regions to facilitate governance and operational efficiencies.
 - a. Regional groupings may be changed or modified with approval by a super majority of the Affiliates and the NACM Board of Directors.
 - b. The Affiliate agrees to make its best effort to support regional activities.

C. Affiliate Council

1. The Affiliate Council, a Committee of Affiliated Association Chief Operating Officers (COOs) and other representation, will work to represent the Network of Affiliates for the betterment of the Network and the organization.
 - a. Affiliate members of the Affiliate Council are known as Members, Committee Chairs, the Council Chair or the Immediate Past Council Chair.
 - b. The Members shall be elected by a plurality vote, or the most votes, of the Chief Operating Officers when such vote is taken. Voting may be conducted electronically.
 - c. The members of the Affiliate Council will nominate a member known as the Council chair who will be elected by a super majority vote, as defined in Article I, of the chief operating officers of all the Affiliated Associations present and voting at the mid-year meeting.
 - d. The immediate past Council Chair who ascends to the position of counselor shall serve as a voting member of the Affiliate Council.
 - e. The chairs of Affiliate Committees, whose mission is to improve or oversee products, services and the advancement of Affiliates, shall also serve as voting ex-officio members of the Council.
 - f. The NACM President and the NACM Chair shall also serve as voting ex-officio members of the Council.
 - g. The Affiliate Council may propose such rules as it deems appropriate regarding the conduct of the Council or the qualifications for membership on the Council. The Council

Rules are attached to this Agreement as **Exhibit A**.

2. Changes to the Council Rules will be approved by a super majority vote, as defined in Article I, of Affiliates.

Article IV

Administration & Leadership

This article was amended in May 2019

A. Codes of Conduct

1. ~~Changes to the Codes of Conduct will be approved by a super majority vote of the Affiliates approved for that service and by a super majority vote of the Affiliate Council.~~
2. ~~The Affiliate Service(s) Committee is responsible for creating and recommending changes to the Core Service standards, rules, regulations, procedures maintained in the service(s) Code of Conduct.~~
 - a. ~~At the recommendation of the appropriate Committee, and in compliance (or accordance) with the procedures outlined in the Code of Conduct for that service, the Affiliate Council may suspend or terminate the ability of the Affiliate to offer a core service by super majority vote should the Affiliate fail to comply with all rules, regulations, procedures or Code of Conduct for that service. The Affiliate agrees to accept suspensions and terminations made by the Affiliate Council and to work within the Code of Conduct to remedy.~~
 - b. ~~In the case where the Affiliate fails to meet or comply with all rules, regulations, procedures or Code of Conduct for a Core Service, the Affiliate agrees that it is not authorized to use the Affiliate name and NACM Affiliate logo for that service until such time as approval for that service has been granted or reinstated by the Affiliate Service(s) Committee and the Affiliate Council.~~
 - c. ~~With the approval of the appropriate Affiliate Service(s) Committee and the Affiliate Council, the Affiliate may offer Core Services through an outsourcing agreement to another NACM Affiliate approved for said service(s).~~

B. Network of Affiliates

1. ~~Although independently managed and operated, together and collectively, NACM Affiliates are referred to as the "Network of Affiliates" or "Network".~~
2. ~~The Network of Affiliates shall be grouped into regions to facilitate governance and operational efficiencies.~~
 - a. ~~Regional groupings may be changed or modified with approval by a super majority of the Affiliates and the NACM Board of Directors.~~
 - b. ~~The Affiliate agrees to make its best effort to support regional activities.~~

C. Affiliate Council

1. ~~The Affiliate Council, with regional and other representation, will work to represent the Network of Affiliates for the betterment of the Network and the organization.~~

- ~~a. Affiliate members of the Affiliate Council are known as Chairs and each shall represent one of the geographical regions of the National Association of Credit Management.~~
 - ~~b. The regional chairs shall be elected by a super majority vote of the chief operating officers in their respective regions when such vote is taken.~~
 - ~~c. The members of the Affiliate Council will nominate a member known as the general chair who will be elected by a super majority vote of the chief operating officers of all the Affiliated Associations.~~
 - ~~d. The immediate past general chair who ascends to the position of counselor shall serve as a voting member of the Affiliate Council.~~
 - ~~e. The chairs of Affiliate Committees, whose mission is to improve or oversee products, services and the advancement of Affiliates, shall also serve as voting ex-officio members of the Council.~~
 - ~~f. The NACM President and the NACM Chair shall also serve as voting ex-officio members of the Council.~~
 - ~~g. The Affiliate Council may adopt such rules as it deems appropriate regarding the conduct of the Council or the qualifications for membership on the Council. The Council Rules are attached to this Agreement as **Exhibit A**.~~
2. ~~Changes to the Council Rules will be approved by a super majority of Affiliates.~~

Article V

Duties and Obligations

- A. Recognizing the need to present the organization as a unified brand, the Affiliate agrees to support and implement initiatives approved by a super majority vote of the Chief Operating Officers of the Network of Affiliated Associations, approved by super majority vote of the Affiliate Council and supported by the NACM Board of Directors.
- B. The highest ranking Chief Staff Officer of the Affiliate will make his or her best effort to attend at least one in-person scheduled meeting of the Affiliate Association Chief Operating Officers held during a calendar year.
 - 1. The Affiliate COO may send a substitute staff representative to meetings rather than attending, provided that the qualified representative is both knowledgeable about the issues at hand and in the position to cast a vote on behalf of the Affiliate.
 - a. By sending a substitute staff representative, the Affiliate COO does not satisfy the meeting attendance requirements for COOs.
 - 2. Non participation in at least one in-person scheduled meeting of the Chief Operating Officers during a calendar year will render the Affiliate ineligible to receive commissions from NACM, to participate in Requests for Proposals (RFPs), and to participate in merger agreements made without following the RFP process.

3. The NACM President and NACM Affiliate Council Chair shall keep the attendance records.
- C. Recognizing that projects approved by a super majority of the Network of Affiliates and by the NACM Board of Directors may need funding from time to time, the Affiliate agrees to timely pay in full assessments approved by the Affiliate Council for such initiatives that will benefit, advance and improve the mission of NACM collectively.
- D. Management of the Affiliate
1. The Affiliate's operations will be managed by the Affiliate's employed Chief Staff Officer, who will have an undivided duty of loyalty to the Affiliate.
 2. While also supporting NACM and the entire network of NACM Affiliates, the employed Chief Staff Officer will dedicate his or her full attention to building the Affiliate's operations: building and serving the membership, marketing, building and offering the Affiliate's Core Services, and other services.
 3. With the approval of the NACM Board of Directors and the Affiliate Council, the day-to-day management responsibilities of the Affiliate may be outsourced to another NACM Affiliate with employed staff.
- E. Change in Management of Affiliate Day-to-Day Operations
1. The Affiliate agrees to obtain the approval of the appropriate Affiliate Committee and the Affiliate Council and the NACM Board of Directors prior to outsourcing the management of its operations in whole or major part.
 2. The management of the operations of the Affiliate may only be outsourced to another NACM Affiliate meeting all of the conditions within this Agreement.
 - a. If the Affiliate desires to outsource the management of its day-to-day operations, it must prepare and submit a written explanation to the NACM Board of Directors as to why the outsource arrangement is needed and how it will improve and grow overall operations.
 - b. The Affiliate serving as the provider of the management services must provide a copy of its most recent audit report or financial statements along with a plan addressing how the operations of the Affiliate will be improved through the outsource arrangement.
 - c. Should the Management Outsource Agreement be approved by the Affiliate Council and then by NACM Board of Directors, a copy of the management outsource agreement must be filed with National. Amendments or renewals to the Management Outsource Agreement will also be filed with the NACM President citing any changes to the original agreement approved.
 - d. The NACM President is authorized to share information from the Management Outsource Agreements with the Affiliate Council and/or Affiliate Service(s) Committee as needed to respond to inquiries or resolve issues arising about the outsource agreement. All information shared will be held in strict confidence.

- e. Should the Management Outsource Agreement not be approved by the Affiliate Council and the NACM Board of Directors, and should the Affiliate move forward without approval, this Agreement will terminate.
- F. The Affiliate agrees that upon termination of its affiliation with NACM that it will not solicit, offer, sell and/or make available, in any form or manner or through any entity, membership in NACM to its clients or any third party.

Article VI

Financial Condition and Obligations

A. Financial Condition

1. At the conclusion of the Affiliate's fiscal year end, and on an annual basis thereafter, the Affiliate will submit to the NACM President:
 - a. A copy of its annual audit report within 30 days of receipt, or,
 - b. A copy of its fiscal year end financial statements including a balance sheet, statement of activities/profit & loss statement, and a statement of cash flows signed by the COO (the highest ranking paid staff member) and CEO (the highest ranking board member), or,
 - c. Provided that the Affiliate has not fallen past due with its financial obligations to NACM more than one time in the prior year, it may furnish a statement, signed by the COO (the highest ranking paid staff) and CEO (the highest ranking board member) attesting that the Affiliate:
 - 1) enjoys adequate cash flow to meet its obligations as they come due, and,
 - 2) is current (meeting all terms of payment) in all of its payables, and,
 - 3) is solvent on a balance sheet basis.
2. Financial statements of the Affiliate will not be shared or disclosed and will be treated as strictly confidential.
 - a. NACM's chief financial staff member will review financial statements as they are received and provide a statement to the NACM Board if, and only if, there appears to be financial instability.
 - b. The NACM Board may mandate actions to remedy the financial instability including that Affiliate enter into the Affiliate Assistance Program or other actions in order to maintain its affiliation. The Affiliate agrees to follow such Board mandates.
 - c. Compliance will be monitored by the NACM President, who will report findings to the Affiliate Council. After discussion with the Council, the Affiliate Council will recommend an appropriate course of action to the NACM Board of Directors, including but not limited to, that a waiver be granted or that the Affiliation Agreement be terminated.
3. At the conclusion of its fiscal year, NACM agrees to make a copy of its financial Audit report available to the Affiliate Network and members.

B. Financial Obligations

1. NACM agrees to keep its financial obligations and commitments to the Affiliate; payments will be timely made, within terms, to the eligible Affiliate.
2. The Affiliate agrees to keep its financial obligations and commitments to National; payments will be timely made, within terms, to NACM.
 - a. Should the Affiliate be delinquent in sums owed to NACM for more than 60 days, the Affiliate agrees to submit to NACM a copy of its most recent financial statements, to include a balance sheet, statement of activities (income statement) and statement of cash flows and continue to submit timely copies of its monthly financial statements for each month it continues to be in arrears.
 - b. NACM may discontinue services to members of the Affiliate should sums owed to NACM remain unpaid for more than 60 days.
3. The Affiliate agrees to timely pay Affiliate Council Fund assessments agreed to and affirmatively voted upon by a super majority of the Affiliates and the Council.
 - a. The Affiliate Council Fund is a trust fund established for the benefit of NACM Affiliates and may be used as follows:
 - 1) To defray the cost of speaker fees at meetings that benefits the affiliates.
 - 2) To defray the cost of meeting expenses that benefits the affiliates.
 - 3) To defray the cost of marketing or special projects that benefits the affiliates.
 - 4) To pay the cost of legal fees for actions other than litigation and approved by a super majority of the Affiliates.

Article VII

Change in Ownership, Consolidations, Mergers, Sale, Transfer of Assets

A. Change in Ownership: Consolidation, Mergers, Sale, Transfer

1. The Affiliate agrees that any consolidation, merger, sale or transfer of substantially all of its assets with or to another Affiliate must be approved by the NACM Board of Directors.
2. The Affiliate agrees that should it be party to a consolidation, merger, sale or transfer of substantially all of its assets, or change of ownership to other than an existing Affiliate that is a non-stock membership corporation, this Agreement will terminate.
 - a. The Affiliate may reapply for affiliation after the consolidation, merger, sale or transfer of substantially all of its assets or change of ownership, which will be subject to approval by the NACM Board of Directors.
3. The Affiliate agrees that should it wish to enter into discussions about merging, consolidating, selling or transferring of substantially all of its assets with an existing Affiliate holding a valid

Affiliation Agreement and if one of the parties is being represented, led or conducted by an Affiliate Board of Directors then:

- a. The Affiliate agrees to notify in writing the NACM President of its intentions prior to entering into negotiations.
 - b. Upon such notification, the NACM President will advise the NACM Executive Committee and the Affiliate Council Chair.
 - c. After notification and discussion with the NACM Executive Committee and the Council Chair, the NACM President may contact the Chairman of the Board of Directors of the Affiliate to ensure that all merger, consolidation, sale or transfer options have been fully explored.
 - d. NACM may offer alternatives, including advising and recommending options such as the Affiliate Assistance program or the solicitation of expressions of interest through a Request for Proposals from other Affiliated Associations.
 - e. If the Affiliate wishes to merge with or consolidate into another Affiliate, the Affiliate agrees to conduct its search by the Request for Proposals (RFP) protocol approved by the NACM Board Directors.
 - 1) For an Affiliate to be eligible to participate in the RFP process, it must have been current in all sums owed to NACM for 11 of the 12 months preceding the RFP and be in full compliance with this Agreement.
4. Should the Affiliate wish to enter into discussions about merging, consolidating, selling or transferring substantially all of its assets with an existing Affiliate holding a valid Affiliation Agreement and if the discussions are between two or more Chief Staff Officers, the merger may be conducted without an RFP provided that all parties to the merger:
- a. have consistently met the requirements set forth in this Agreement defined as at least 11 out 12 times in the preceding 12 months and,
 - b. have had the same paid leadership (Chief Staff Officer) for at least two years and that the Affiliate paid leadership has attended at least two national COO meetings over two years leading up to the merger, and,
 - c. have provided early (pre-negotiation) notice to the NACM Executive Committee. The NACM Executive Committee will hold the notice in confidence and will consider approval of the bypass of the RFP process.
 - d. agree to keep in close communication with the NACM Executive Committee throughout the process.

Article VIII

Use of the NACM Name and Logo Use

A. Affiliate Use of the NACM Name as part of its Name.

1. Affiliates are encouraged to use the NACM name, including as part of D/B/A names.

- a. After December 31, 2017, if the Affiliate changes its name to include NACM, then the Affiliate agrees to choose a name with a local or regional geographic reference after seeking and receiving prior approval of the NACM President and NACM Board of Directors.
 - b. The name change request will be submitted in writing to the NACM President. The NACM President will forward the request to the NACM Board of Directors for approval.
2. The Affiliate agrees not to use the NACM name to refer to itself in any manner or combination that is confusingly similar to NACM's name or identity ("NACM") or to another Affiliate's name or identity or to suggest that it serves a constituency outside of its assigned area of responsibility.
3. Any Affiliate currently using "NACM" as part of its name and seeking a name change that will still include "NACM" will seek and obtain the approval of the NACM President and NACM Board of Directors before proceeding with the change.
4. Any Affiliate not currently using "NACM" as part of its name but seeking a name change to incorporate "NACM" as part of its new name will seek and secure the approval of the NACM President and NACM Board of Directors before proceeding.
5. If the Affiliate is using "NACM" or "National Association of Credit Management" as part of its name and becomes no longer Affiliated with NACM for any reason, the Affiliate agrees to cease the use of such name(s) and forever remove any and all references to NACM and the National Association of Credit Management within 90 days of the termination of Affiliation. In addition, if "NACM" or "National Association of Credit Management" is part of the legal name of the Affiliate, such as a corporate name or DBA, then the Affiliate agrees to file all necessary documents, including but not limited to a trade name amendment with the appropriate Secretary of State authority or authorities if incorporated in more than one state, also within 90 days of the termination of Affiliation. The Affiliate also agrees to remove any and all references to NACM and National Association of Credit Management in its publications, public messages, marketing collateral and any other form of communications.

B. Logo Use

1. The Affiliate agrees to follow the logo use policy by December 31, 2017.
 - a. The Affiliate agrees to use the NACM Affiliate Master Icon, the line along with their name and/or logo. This requirement extends to print collateral and online/web/social media uses. For those Affiliates already using NACM as part of their name, the Affiliates agree to drop the NACM when used in combination with the Affiliate Master Icon so as not to be redundant with the icon.
 - b. The Affiliate agrees that when the brand tagline is used, it will be right justified with the closest line of text, in the designated color and font. If the logo is used without the tagline, the tagline must be used within close proximity of the logo.
 - c. The Affiliate agrees to supply the Affiliate identifiable logo (the NACM Affiliate Master icon, the line, along with the name and/or logo) to any service providers with whom it enters into a contractual agreement.

Article IX

Affiliated and National Memberships

- A. Eligible for membership are business entities conducting commercial operations in the course of which secured or unsecured commercial credit is extended to others. Corporations/companies are members of the Affiliate.
- B. Companies join NACM through the Affiliate and are known as Affiliated Members of NACM. Upon joining the Affiliate, the company member is also joining and is a member of NACM. National member companies join through NACM. All credit department personnel of the National member are considered as National Members.
- C. Excluded from eligibility for Affiliated membership is any business entity engaged in providing industry credit group, adjustment or commercial debt collection services which had not been accepted for membership prior to June 1, 1965, and any business entity providing credit reporting services which had not been accepted for membership prior to June 1, 1977, provided such membership has not lapsed since such admission.
- D. The types of Affiliated Memberships that an Affiliate will offer and agrees to accept include but are not limited to:
 - 1. **Regular members:** Companies, at a location, join the Affiliate. The company location shall appoint a representative as its member representative. This member is known as the regular member of record for the company.
 - 2. **Multiple Members:** If an Affiliated Regular member company holds more than one membership in the same Affiliate within its area of responsibility, this member is identified as a multiple member.
 - a. Additional locations of a member company may join the same Affiliate within its area of responsibility and appoint member representatives who are known as multiple members.
 - b. Additional representatives at a member location can be appointed as multiple members of record for the company, within an Affiliate's area of responsibility.
 - c. Within the Affiliate's area of responsibility, no separate legal entity such as a corporate subsidiary shall qualify as a multiple member.
 - 3. **Honorary Membership:** will be made available to those who have served the Affiliate in a volunteer capacity and have retired from, or are no longer active in, the credit and financial management field/profession and are not associated with, or employed by, a company.
 - a. Former members, who are unemployed and who are actively seeking a position in the field, may be reported as Honorary Members for a period not to exceed two consecutive years or 24 months. Honorary membership provides individuals with a way to maintain a relationship with NACM by receiving email announcements, *Business Credit* magazine and access to the NACM Career Center.

- b. Honorary members are not provided with the right to vote on NACM business as prescribed in the Bylaws for the organization.
- 4. The Affiliate will use its best efforts to solicit, secure and retain membership.
 - a. Affiliate must, on a net basis, retain not less than 85% of its total membership in any historical consecutive 12-month period.
 - b. Should retention drop below 85% in any consecutive 12-month period, the Affiliate must obtain a waiver to continue to be recognized as an Affiliate of the National Association of Credit Management.
- 5. The waiver must be submitted in writing to the National Board of Directors outlining the circumstances of being unable to retain 85% of total members, including details of things like membership campaigns, number of outreach attempts made to non-renewing members and the number of outreach attempts made to current members.
- 6. The NACM Chairman and NACM President will discuss the circumstances of the waiver with the Affiliate Council. After discussion with the Affiliate Council, the NACM Board will consider the circumstances outlined in the waiver and take action, including but not limited to, that the Affiliate be mentored by another Affiliate with progress reports sent to the NACM Board, an audit of Affiliate membership be conducted, participation in the Affiliate Assistance Program or termination of the Affiliated Association Agreement.
- 7. **National Membership:** is designed to reward and assist national companies with reduced NACM membership pricing and single invoice management and reporting.
 - a. The NACM National Membership is based on a “per representative” model, featuring a flat, per representative fee. The membership dues invoice and representative changes will be managed by NACM. NACM will communicate representative changes with the Affiliates.
 - b. The NACM Board of Directors will establish the national dues amount. National dues are invoiced by NACM and paid to each Affiliate based on the location of each named National Member.
 - c. The NACM National Membership is based on an annual fee; once paid, no refunds can be made although substitutions for representatives may be made throughout the year.
 - d. The NACM National Membership fee covers only Affiliate and National membership dues; dues for industry credit group membership are additional and must be coordinated and purchased by the member representative through the Affiliate group sponsor.
 - e. In order for a representative to be eligible to join an Affiliate industry credit group, the representative must be a “named” National Member representative.
 - f. Companies eligible to apply for an NACM National Membership must:
 - 1) Currently hold memberships with 5 Affiliates or more and enroll at least 10 member representatives; and,

- 2) Operate a decentralized credit operation with separate A/R's; and,
 - 3) Agree to contribute full file (defined as at least 80%) of its customer aging for all member entities to the national/shared database; the contribution will belong to all participating Affiliates and not attributed to any single participating Affiliate; and,
- g. NACM National will administer the membership, sending the invoice, collecting the dues and remitting dues to each Affiliate; and,
 - h. National Members will supply a list of all credit department personnel.
 - i. The A/R data contribution will support the NACM National Trade Credit Report and will be coordinated by NACM Tampa. NACM National Members send A/R files to one place at least every 30 days that will be shared with all of the National Trade Credit Report Affiliates.
 - j. NACM National Members may be eligible for a national credit report contract, negotiated by NACM Tampa and benefiting NACM NTCR Affiliates.
8. National will not disclose the specific membership list, or portions thereof, of any Affiliate to any person or entity providing any of the Core Services without the advance written permission of that Affiliate.
 9. The Affiliate agrees to recognize, honor and accept a member's valid membership in another Affiliate to meet the NACM membership requirement to join a local, regional or national industry credit group.

E. Reporting

1. Membership Reporting

By the 10th of each month, the Affiliate agrees to report membership activity for the prior month using a format acceptable to NACM. Membership activity reporting requirements include: reporting changes about adds/new members, drops/expired memberships, deletions, substitutions and transfers to the membership rolls. Reporting changes includes reporting contact information, as specified from time to time by NACM, for all of its Affiliated/Regular/Full, Multiple and Honorary members. Reporting that no changes have occurred will be considered as a report.

- a. Information to be reported includes but is subject to change as business tools evolve: Member Type, Member Company Name, Representative's Name, Representative's Title, Physical/Ship To Address, City, State, Zip, Email, Phone, Fax, SIC/NAICS Code. For resignations, Resignation Codes are required.
- b. Changes to the Affiliate's total membership number will be reflected in the NACM membership dues billing the following month.
- c. Changes made to the Affiliate's membership totals will not be retroactive.
- d. Failure to file a timely report in any calendar quarter will render the Affiliate ineligible to receive commissions for that quarter. Should the Affiliate already be ineligible for the commission program for other reasons, then a financial fine equaling 5% of the

membership dues last invoiced by NACM may be assessed for each month where a timely report is not received.

- e. After the close of each monthly reporting period, NACM will contact each member dropped from the Affiliate's membership roll in writing, provided that the company holds no other Affiliate membership, to convey how much the member will be missed.

2. Credit Group Reporting

If approved to provide credit groups, the Affiliate agrees to submit, and keep current, a list of the names of its credit groups to NACM, providing the group name, the group's status as local, regional or national and a statement of the group's purpose.

- a. The Affiliate agrees to report changes to the administrative management of the Group to NACM within 60 days of the change.

3. Credit Group Membership Roster Reporting

The Affiliate, if approved to provide credit groups, agrees to submit national, regional, and local group member rosters to the NACM Membership Department so that their NACM membership can be verified.

- a. Not less than semiannually, the Affiliate agrees to report credit group membership activity for the prior month(s) using a format acceptable to NACM. Membership activity reporting requirements include: reporting changes about adds/new members, drops/expired memberships, deletions, substitutions and transfers to each industry credit group membership roll.
- b. The NACM Membership Department will alert the Affiliate submitting the credit group membership roster of any inconsistencies with the Membership Requirements set forth in the Code of Conduct for the Operation of Credit Groups.
 - 1) Failure to file at least semiannually will render the Affiliate ineligible to receive commissions on NACM products and services sold for that year. Should the Affiliate already be ineligible for the commission program for other reasons, then a financial fine equaling 5% of the membership dues last invoiced by NACM may be assessed for each month where a timely report is not received.

Article X

Membership Dues

- A. Dues for all classes of membership will be established by the Board of Directors.
- B. The Affiliate will pay annual dues for each regular, multiple and honorary member as established by the National Board of Directors.
- C. The national portion of NACM Affiliate annual membership dues will be automatically increased based on the Consumer Price Index (CPI).
 1. NACM will use the March CPI, announced on or about April 15th of each year, for the rate by which dues will increase. The CPI will be announced to the NACM Board of Directors at its meeting held in conjunction with the Credit Congress.

2. The NACM Board may, after deliberation and at its discretion, decide to stop the auto increase or change the rate of the increase by super majority vote for a particular year.
 3. If the CPI decreases, no dues decrease will be made as the costs of providing services will not have decreased.
 4. If an increase greater than the CPI is requested by NACM, discussion will be held. The increase takes effect with the January 1st invoice of the year following the increase announcement, allowing the Affiliates time to prepare and budget for the increase. The time in between the announcement of the dues rate increase and the effective date of the increase allows time for marketing materials and membership dues applications to be updated and for announcements about the increase to be made to the membership.
- D. The rate for multiple and honorary affiliated membership dues is one-half of the regular member dues rate.
- E. The Affiliate agrees to pay NACM the dues of the affiliated regular, multiple and honorary members in monthly installments on receipt of an invoice from NACM. Receipt shall be deemed to be five (5) days after an invoice is sent.
1. Dues shall accrue on the first day of each month for that month.
 2. Should an Affiliate be acquired by or otherwise merge with another, the succeeding Affiliate agrees to pay all outstanding dues payable of the Affiliate being acquired.

Article XI

NACM's Obligations to Affiliates

- A. NACM agrees that it will not offer, engage in, or endorse any service offered by a non-Affiliate that is also one of the Core Services.
- B. Advertising
1. NACM agrees that it will not accept advertising in its publications from non-affiliated entities seeking to offer services that are similar to the Core Services, with the exception of national credit reporting services.
 - a. In order for an entity offering National Credit Reporting Services to be eligible to advertise in NACM publications, the National Credit Reporting Service must be engaged to do business with at least a majority of Affiliates.
 2. NACM agrees to reserve up to two pages in each issue of its national publication at its expense, exclusive of development costs, for advertising in support of Affiliate Core Services.
- C. NACM agrees to manage the meeting logistics of the January Chief Operating Officers meeting.
1. NACM will make its best effort to secure the hotel contract with sleeping and meeting space, within the parameters suggested by the COOs.
 2. Parameters are defined as: reasonably priced sleeping rooms, adequate meeting space, and access to dining facilities.

3. NACM agrees to facilitate the invoicing of the cost of the meeting by billing Affiliates and collecting payments.
 4. After 180 days, NACM may reimburse itself for any unpaid Affiliate invoices related to the meeting from the Council fund.
- D. NACM agrees to actively promote the NACM brand outside of NACM.
- E. NACM agrees to make available and maintain a web-based NACM Knowledge & Learning Center for affiliated and national members.
1. Four (4) educational offerings will be made available annually, one per calendar quarter, to affiliated and national members within the NACM Knowledge & Learning Center as a benefit of membership (at no additional cost to the member).
 2. A key word search of NACM proprietary publications will be maintained and made available to affiliated and national members within the Knowledge & Learning Center.
- F. NACM agrees to provide space in the Expo Hall at the annual Credit Congress so that Affiliates can promote affiliate core services and the NACM National Trade Credit Report.
- G. NACM agrees to furnish *Business Credit* magazine to affiliated and national members.
- H. NACM agrees to furnish *eNews*, an electronic newsletter, to affiliated and national members.
- I. When complimentary registrations, exhibit space and speaking opportunities are provided, NACM agrees to support Regional Conferences through exhibiting and speaking.
- J. NACM agrees to provide design support for marketing collateral for Affiliates upon request, provided that National can fit the work requests into its normal business flow. Affiliate agrees to cover the cost of publishing any such collateral.
- K. Upon request by an Affiliate in good standing, NACM agrees to provide design assistance at no cost to create a website.
1. Affiliate agrees to secure and make available a web host at its expense.
 2. Affiliate agrees that NACM will provide design services at no cost provided it can manage the project within its normal workflow activities.
 3. Affiliate agrees to work collaboratively with National, to create and provide content describing the Affiliate, its services and offerings.
 4. Affiliates will name one of its employees to assume the responsibility for routine updates to its website.
 5. NACM agrees to provide purchased, licensed, art for the website at its cost.
 6. NACM will train that employee on the basics of website changes and updates.

- L. National agrees to host and maintain a COO-Only website resource.

Article XII

Remedy

In the event that either party is not compliant with any requirement of this Agreement, written notification and a time in which to remedy such non-compliance will be provided. Should the Affiliate be the non-compliant party, the NACM Board of Directors will provide written notification of, and a period of time set by the NACM Board of Directors in which to remedy, such non-compliance. Should the Affiliate fail to remedy the non-compliance, NACM may terminate this Agreement.

Article XIII

Term

This Agreement shall be for a term of five years, and shall be automatically renewed in five year increments so long as the Affiliate is in compliance with its terms on the date of renewal.

Article XIV

Termination

This Agreement may be terminated at any time by either party upon 90 days written notice to the other.

Article XV

Governing Law

This Agreement shall be construed according to the law of the state of NACM's incorporation. Venue for any suit brought for breach of this Agreement may lie in the state of incorporation of National or Affiliate.

Article XVI

Waiver, Hold Harmless, and Indemnification

Affiliate waives all claims, and shall hold NACM, the Affiliate Council, and any person acting through or on behalf of NACM or the Affiliate Council, harmless for any financial damages, costs and expenses (including attorneys' fees), as well as non-monetary relief, arising or resulting from any action of the Affiliate Council, including involving the Codes of Conduct.

NACM shall indemnify and hold the Affiliate Council and any person acting through or on behalf of the Affiliate Council harmless with respect to any claim for damages, including costs of suit and attorney fees, by an Affiliate arising from arising from any action of NACM in enforcing its bylaws against the Affiliate.

Article XVII

Entire Agreement; Amendment

This Agreement along with the noted Exhibits constitutes the entire affiliation agreement between the parties. This Agreement may be amended or modified without termination of this Agreement, by affirmative vote of two-thirds of all Affiliates in good standing.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed by their duly authorized officers the date and year first above written.

NATIONAL ASSOCIATION OF CREDIT MANAGEMENT, INC.

BY:

BY:

NACM National President

NACM National Chairman

Date:

BY:

BY:

Chief Operating Officer

Chief Elected Officer

Date:

(Exhibit A)
RULES AND PROCEDURES
of the Affiliate Council
of the National Association of Credit Management

Adopted: May 2019

Article I.
DEFINITIONS

Affiliate Service(s) Committee: The Affiliate Service(s) Committee oversees the operations of core services activities of NACM Affiliates approved to operate, offer and sell Core Services and is responsible for creating and recommending changes to the Core Service standards, rules, regulations, procedures maintained in the service(s) Code of Conduct.

Core Services: Core Services are defined as the services that are core to supporting both affiliated members and the operational and financial success of the Affiliate. The Affiliate Core Services are: Business Credit Reporting, Industry Credit Groups, Collections, and Commercial Adjustments.

Good Standing: The Affiliate will be considered to be in good standing provided it meets all of the terms set forth in this Agreement.

Majority Vote: A majority vote is more than half of the votes cast of those present and voting, provided that a majority of all Affiliates is present.

Super Majority Vote: A super majority vote means at least two-thirds of the votes cast by those present and voting, provided that a majority of all Affiliates is present.

ARTICLE II
AFFILIATE COUNCIL PURPOSES AND OBJECTIVES

The purposes and objectives of the Affiliate Council ("Council") shall be:

1. To act as a council on behalf of the Network of Affiliates ("Affiliates").
2. To coordinate the national activities and interests of the Affiliates.
3. To foster a greater degree of cooperation among the Affiliates.
4. To consider opportunities which pertain to the operation of the Affiliates, recommend alternatives and provide advice.
5. To conduct annual meetings of the Chief Operating Officers ("COOs") of the Affiliates.
6. To direct the activities of the Council Committees, whose mission is to improve or oversee products, services and the advancement of Affiliates, and to preside over the Codes of Conduct for each of the core services. The Council Committees are:
 - a. Affiliate Service(s) Committee;
 - b. Affiliate Marketing Committee;

- c. The NACM National Trade Credit Report Committee (NTCR).
- d. Other Committees, as may be appropriate, may be created and named by the Affiliate Council and approved the COOs.

7. To promote cooperation with and improvement of the services and reputation of the Affiliates.

ARTICLE III

AFFILIATE COUNCIL COMPOSITION AND REPRESENTATION

The Council will be composed of up to twelve (12) individuals, up to ten (10) of whom shall be COOs representing the Affiliates or known as Affiliate Representatives and two (2) of whom shall be representatives of NACM.

1. One (1) of the Affiliate Representatives shall be known as the Council Chair.
2. Three (3) of the Affiliate Representatives shall be known as Council Members.
3. Up to five (5) of the Affiliate Representatives may be Council Committee Chairs and shall be known as Affiliate Council Committee Chairs.
4. One (1) of the Affiliate representatives shall be the Immediate Council Chair.
5. The two (2) NACM representatives shall be the NACM National President and NACM National Chair.

ARTICLE IV

AFFILIATE COUNCIL QUALIFICATIONS

1. Each Member shall have been employed for at least two (2) years in the full-time capacity of COO of an Affiliate, which offers two or more core services, as defined in Article I herein and is in compliance with the terms of the Agreement and the Codes of Conduct.
2. If a COO with at least two (2) years' experience as COO is unwilling or unable to serve in the capacity of a Member, the experience qualification may be waived by a majority vote, as defined in Article I herein, of the COOs so that a COO with less experience may serve.
3. The Council Chair-Elect shall be an Affiliate COO, from an Affiliate in good standing as defined in Article I herein and shall have served at least one (1) year as a Member before assuming the position of Chair.

ARTICLE V

AFFILIATE COUNCIL VACANCIES

1. A Member or Council Committee Chair vacancy may be filled for the un-expired term.
2. A Council Chair vacancy may be filled by one of the qualified Members, as nominated and agreed upon by the Council, subject to ratification by a majority vote, as defined in Article I herein, of all COOs.
3. A vacancy in the position of Immediate Past Council Chair may be filled by the most recent Past Council Chair still employed as a COO or the Immediate Past Council Chair may also hold another position on the Council simultaneously.

ARTICLE VI

AFFILIATE COUNCIL TERMS OF OFFICE

1. The term of office of the Council Chair shall be one year. The Council Chair may not serve more than one consecutive elected term unless no other COO is qualified and willing to serve.
2. The term of office of a Member shall be three years, excluding any un-expired portion of a previous term filled. A Member may be elected to no more than two consecutive full terms unless there is no other COO who is both qualified as defined herein and willing to serve.
3. The term of office of a Committee Chair shall be one year. A Committee Chair may not be elected to more than two (2) consecutive terms unless there is no other COO who is both qualified as defined herein and willing to serve.

ARTICLE VII

AFFILIATE COUNCIL MEETINGS

1. Regular meetings of the Council shall be held at the first annual national meeting of COOs and at any other time or place at the request of the Council Chair.
2. Special meetings of the Council, either in person or by telephone conference call, may be called by the Council Chair or by vote of a majority of Council members.
3. Notice of a Council meeting, or any other type of communication representing the business of the Council or of the COOs nationally, may be sent by U.S. mail, fax, or email at the option of the sender. Such communication, by whatever means selected, shall give adequate notice of a meeting or of an action to be considered, in order that the recipients may have a reasonable time to attend or to respond as the case may be. Should a Council Member be unable to attend a meeting, that Member shall be marked as absent and may not send a substitute.
4. At the discretion of the Council Chair, individuals representing members, other entities, or organizations may be invited to attend and participate in Council meetings without the right to vote.

ARTICLE VIII

AFFILIATE COUNCIL DUTIES AND RESPONSIBILITIES

1. The Council Chair shall:
 - a. Prepare an agenda and communicate it to all Council members in advance of all Council meetings.
 - b. Prepare an agenda and communicate it to all COOs in advance of all national COO meetings.
 - c. Preside over all meetings of the Council and report to all COOs about suggestions, recommendations and resolutions resulting from meetings of the Council.
 - d. Preside over all national COO meetings and report to all COOs about suggestions, recommendations and resolutions resulting from the meeting.
 - e. Serve, with the right to vote, on the NACM National Board of Directors and inform the Council

and/or the COOs generally of business pertinent to affiliate interests conducted by the NACM Board.

- f. Perform such other duties and functions as may be appropriate to the position of Council Chair.
- g. Inform the COOs generally about business pertinent to Affiliate interests conducted by the Council, unless the business was deemed as confidential or relating to a legal issue.

2. Members shall:

- a. Represent the best interests of Affiliated Associations during their terms of service on the Council.
- b. The Council Chair and Members serve, with the right to vote, on the NACM National Board of Directors and inform the COOs about the business pertinent to affiliate interests conducted by the NACM Board as directed by the NACM Board Chairman.
- c. Receive recommendations or resolutions from the COOs pertaining to the Council generally and communicate them to the Council Chair and the Council.

3. Committee Chairs shall:

- a. Represent their Committees on the Council.
- b. Solicit recommendations or resolutions from the members of their Committees pertaining to the services and functions represented by their Committee. The Committee Chair shall communicate recommendations or resolutions to the Council Chair and the Council.
- c. Preside as Chair of their respective Committees in the manner and for the purposes described in the Code of Conduct for said services.

ARTICLE IX

AFFILIATE COUNCIL VOTING

- 1. A quorum for the transaction of business at any regular or special meeting of the Council shall consist of a majority of its members holding office at the time of such meeting.
- 2. Each member of the Council shall have one vote on all business before the Council.
- 3. A quorum for a meeting of the Affiliates shall be a majority, as defined in Article I herein.
- 4. Voting by Affiliates will be based on one vote per association. When not specified in the Affiliation Agreement, a majority of votes cast by those present shall prevail.

ARTICLE X

EXPENSES PAID BY THE AFFILIATE COUNCIL FUND

- 1. The Affiliate Council will approve expenditures paid from the Affiliate Council Fund according to the Policies and Procedures of the Fund.

2. Assessments for the fund will be determined by the Affiliate Council in accordance with the Policies and Procedures of the Fund.

ARTICLE XI

AMENDMENTS TO THE RULES AND PROCEDURES OF THE AFFILIATE COUNCIL

1. These Rules and Procedures may be amended or repealed by an affirmative vote of a super majority, as defined in Article I herein, of the COOs of Affiliates, in good standing as defined in Article I herein.
2. An Affiliate is in “good standing” if it meets the definition in Article I herein.

ARTICLE XII

RULES OF ORDER OF THE AFFILIATE COUNCIL

1. Except as otherwise provided herein, the rules contained in the newly revised edition of “Robert’s Rules of Order.”

ARTICLE XIII

NOMINATION AND ELECTION

1. At the midyear annual national meeting, one Member shall be nominated by the Council to serve as Council Chair. The Member nominated to serve as Council Chair shall then be elected, by majority vote, by the COOs to serve as the Council Chair-Elect. The Council Chair-Elect will take office as Council Chair the following year. To the extent feasible under the provisions of these Rules, the COOs in such election shall consider rotation of the Chair among all Affiliated Association COOs.
2. Each Council Chair shall arrange for the election of a qualified successor Members. Following a call for nominations, Members shall be elected to serve by the COO. Voting may be conducted electronically and the nominee with the most number of votes shall be elected as the winner(s).
3. Committee Chairs will be appointed by the Council Chair.
4. The NACM National Trade Credit Report Committee (NTCRC) Chair will be a COO from a participating NTCR Affiliate, recommended by the NTCRC and appointed by the Affiliate Council Chair.
5. The Council and the Chair will use their influence and extend their best efforts to ensure that:
 - a. Each Committee Chair has had experience and has shown leadership and expertise in the areas such Chair will represent on the Council; and
 - b. The Committee Chair are rotated to the fullest extent possible among the COOs based upon eligibility and willingness to serve.
6. The newly elected members of the Council shall take office and assume their duties at the same time as the newly elected officers and directors of the NACM National Board on January 1st.

ARTICLE XIV

CONFLICTS, AMBIGUITY

Any conflicts or ambiguity between these rules and the NACM National Bylaws shall be resolved by the application of the provisions of the NACM Affiliated Association Agreement.

Revision History: January 2006; September 2011; changes approved May 2019

Policies and Procedures for NACM Affiliate Council Fund

The Affiliate Council Fund is a trust fund established for the benefit of NACM Affiliates.

The Council Fund will be a checking account at a financial institution chosen by NACM National.

A copy of the bank statement will be provided to the Council Chair monthly.

The Council Fund balance will be announced and recorded in the Affiliate Council and COO meeting minutes.

Fund Disbursement:

1. Requests for reimbursement, inclusive of supporting documents, will be forwarded to the Council Chair.
2. Council Chair will request approval of expenses from the Affiliate Council.
3. Council Chair will forward request for payment to the NACM President for payment.

Funding

An assessment value, determined by the Affiliate Council and approved by a super majority vote, as defined in Article I of the NACM Affiliation Agreement, of the COOs, will be invoiced to all Affiliates when the Council Fund balance falls below \$5,000. Each Affiliate will be assessed a pro-rata (in proportion) amount based on current membership.

Adopted: March 4, 2010; changes approved May 2019

(Exhibit A)
RULES AND PROCEDURES
of the Affiliate Council
of the National Association of Credit Management

Adopted: December 2011

ARTICLE I
DEFINITIONS

Affiliate Service(s) Committee: The Affiliate Service(s) Committee oversees the operations of core services activities of NACM Affiliates approved to operate, offer and sell Core Services and is responsible for creating and recommending changes to the Core Service standards, rules, regulations, procedures maintained in the service(s) Code of Conduct.

Core Services: Core Services are defined as the services that are core to supporting both affiliated members and the operational and financial success of the Affiliate. The Affiliate Core Services are: Business Credit Reporting, Industry Credit Groups, Collections, and Commercial Adjustments.

Good Standing: The Affiliate will be considered to be in good standing provided it meets all of the terms set forth in this Agreement.

Majority Vote: A majority vote is more than half of the votes cast of those present and voting, provided that a majority of all Affiliates is present.

Super Majority Vote: A super majority vote means at least two-thirds of the votes cast by those present and voting, provided that a majority of all Affiliates is present.

ARTICLE II
AFFILIATE COUNCIL PURPOSES AND OBJECTIVES

The purposes and objectives of the Affiliate Council ("Council") shall be:

1. To act as a council on behalf of the Network of Affiliates ("Affiliates").
2. To coordinate the national activities and interests of the Affiliates.
3. To foster a greater degree of cooperation among the Affiliates.
4. To consider opportunities which pertain to the operation of the Affiliates, recommend alternatives and provide advice.
5. To conduct annual meetings of the Chief Operating Officers ("COOs") of the Affiliates.
6. To direct the activities of the Council Committees, whose mission is to improve or oversee products, services and the advancement of Affiliates, and to preside over the Codes of Conduct for each of the core services. The Council Committees are:
 - a. Affiliate Service(s) Committee;
 - b. Affiliate Marketing Committee;
 - c. The NACM National Trade Credit Report Committee (NTRC).

- d. ~~Other Committees, as may be appropriate, may be created and named by the Affiliate Council and approved the COOs.~~

7. ~~To promote cooperation with and improvement of the services and reputation of the Affiliates.~~

ARTICLE III

AFFILIATE COUNCIL COMPOSITION AND REPRESENTATION

~~The Council will be composed of up to twelve (12) individuals, up to ten (10) of whom shall be COOs representing the Affiliates or known as Affiliate Representatives and two (2) of whom shall be representatives of NACM.~~

1. ~~One (1) of the Affiliate Representatives shall be known as the Council Chair.~~
2. ~~Three (3) of the Affiliate Representatives shall be known as Council Members.~~
3. ~~Up to five (5) of the Affiliate Representatives may be Council Committee Chairs and shall be known as Affiliate Council Committee Chairs.~~
4. ~~One (1) of the Affiliate representatives shall be the Immediate Council Chair.~~
5. ~~The two (2) NACM representatives shall be the NACM National President and NACM National Chair.~~

ARTICLE IV

AFFILIATE COUNCIL QUALIFICATIONS

1. ~~Each Member shall have been employed for at least two (2) years in the full time capacity of COO of an Affiliate, which offers two or more core services, as defined in Article I herein and is in compliance with the terms of the Agreement and the Codes of Conduct.~~
2. ~~If a COO with at least two (2) years' experience as COO is unwilling or unable to serve in the capacity of a Member, the experience qualification may be waived by a majority vote, as defined in Article I herein, of the COOs so that a COO with less experience may serve.~~
3. ~~The Council Chair Elect shall be an Affiliate COO, from an Affiliate in good standing as defined in Article I herein and shall have served at least one (1) year as a Member before assuming the position of Chair.~~

ARTICLE V

AFFILIATE COUNCIL VACANCIES

1. ~~A Member or Council Committee Chair vacancy may be filled for the un-expired term.~~
2. ~~A Council Chair vacancy may be filled by one of the qualified Members, as nominated and agreed upon by the Council, subject to ratification by a majority vote, as defined in Article I herein, of all COOs.~~
3. ~~A vacancy in the position of Immediate Past Council Chair may be filled by the most recent Past Council Chair still employed as a COO or the Immediate Past Council Chair may also hold another position on the Council simultaneously.~~

ARTICLE VI

AFFILIATE COUNCIL TERMS OF OFFICE

- ~~1. The term of office of the Council Chair shall be one year. The Council Chair may not serve more than one consecutive elected term unless no other COO is qualified and willing to serve.~~
- ~~2. The term of office of a Member shall be three years, excluding any un-expired portion of a previous term filled. A Member may be elected to no more than two consecutive full terms unless there is no other COO who is both qualified as defined herein and willing to serve.~~
- ~~3. The term of office of a Committee Chair shall be one year. A Committee Chair may not be elected to more than two (2) consecutive terms unless there is no other COO who is both qualified as defined herein and willing to serve.~~

ARTICLE VII

AFFILIATE COUNCIL MEETINGS

- ~~1. Regular meetings of the Council shall be held at the first annual national meeting of COOs and at any other time or place at the request of the Council Chair.~~
- ~~2. Special meetings of the Council, either in person or by telephone conference call, may be called by the Council Chair or by vote of a majority of Council members.~~
- ~~3. Notice of a Council meeting, or any other type of communication representing the business of the Council or of the COOs nationally, may be sent by U.S. mail, fax, or email at the option of the sender. Such communication, by whatever means selected, shall give adequate notice of a meeting or of an action to be considered, in order that the recipients may have a reasonable time to attend or to respond as the case may be. Should a Council Member be unable to attend a meeting, that Member shall be marked as absent and may not send a substitute.~~
- ~~4. At the discretion of the Council Chair, individuals representing members, other entities, or organizations may be invited to attend and participate in Council meetings without the right to vote.~~

ARTICLE VIII

AFFILIATE COUNCIL DUTIES AND RESPONSIBILITIES

- ~~1. The Council Chair shall:
 - ~~a. Prepare an agenda and communicate it to all Council members in advance of all Council meetings.~~
 - ~~b. Prepare an agenda and communicate it to all COOs in advance of all national COO meetings.~~
 - ~~c. Preside over all meetings of the Council and report to all COOs about suggestions, recommendations and resolutions resulting from meetings of the Council.~~
 - ~~d. Preside over all national COO meetings and report to all COOs about suggestions, recommendations and resolutions resulting from the meeting.~~
 - ~~e. Serve, with the right to vote, on the NACM National Board of Directors and inform the Council and/or the COOs generally of business pertinent to affiliate interests conducted by the NACM Board.~~
 - ~~f. Perform such other duties and functions as may be appropriate to the position of Council Chair.~~~~

~~g. Inform the COOs generally about business pertinent to Affiliate interests conducted by the Council, unless the business was deemed as confidential or relating to a legal issue.~~

~~2. Members shall:~~

- ~~a. Represent the best interests of Affiliated Associations during their terms of service on the Council.~~
- ~~b. The Council Chair and Members serve, with the right to vote, on the NACM National Board of Directors and inform the COOs about the business pertinent to affiliate interests conducted by the NACM Board as directed by the NACM Board Chairman.~~
- ~~c. Receive recommendations or resolutions from the COOs pertaining to the Council generally and communicate them to the Council Chair and the Council.~~

~~3. Committee Chairs shall:~~

- ~~a. Represent their Committees on the Council.~~
- ~~b. Solicit recommendations or resolutions from the members of their Committees pertaining to the services and functions represented by their Committee. The Committee Chair shall communicate recommendations or resolutions to the Council Chair and the Council.~~
- ~~c. Preside as Chair of their respective Committees in the manner and for the purposes described in the Code of Conduct for said services.~~

ARTICLE IX

AFFILIATE COUNCIL VOTING

- ~~1. A quorum for the transaction of business at any regular or special meeting of the Council shall consist of a majority of its members holding office at the time of such meeting.~~
- ~~2. Each member of the Council shall have one vote on all business before the Council.~~
- ~~3. A quorum for a meeting of the Affiliates shall be a majority, as defined in Article I herein.~~
- ~~4. Voting by Affiliates will be based on one vote per association. When not specified in the Affiliation Agreement, a majority of votes cast by those present shall prevail.~~

ARTICLE X

EXPENSES PAID BY THE AFFILIATE COUNCIL FUND

- ~~1. The Affiliate Council will approve expenditures paid from the Affiliate Council Fund according to the Policies and Procedures of the Fund.~~
- ~~2. Assessments for the fund will be determined by the Affiliate Council in accordance with the Policies and Procedures of the Fund.~~

ARTICLE XI

AMENDMENTS TO THE RULES AND PROCEDURES OF THE AFFILIATE COUNCIL

- ~~1. These Rules and Procedures may be amended or repealed by an affirmative vote of a super majority, as defined in Article I herein, of the COOs of Affiliates, in good standing as defined in Article I herein.~~
- ~~2. An Affiliate is in "good standing" if it meets the definition in Article I herein.~~

ARTICLE XII

~~RULES OF ORDER OF THE AFFILIATE COUNCIL~~

- ~~1.—Except as otherwise provided herein, the rules contained in the newly revised edition of “Robert’s Rules of Order.”~~

ARTICLE XIII

NOMINATION AND ELECTION

- ~~1.—At the midyear annual national meeting, one Member shall be nominated by the Council to serve as Council Chair. The Member nominated to serve as Council Chair shall then be elected, by majority vote, by the COOs to serve as the Council Chair-Elect. The Council Chair-Elect will take office as Council Chair the following year. To the extent feasible under the provisions of these Rules, the COOs in such election shall consider rotation of the Chair among all Affiliated Association COOs.~~
- ~~2.—Each Council Chair shall arrange for the election of a qualified successor Members. Following a call for nominations, Members shall be elected to serve by the COO. Voting may be conducted electronically and the nominee with the most number of votes shall be elected as the winner(s).~~
- ~~3.—Committee Chairs will be appointed by the Council Chair.~~
- ~~4.—The NACM National Trade Credit Report Committee (NTCRC) Chair will be a COO from a participating NTCR Affiliate, recommended by the NTCRC and appointed by the Affiliate Council Chair.~~
- ~~5.—The Council and the Chair will use their influence and extend their best efforts to ensure that:
 - ~~a.—Each Committee Chair has had experience and has shown leadership and expertise in the areas such Chair will represent on the Council; and~~
 - ~~b.—The Committee Chair are rotated to the fullest extent possible among the COOs based upon eligibility and willingness to serve.~~~~
- ~~6.—The newly elected members of the Council shall take office and assume their duties at the same time as the newly elected officers and directors of the NACM National Board on January 1st.~~

ARTICLE XIV

CONFLICTS, AMBIGUITY

~~Any conflicts or ambiguity between these rules and the NACM National Bylaws shall be resolved by the application of the provisions of the NACM Affiliated Association Agreement.~~

Revision History: January 2006; September 2011; May 2019

~~Policies and Procedures for NACM Affiliate Council Fund~~

~~The Affiliate Council Fund is a trust fund established for the benefit of NACM Affiliates.~~

~~The Council Fund will be a checking account at a financial institution chosen by NACM National.~~

~~A copy of the bank statement will be provided to the Council Chair monthly.~~

~~The Council Fund balance will be announced and recorded in the Affiliate Council and COO meeting minutes.~~

~~Fund Disbursement:~~

- ~~1. Requests for reimbursement, inclusive of supporting documents, will be forwarded to the Council Chair.~~
- ~~2. Council Chair will request approval of expenses from the Affiliate Council.~~
- ~~3. Council Chair will forward request for payment to the NACM President for payment.~~

Funding

~~An assessment value, determined by the Affiliate Council and approved by a super majority vote, as defined in Article I of the NACM Affiliation Agreement, of the COOs, will be invoiced to all Affiliates when the Council Fund balance falls below \$5,000. Each Affiliate will be assessed a pro-rata (in proportion) amount based on current membership.~~

~~*Adopted: March 4, 2010; May 2019*~~

(Exhibit B)

Code of Conduct for the Operation of Commercial Adjustment Services

A-100

Purpose

The purpose of the adjustment process is to provide administrative and fiduciary services to distressed debtors and their creditors in commercial insolvencies, whether administered out of court or in bankruptcy.

A-101

NACM Affiliated Association Adjustment Service

The Adjustment Service (the Service) is a cooperative arrangement of Adjustment Bureaus owned and operated by NACM Affiliate Associations to provide nationwide Adjustment Administration Services to NACM members and others, and to assist those providing the service to become and remain qualified to do so.

A-102

Scope of the Service

Solving the problems involved in commercial reorganizations and liquidations requires proven capability and experience with the various types of case administrations, including out-of-court extensions, compromise settlements and liquidation procedures. Court-related case administration in which NACM Affiliate Adjustment Bureaus may be involved include Chapter 11 reorganizations under the U.S. Bankruptcy Code and other procedures such as state court actions and special administrative proceedings.

A-103

Code of Ethics

In providing services in bankruptcy or out-of-court adjustment cases, all approved NACM Adjustment Bureaus will adhere to the Code of Ethics set forth in A-500.

ORGANIZATION OF THE SERVICE

A-200

Asset Management Services Committee

The Asset Management Services Committee (AMSC) oversees all activities of NACM Affiliates approved to operate and offer NACM Affiliate adjustment and collection services. Through cooperation with each other, an NACM Affiliate Adjustment Service System is created.

A-201

System Supervision

The NACM Affiliate Adjustment Service System is under the supervision of AMSC. The goals of the Service are to promote reasonable conformity in practices and procedures in the administration of cases, and the rendering of such services by qualified NACM Adjustment Bureaus and personnel. The Committee jointly or severally shall:

1. inspect or audit the Adjustments operations of NACM Affiliates when necessary to investigate a claimed "out of trust" condition, and;
2. provide consultation consult when requested by an NACM Affiliate, and;
3. assist in the local and national promotion of the NACM Adjustment service, and;

4. organize and operate educational programs and/or conferences for the benefit of the personnel of approved NACM Affiliate Adjustment services, and;
5. promote the image of the NACM Adjustments service.

A-202

Committee Composition

There will be up to six voting members of the AMSC. One of the six members will serve as the Chairman of the Committee. Because approved collection services are offered by a majority of NACM Affiliates, each geographic region will be represented by a COO of an Affiliate approved for collection services. If the Affiliates of the regional representatives do not also offer approved adjustment services, then a COO from an Affiliate approved for NACM adjustment services will also be elected to the Committee. Each member of the Committee is to be elected for a two-year term, staggered so that two Committee members are elected each year. Any elected member of the Committee may not be elected to more than two (2) consecutive terms. [Note: The Composition of the Committee stated herein differs from that outlined in the Affiliate Agreement; the Affiliate Agreement calls for a Committee of eight members. The smaller Committee size noted here is more reflective of the number of Affiliates.]

A-203

Committee Chairman

The Chairman of the Committee (Chairman) shall be employed as Chief Operating Officer for two years of an Affiliate which has been "approved" as an NACM Affiliate commercial collection or adjustment services provider under these rules. The Chairman shall be a member of the Committee as defined in A-202 and shall be elected by majority vote of the Committee for a one-year term and may be reelected to a maximum of two consecutive terms.

A-204

Advisory Panel

The Committee may avail itself of guidance from an Advisory Panel consisting of Managers of approved NACM Affiliate Adjustment Bureaus and Approved Affiliate Collection Departments, to be appointed by the Chairman with the advice and consent of the members of the Committee and/or of the regions that may nominate them. Advisory Panel members shall serve without a vote.

A-205

Vacancies within the Committee

Vacancies occurring during a term of office will be filled by election at the earliest opportunity within the respective regions from which the vacancies occur.

A-206

Committee Meetings

Meetings of the Committee may be held by any appropriate, acceptable means of communication. A majority of the Committee is needed to constitute a quorum for transacting the business of the Committee.

A-207

Affiliate Council Chair

The Chairman of the Affiliate Council shall be an ex-officio member of the AMSC.

A-300

Requirements for Approval and Operations Standards

Affiliates should be able to provide worthwhile services to NACM members and fulfill the responsibilities of an NACM Affiliate offering approved NACM Adjustment Services. The following are standards to qualify and continue to be recognized as an NACM Affiliate approved to offer NACM Adjustment services.

An Affiliate's approved Adjustment service/operation:

1. is a department or division of the Affiliate, and;
2. no facet of the management or oversight or operation of an Affiliate's Adjustment service/operation, offered to the members of the Affiliate and others, may be outsourced to a non-NACM provider, and;
3. generates revenue that is part of the Affiliate's financial activities, and;
4. any surplus accruing from the operation will be used or retained by the Affiliate for its corporate purposes, and;
5. understands and endorses this Code of Conduct for this service and agrees to operate according to this Code of Conduct for this service and these Operating Standards, and;
6. is managed competently, and possesses adequate in-house personnel, both in number and expertise, including but not limited to a designated Case Administrator who has appropriate and adequate education and experience in the field. The Chief Operating Officer of an Affiliate may or may not be the designated Case Administrator, and;
7. has adequate capital base or financial ability, in order to be reasonably entrusted with the custodianship of trust accounts in the ordinary course of cases to be administered by the Adjustment service/operation of the Affiliate. "Financial ability" shall include dishonesty bonds, Errors & Omissions and/or general liability insurance sufficient to cover the normal range of fiduciary exposure in cases the Adjustment Bureau expects to administer, and;
8. all employees of the Adjustment operation/service handling monies or acting in a fiduciary capacity should be bonded. Bonds in large adjustment or bankruptcy cases may be contracted on an individual basis, in a sufficient amount to protect the Bureau and the estate, and;
9. Adjustment Service/Operation trust funds or accounts must be segregated in the accounting records of the Affiliate, deposited in special trust accounts, and not co-mingled with capital or other operating funds or accounts of the Affiliate, and;
10. in the ordinary course of business, the Chief Operating Officer of an Affiliate having an approved Adjustment Service/Operation will be responsible for the systematic review or inspection of the operation of that Adjustment Service/Operation, and;
11. will be offered to NACM members and others within its area of responsibility or by agreement with other Affiliates within their areas of responsibility, and;
12. complies with the highest ethical standards and specifically with the Canons of Commercial Credit of the National Association of Credit Management and the Code of Ethics for Approved Adjustment Services in A-500, and;

13. agrees to cooperate (to the extent permitted by law) with other approved Affiliate Adjustment services/operations to effectuate the intent of the Service, and;
14. actively markets NACM Adjustment services to members and others.

A-301

Approval as an NACM Affiliate Adjustment Services Provider

An NACM Affiliate wishing to become approved to render the Service by filing a written request for approval with the AMSC Chairman of the Committee: The request must include a copy of a resolution by the applicant's Board of Directors requesting approval as an NACM Affiliate Adjustment Services provider. The request notification will be in writing and will set forth how an applicant for approval has met or proposes to meet the specific requirements of paragraph A-300 and the other requirements appearing in this Code.

A-302

Request Investigation and Approval

The AMSC shall make an investigation to determine whether an applicant meets the requirements of paragraph A-300. If the AMSC finds the application in order, it shall approve the application, and the Chairman shall so notify the Affiliate Council and the NACM President, who may then inform the Board of Directors. All NACM Affiliates approved to provide adjustment services that were registered with the NACM National as "approved" as of June 1, 1994, will be deemed approved as of the adoption of this Code of Conduct, unless it has ceased its adjustment operation, outsourced or sold its adjustment operations, or its approval has been revoked.

A-303

Disapproval; Appeal Process

If the AMSC does not approve the application, the applicant shall be promptly advised by the Chairman. Any decision of the AMSC may be appealed in writing to the Affiliate Council within 60 days of receipt of notice. The appeal will be considered by the Council at the next scheduled Council meeting. The decision of the Council shall be final and binding on all parties.

A-304

Affiliates Approved for Adjustment Services

Only approved Affiliates may provide NACM Adjustment Services. No Affiliated Association will hold itself out to be an NACM approved adjustment service provider, using the Affiliate's name and/or logo, unless it has been approved by the AMSC Committee.

A-305

Revocation of Approval and Appeal Process

The Committee may, for due cause, suspend or revoke an Affiliate's status as an approved NACM adjustment service provider. "Due cause" may include, without limitation, violation of any provision of this Code of Conduct. The procedures for appeal of a suspension or revocation of appeal shall be identical to the procedures for disapproval as set forth in A-301.

A-306

Complaints of Noncompliance

One of the grounds for revocation of the adjustment service approval of an Affiliate will be based on a complaint by another Affiliate alleging one or more violations of the provisions of this Code. All complaints of noncompliance of any section of these Codes of Conduct will be forwarded to the AMSC Committee for investigation and the Committee findings will be forwarded to the Affiliate Council for appropriate action. Within 60 days of written notice from the AMSC, the Affiliate may appeal to the Affiliate Council for a hearing.

A-307

Hearing of Complaints

The AMSC has authority to hear complaints of an Affiliate requesting approval or revocation of adjustment services of an Affiliate. At such hearing the Affiliate charged shall be provided notice of the complaint, and shall have the right to appear and be represented by counsel, at its own expense.

A-308

Effect of Revocation

In the event that an Affiliate's approval is revoked, and during such time as an Affiliate's approval is suspended, such Affiliate will not use the name, National Association of Credit Management, or the logo of NACM, on any marketing or sales literature, or any form or correspondence involving the operation of Adjustment Services.

A-309

Noncompliance to this Code

Noncompliance with any section of these Codes of Conduct may be reviewed by the AMSC and forwarded to the Affiliate Council for action. Issues and/or complaints of noncompliance with the Code, brought to the AMSC for investigation, will result in written notice of noncompliance when appropriate.

A-310

Cessation of Adjustment Services

Should an Affiliate cease its adjustment services activities for a period of 12 consecutive months, the Affiliate's status as an approved provider will automatically expire. Outsourcing the operation to a non-NACM Affiliate entity will also result in automatic forfeiture of the Affiliate's status as an approved provider. The Affiliate must reapply before operating as an NACM approved service provider.

A-311

Changes to this Code

Any substantive changes to this Code of Conduct shall require approval of the Affiliate Council and an affirmative vote by two-thirds of Affiliates approved for adjustment services. Non-substantive changes must be approved by the AMSC and Affiliate Council.

A-312

Assistance by Other Affiliates

The AMSC and the Affiliate Adjustment Service System recommends that where a case is larger or more complex than that Affiliate's Adjustment operation's finances (including bond or insurance coverage) and/or its personnel can reasonably accommodate, such Affiliate obtain the assistance of another approved Adjustment Service Affiliate having greater financial resources and/or more experienced Adjustment personnel.

A-313

Education

The Committee shall establish a continuing educational program to:

1. Enable a newly designated Case Administrator to become sufficiently informed to begin to solicit and administer cases for an approved Affiliate Adjustment Service.
2. Maintain a level of practical awareness of new developments in the field, through a program of "continuing education" for experienced Case Administrators.

ENFORCEMENT PROVISIONS

A-400

Out of Trust Condition Forbidden

No approved Affiliate Adjustment Service/Operation shall be "out of trust" regarding any estate entrusted to it. "Out of Trust" is defined as a condition in which the Affiliate Adjustment Service/Operation itself owes the fiduciary duty of payment to any party that the Bureau lacks the funds to cover.

The AMSC is authorized to receive complaints concerning any "out of trust" condition and to revoke or suspend approval of any Affiliate Adjustment Service/Operation found to be out of trust. Upon such revocation or suspension the affected Affiliate shall no longer be authorized to use the NACM seal or the state it is "Affiliated with the National Association of Credit Management" on any stationary or printed matter referring to its Adjustment services.

A-401

Notice of Suspension or Revocation

Notice of suspension or revocation of approval by the AMSC must be given immediately to the NACM President, to the Chief Operating Officers of all other Affiliates which have "approved" Adjustment Service/Operations and to the officers and management of the Affiliate that controls the affected service/operation.

A-402

Appeals

Appeal from any decision or ruling by the AMSC shall be to the NACM Affiliate Council, whose ruling shall be final and binding on all parties.

A-403

Reinstatement

An Affiliate Adjustment Service/Operation whose "approved" rating has been suspended or revoked may be reinstated upon satisfactory evidence that its "out of trust" condition has been cured. However, an Affiliate Adjustment Service/Operation found on three separate occasions to be out of trust shall have its approved status revoked for a period of not less than five years, unless such action is waived by a three-fourths majority vote of the AMSC.

A-500

Code of Ethics

Code of Ethics for Approved Adjustment Bureaus of Associations Affiliated with the National Association of Credit Management

An approved NACM Affiliate Adjustment Service/Operation will operate under the following Code of Ethics:

- ❖ An NACM Affiliate Adjustment Service/Operation will advise every debtor not already represented by attorney of the right to legal counsel before commencing any out-of-court case.
- ❖ An NACM Affiliate Adjustment Service/Operation will encourage the convening of a general meeting of creditors at or near the inception of every case, wherever practicable and/or appropriate to the facts of the case.
- ❖ An NACM Affiliate Adjustment Service/Operation will encourage (and where necessary, appoint) a creditors' committee to act in an advisory capacity in representing the interests of the creditors.

- ❖ An NACM Affiliate Adjustment Service/Operation will keep minutes of meetings of creditors and creditors' committees.
- ❖ An NACM Affiliate Adjustment Service/Operation will encourage a creditors' committee to hire legal counsel and other professionals for advice, as warranted by the facts of each case.
- ❖ An NACM Affiliate Adjustment Service/Operation will, in so far as possible in out-of-court cases, follow the order of distribution priority prescribed by the U.S. Bankruptcy Code or by applicable state law.
- ❖ Whenever an NACM Affiliate Adjustment Service/Operation obtains bona fide evidence of fraud or potentially recoverable and material asset transfers in out-of-court cases, such evidence shall be submitted to the creditors or the creditors' committee and made part of the permanent record of the case. In jurisdictions where an Affiliate Adjustment Service/Operation may directly pursue such claims, taking such action shall be deemed to constitute compliance with this provision.
- ❖ An NACM Affiliate Adjustment Service/Operation will, whenever and wherever possible, cooperate with the Bankruptcy Court, its trustees and agents to protect creditors' interests and obtain the greatest recovery possible in bankruptcy cases.
- ❖ An NACM Affiliate Adjustment Service/Operation will promote economy and efficiency in the handling of the estates of insolvent debtors.
- ❖ An NACM Affiliate Adjustment Service/Operation will issue regular and comprehensive progress reports to creditors in all cases.
- ❖ An NACM Affiliate Adjustment Service/Operation will ensure that adequate bond and/or insurance coverage is maintained to protect all estates it administers.
- ❖ An NACM Affiliate Adjustment Service/Operation lay personnel will not engage in conduct constituting the practice of law, including without limitation, offering legal opinions or legal advice.
- ❖ An NACM Affiliate Adjustment Service/Operation will maintain accurate records of all debtor estate transactions as required by local, state, and federal law. Unless otherwise specified by applicable law or agreement, all records created or obtained by an NACM Affiliate Adjustment Service/Operation in its administration of a case shall be open to all interested parties in that case. However, unless otherwise prohibited by law, an Affiliate Adjustment Service/Operation may restrict access to records in its custody or control by any party the Bureau believes to be motivated adversely to the best interests of the estate or the creditors in that case.
- ❖ All NACM Affiliate Adjustment Service/Operations will cooperate fully with each and every other approved NACM Affiliate Adjustment Service/Operations.
- ❖ An NACM Affiliate Adjustment Service/Operation is prohibited from participating, directly or indirectly, in illegal, secret or inequitable transfers of assets from a debtor estate.
- ❖ An NACM Affiliate Adjustment Service/Operation must maintain accurate and detailed records of every fiduciary transaction, and such records shall be open for inspection by any interested party in the case, unless such disclosure is subject to confidentiality or privilege in a legal, administrative or arbitral proceeding. A full and complete accounting should be rendered to all affected parties at the conclusion of each case.

- ❖ An NACM Affiliate Adjustment Service/Operation will ensure that any case in which it has a fiduciary role will avoid "out of trust" status as defined in Section A-400 of this Code of Conduct.
- ❖ An NACM Affiliate Adjustment Service/Operation will promote honesty, fairness and mutual cooperation in every case in which it provides services.

(Exhibit C)
**Code of Conduct for the Operation of
Collection Services**

SECTION I

C-100

Preface

In keeping with the fundamental purposes of the National Association of Credit Management, many of its affiliated associations (Affiliates) offer formal assistance to members for collecting delinquent accounts. The collection efforts of NACM Affiliates can, and do provide members an effective and economical credit management tool. Active promotion, efficient practices, and proper and ethical procedures involving these collection activities will enhance the image of NACM within the business community and provide a vital source of revenue to the Affiliates.

C-101

The NACM Affiliate Collection System

The NACM Collection System is a cooperative arrangement of NACM Affiliates, which can facilitate nationwide collection services to members of NACM and others. The success and professional image of the NACM Collection System is dependent upon:

1. cooperation among approved agencies;
2. adequate service provided to members and other approved agencies;
3. compliance with this Code of Conduct and the FDCPA.

C-200

Asset Management Services Committee

The Asset Management Services Committee (AMSC) oversees all activities of NACM Affiliates approved to operate and offer NACM Affiliate adjustment and collection services. Through cooperation with each other, a nationwide collection service system is created.

C-201

System Supervision

The system is under the supervision of the AMSC. The Asset Management Services Committee is also responsible for promoting, improving and monitoring the collection activities of the Affiliates providing collection services for the common benefit of all NACM members and other clients. The Committee jointly or severally shall:

1. inspect or audit the collection operations of Affiliates when necessary to investigate a claimed "out-of-trust" condition, and;
2. request a Trust Affidavit from an Affiliate when deemed necessary, and;
3. consult when requested by an Affiliate, and;
4. assist in the local and national promotion of the collection system;

5. compile and publish surveys and statistical studies pertaining to the collection services of approved agencies;
6. organize and operate educational programs and/or conferences for the benefit of the personnel of approved agencies;
7. promote the image of the NACM Collection System.

C-202

Committee Composition

There will be up to six voting members of the AMSC. One of the six members will serve as the Chairman of the Committee. Because approved collection services are offered by a majority of NACM Affiliates, each geographic region will be represented by a COO of an Affiliate approved for collection services. If the Affiliates of the regional representatives do not also offer approved adjustment services, then the a COO from an Affiliate approved for NACM adjustment services will also be elected to the Committee. Each member of the Committee is to be elected for a two-year term, staggered so that two Committee members are elected each year. Any elected member of the Committee may not be elected to more than two (2) consecutive terms. [Note: The Composition of the Committee stated herein differs from that outlined in the Affiliate Agreement; the Affiliate Agreement calls for a Committee of eight members. The smaller Committee size noted here is more reflective of the number of Affiliates.]

C-203

Committee Chairman

The Chairman of the Committee (Chairman) shall be employed as Chief Operating Officer for two years of an Affiliate which has been "approved" as an NACM Affiliate collection services provider under these rules. The Chairman shall be a member of the Committee as defined in C-202 and shall be elected by majority vote of the Committee for a one-year term and may be reelected to a maximum of two consecutive terms.

C-204

Advisory Panel

The Committee may avail itself of guidance from an Advisory Panel consisting of Managers of approved Affiliate Adjustment and Collection Departments, who are to be appointed by the Chairman with the advice and consent of the Committee members and/or members of the regions that may nominate them. Advisory Panel members will serve without a vote.

C-205

Vacancies within the Asset Management Services Committee

Vacancies occurring during a term of office will be filled by election at the earliest opportunity within the respective regions from which the vacancies occur.

C-206

Committee Meetings

Meetings of the Committee may be held by any appropriate, acceptable means of communication. A majority of the Committee is needed to constitute a quorum for transacting the business of the Committee.

C-207

Affiliate Council Chairman

The Chairman of the Affiliate Council shall be an ex-officio member of the AMSC without the right to vote.

C-300

Requirements for Approval and Operations Standards

An approved NACM Affiliate collection agency/operation will provide worthwhile collection services to NACM members and others and fulfill the responsibilities of an NACM Affiliate Approved Collection Agency. The following are the requirements for approval and minimum standards to which approved NACM Affiliate collection agencies/operations subscribe and endorse:

1. the collection agency/operation is a department or division of an Affiliate of the National Association of Credit Management, and;
2. no facet of the management or oversight or operation of an Affiliate's collection agency, offered to the members of the Affiliate and other members, may be outsourced to a non-NACM provider, and;
3. the agency/operation generates revenue that is part of the Affiliate's financial activities, and;
4. any surplus accruing from the operation will be used or retained by the Affiliate for its corporate purposes, and;
5. understands, endorses and will strictly adhere to this Code of Conduct for this service and all applicable laws, state licensing and bonding requirements, and regulations of state and federal governmental agencies, including but not limited to the Fair Debt Collection Practices Act <http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre27.pdf> when and if an approved agency handles consumer debt collections, and;
6. the collection services department or operation is managed competently, and possesses adequate in-house personnel, both in number and expertise, and;
7. all employees of the agency handling money or acting in any fiduciary capacity are covered by a blanket fidelity and indemnity bond in an amount not less than \$10,000 or the minimum required by state law whichever is greater, protecting the Affiliate, its collection clients, and all other sources from which the agency receives accounts for collection, and;
8. all monies involving the collection of client accounts must be deposited into a trust account; segregated in accounting records; and under no circumstances co-mingled with funds or accounts involving other operations of the Affiliate, and;
9. approved agencies shall operate under the Operative Guides Between Forwarders and Receivers of the Commercial Law League of America, <http://www.clla.org/documents/clla-operativeguides-2004.pdf> when forwarding or accepting collection claims from other approved agencies. Although the "Operative Guides" specifically refer to relationships between agencies and attorneys, they are applicable to the forwarding and receiving of collection accounts between NACM approved agencies, and;
10. will be offered to NACM members and others within its area of responsibility or by agreement with other Affiliates within their areas of responsibility, and;
11. agrees to endorse and comply with the highest ethical standards and specifically with the Canons of Business Credit of the National Association of Credit Management, and;
12. actively market NACM collection services to members and others.

C-301

Approval as an NACM Affiliate Collection Agency

An Affiliate wishing to be approved as an NACM Affiliate collection agency or service provider will present to the AMSC Chairman written documentation, affirming to the requirements listed herein along with a copy of a resolution by its Board of Directors:

1. requesting approval, and,
2. agreeing to comply with this code of conduct, and,
3. disclosing the face amount, issuer, and serial number of the bond(s) specified in subsection C-300, 7. above.

C-302

Investigation and Approval Process

If the Committee finds the application documentation in order it shall approve the application, and the Chairman shall so notify the Affiliate Council and the NACM President. All NACM Affiliates approved to provide collection services that were registered with NACM National as "approved" as of June 1, 1994, will be deemed approved as of the adoption of this Code of Conduct, unless it has ceased its collection operations, outsourced or sold its collection operations, or its approval has been revoked.

C-303

Disapproval and Appeal Process

If the Committee does not approve the application request, the applicant shall be promptly advised by the AMSC Chairman. Any decision of the Committee may be appealed in writing to the Affiliate Council within 60 days of receipt of notice. The appeal will be considered at the next scheduled Council meeting. The decision of the Council shall be final and binding on all parties.

C-304

Revocation of Approval and Appeal Process

The Committee may, for due cause, suspend or revoke the approval of an NACM Affiliate 's collection agency. "Due cause" may include, without limitation, violation of any provision of this Code of Conduct or against the agency following a written complaint by a collection client or forwarder, or another approved agency, alleging one or more violations of this Code of Conduct. The procedures for appeal of a suspension or revocation shall be identical to the procedures for disapproval as set forth in C-302.

C-305

Effect of Revocation

In the event that an Affiliate's approval is revoked, such Affiliate may not use the name, National Association of Credit Management, or the logo of NACM, on any marketing or sales literature, or any form or correspondence involving the collection of debts.

C-306

Noncompliance and Complaints of Noncompliance to this Code

Noncompliance with any section of this Code of Conduct may be reviewed by the AMSC and forwarded to the Affiliate Council for action. Issues and/or complaints of noncompliance with this Code, brought to the AMSC for investigation, will result in written notice of noncompliance when appropriate.

C-307

Cessation of an Approved Collection Operations/Agency

Should an Affiliate cease its collection agency/operation activities for a period of 12 consecutive months, the Affiliate's status as an approved provider will expire. Outsourcing the operation and management of collection services to a non-NACM Affiliate entity will also result in forfeiture of the Affiliate's status as an approved provider. The Affiliate must reapply before operating as an NACM approved collections provider/agency.

C-308

Changes to this Code

Any substantive changes to this Codes of Conduct shall require approval of the Affiliate Council and an affirmative vote by two-thirds of Affiliates approved as collection service providers. Non-substantive changes should be approved by the AMSC and Affiliate Council.

C-400

Reporting by Approved NACM Affiliate Agencies

All approved agencies are urged to submit accurate statistical information on a regular basis to the AMSC, which will compile useful and valid information pertaining to the volume and effectiveness of the collection activities of all approved agencies. The AMSC will provide each approved agency with operational statistics to enhance its ability to identify and correct operational deficiencies.

C-500

Complaints from Members or Other NACM Approved Agencies

Any and all complaints to an approved agency regarding the collection service offered or performed for a member and/or another NACM approved agency must have the prompt, personal attention of the agency. If a complaint involves an out-of-trust condition or an unresolved complaint between agencies, the complaint, including all appropriate information and documentation, must be communicated to the AMSC Chairman.

SECTION II

GUIDELINES FOR THE HANDLING OF COLLECTION CLAIMS BY APPROVED NACM AFFILIATE AGENCIES

C-601

Introduction

These guidelines for handling accounts by approved NACM Affiliate agencies govern relations between approved Affiliate agencies and the collection clients they serve, and between approved agencies and attorneys.

C-602

Operative Guidelines of the CLLA

As stated in C-300, 9., all approved agencies should adhere to the "Operative Guidelines for Forwarders and Receivers" adopted by the Commercial Law League of America. Although the "Operative Guides" specifically refer to relationships between agencies and attorneys, they are applicable to the forwarding and receiving of collection accounts between NACM approved agencies.

C-603

Additional Guidelines and Standards

The following additional guidelines are meant to emphasize some of the "Operative Guide" provisions, and form the basis of recommended minimum procedural standards within and among approved NACM Affiliate agencies. These guidelines apply only in the absence of any other contract or arrangement that exists among approved NACM Affiliate agencies and between an approved NACM Affiliate agency and its clients.

The standards of operation suggested in this section represent a basic level of service to collection clients and forwarding agencies. All approved agencies are encouraged to develop standards and procedures surpassing the minimum standards to continually increase the level of service provided.

C-604

Creditor Interests and Instructions

Each NACM Affiliate agency will protect the interest of the creditor through prompt and diligent attention to all accounts received for collection. In all cases, the creditor's instructions as to what service is to be rendered, including whether or not an attorney will be used, will control collection activities.

C-605

Inter-Agency Forwarding of Accounts

1. All approved NACM Affiliate agencies are urged to use the expertise and assistance of other approved NACM Affiliate agencies by forwarding accounts to the Affiliate nearest the locations of the debtors.
2. Each receiving NACM Affiliate agency will follow the instructions given by the forwarding NACM Affiliate agency and/or the creditor in the collection of an account, or immediately give reasons why such instructions cannot be followed and request alternative instructions, or return the claim without compensation, unless otherwise earned (see "Commissions", C-607).
3. All approved NACM Affiliate agencies will insure that adequate procedures are in place so that full documentation and collection history is provided to the receiving NACM Affiliate agency when the account is forwarded to avoid duplicate efforts and other inefficiencies.
4. Claims, received from another approved NACM Affiliate agency, will be handled in the same manner and with equal aggressiveness as claims received from an agency's own clients/members.

C-606

Minimum Services to be Rendered

1. A receiving NACM Affiliate agency will send an acknowledgment of the receipt of an account to the forwarding NACM Affiliate agency or client within two working days of receipt of an account, and will report to the forwarding agency on the initial progress of collection efforts within 15 days, unless a specific alternate agreement exists between the forwarding and receiving NACM Affiliate agencies, or between the client and NACM Affiliate agency. The receiving NACM Affiliate agency will also supplement the initial status report at reasonable intervals, unless otherwise instructed.
2. If a receiving NACM Affiliate agency is unable to make satisfactory arrangements for full or partial satisfaction of the debt from the debtor on a collection matter received from another approved NACM Affiliate agency, or fails to make progress on an account within 60 days of the acknowledgment date or within the time period specified by the NACM Affiliate agency forwarder, the account will be returned to the forwarding NACM Affiliate agency or creditor. The receiving NACM Affiliate agency will close its file and recommend to the forwarding NACM Affiliate agency the name of an attorney from a bonded list or "law list." In the event that a creditor desires to use the services of a specific attorney or law firm, its wish will be observed. The receiving NACM Affiliate agency will cease all collection activity on the account and return the file to the forwarding NACM Affiliate agency.
3. If a debtor is located in an area for which no bonded attorney is listed, and the account cannot be collected by the receiving NACM Affiliate agency, the account will be returned to the forwarding NACM Affiliate agency with a full explanation.

4. A receiving NACM Affiliate agency that re-forwards an account to an unlisted and un-bonded attorney, or other collection medium without specific authority of the creditor, will be responsible for any ensuing loss.

C-607

Commissions

On collection claims forwarded from an approved NACM Affiliate agency:

1. If an account is paid or settled before it reaches the office of the receiving NACM Affiliate agency, or before the receiving NACM Affiliate agency has initiated collection efforts on that account, and the receiving NACM Affiliate agency is notified immediately, the receiving NACM Affiliate agency is entitled to no commissions.
2. When a forwarded account is paid directly to the creditor or to the forwarding NACM Affiliate agency, and immediate notice is not given to the receiving NACM Affiliate agency prior to the initiation of collection efforts and incurring expense by the receiving NACM Affiliate agency, the receiving NACM Affiliate agency will be entitled to reasonable compensation for any work done or expense incurred. It is the responsibility of the forwarding NACM Affiliate agency to compensate the receiving NACM Affiliate agency when the fact of a payment does not become immediately known through the neglect of the creditor, even if such payment was made prior to initiation of collection procedures by the receiving agency.
3. If an account is paid directly to the creditor after it has reached the receiving NACM Affiliate agency, and after the receiving NACM Affiliate agency has demanded payment, the receiving NACM Affiliate agency is entitled to full commissions. Failure of a receiving NACM Affiliate agency to acknowledge receipt of an account shall not deprive it of its right to compensation, if it has acted in good faith and initiated timely collection efforts.
4. If, while in the hands of a receiving NACM Affiliate agency, a settlement in notes or other written promise for future payment(s) is accepted by the creditor, and the creditor or the forwarding NACM Affiliate agency retain such documents and request that the receiving NACM Affiliate agency close its file and cease collection efforts. The receiving NACM Affiliate agency is entitled to full and immediate compensation. If the notes or other accepted promissory documents are not paid at maturity and are subsequently returned to the receiving NACM Affiliate agency for collection, the receiving NACM Affiliate agency should be compensated as in the case of a new account, and if it fails to collect the account, it should not be required to refund any commissions previously paid. If such notes or other promissory documents are allowed to remain in the hands of the receiving NACM Affiliate agency, payment of the receiving NACM Affiliate agency's commissions should be contingent upon collection of the account.
5. If an account is collected or settled directly with the forwarding NACM Affiliate agency after it has been acknowledged and demand has been made by the receiving NACM Affiliate agency, the receiving NACM Affiliate agency is entitled to full commissions if it acted with reasonable diligence and in good faith in its collection efforts.
6. The forwarding Affiliate agency will receive approval from the creditor to forward an account and the forwarding and receiving Affiliate agencies will agree upon the commission between them in writing.

C-608

Remittance of Collected Funds

NACM Affiliate receiving agencies are expected to remit monies collected, less their commissions, as soon as possible after the clearance of the debtors' checks.

C-609

Settlements

An NACM Affiliate receiving agency is not authorized to settle an account other than paid in full, without the specific authority of the creditor.

C-610

Ethical Standards

Approved NACM Affiliate agencies endorse and agree to comply with the highest ethical standards including, but not limited to, the following:

1. Not to advertise or represent directly or indirectly, or by implication, that it is qualified to render legal services of any kind or nature, and;
2. Not to intentionally address envelopes to debtors containing letters purporting to have been written by an attorney or other agencies, either authorizing or instructing legal action for the purpose of deceiving a debtor into believing that an attorney has been contacted, and;
3. Not to use any form simulating legal documents for the purpose or effect of deceiving a debtor into believing that legal action has or will be commenced, and;
4. Not to solicit accounts for collection without clearly defining the rates and conditions under which the accounts will be handled, and;
5. Not to knowingly accept for collection an account which is currently in the hands of an attorney or collection firm for collection, and upon discovery of concurrent collection efforts or contact, the NACM Affiliate agency will close its file, and;
6. Not to publish or cause to be published a list of debtors which comments in any way upon the character or moral standing of the debtor, and;
7. Not to attempt to collect money from a debtor by methods in violation of postal or other federal or state governmental regulations, or in violation of the Canons of Business Ethics, the regulations of NACM, or the Operative Guidelines for Forwarders and Receivers of the Commercial Law League of America, and;
8. Not to retain any original document or other evidence in connection with any account when returning the account to a forwarding NACM Affiliate agency or to the creditor, and;
9. Not to imply or suggest in any of its actions, statements, or use of forms, that it is an official government agency.

(Exhibit D)

Code of Conduct for the Operation of an NACM Affiliate Business Credit Reporting Operation

I-100

Preface

Business credit reporting services are vital to conducting global commerce successfully. Billions of dollars are risked each year by sales on credit rather than for cash. The credit executive must be able to gauge the difference between fact and fraud, hope and charity, and faith and foolishness to render a credit decision.

To make sound credit judgments, a credit executive must have facts concerning the paying habits of customers. Such information is provided by approved Business Credit Reporting Service Affiliates which are departments of associations affiliated with the National Association of Credit Management (NACM).

I-101

The NACM Affiliate Business Credit Reporting System

The NACM Affiliate Business Credit Reporting System (The System) is a cooperative arrangement of NACM Affiliates, which provides approved nationwide business credit reporting services to NACM members.

I-102

NACM Affiliate Business Credit Reporting System Policies

The success of the NACM Affiliate Business Credit Reporting System is dependent upon:

1. compliance with the Code of Conduct of the System,
2. cooperation among NACM credit reporting Affiliates, and,
3. satisfactory service provided to members.

I-200

Credit Information Services Committee

The Credit Information Services Committee (CISC), an Affiliate Service Committee, coordinates all credit reporting activities of the NACM Affiliates approved to offer the service, whose cooperation with each other results in the NACM Business Credit Reporting System. The System is under the supervision of the CISC.

I-201 System Supervision

The Committee jointly or severally shall:

1. consult where necessary with Affiliates;
2. compile and publish surveys and statistical studies pertaining to NACM-approved business credit reporting services, and
3. prepare and publish business credit reporting services' Areas of Responsibility pursuant to I-500.

I-202

Committee Composition

The composition of the CISC shall include one Affiliated Association Chief Operating Officer (COO) from each geographic region with an approved Business Reporting Service operation or which operates as an approved Industry Group provider. The Chief Operating Officer is the highest paid officer of any Affiliate. The CISC

Chairman shall be elected by the committee from among its members. Each member of the Committee is to be elected for a two-year term, staggered so that two Committee members are elected each year. Any elected member of the Committee may not be elected to more than two (2) consecutive terms. [Note: The Composition of the Committee stated here differs from that outlined in the Affiliate Agreement; the Affiliate Agreement calls for a Committee of eight members. The smaller Committee size noted here is more reflective of the number of Affiliates.]

I-203

Committee Chairman

The Chairman of the Committee (Chairman) shall be employed as Chief Operating Officer for two years of an Affiliate which has been "approved" as an Industry Credit Group and Business Credit Reporting Affiliate under the rules. The Chairman shall be a member of the Committee as defined in I-105 and shall be elected by majority vote of the Committee for a one-year term and may be reelected to a maximum of two consecutive terms. The Chairman may only vote in the event of a tie.

I-204

Vacancies within the Credit Information Services Committee

Vacancies occurring during a term of office will be filled by election at the earliest opportunity within the respective regions from which the vacancies occur.

I-205

Committee Meetings

Meetings of the Committee shall be held as needed. Meetings may be held by any appropriate, acceptable means of communication. A majority of the Committee is needed to constitute a quorum for transacting the business of the Committee.

I-206

Affiliate Chair

The Chairman of the Affiliate Council shall be an ex-officio member of the CISC without the right to vote.

I-300

Requirements for Approval and Operations Standards

Affiliates should be able to provide worthwhile services to NACM members and fulfill the responsibilities of an NACM Affiliate offering approved NACM Business Credit Reporting Services. The following are standards to qualify, and continue to be recognized, as an NACM Affiliate approved to offer NACM Business Credit Reporting services:

An Affiliate's credit reporting service/operation:

1. is a department or division of the Affiliate, and;
2. no facet of the management or oversight or operation of an Affiliate's credit reporting operation, offered to the members of the Affiliate and other members, may be outsourced to a non-NACM provider, and;
3. generates revenue that is part of the Affiliate's financial activities, and;
4. any surplus accruing from the operation will be used or retained by the Affiliate for its corporate purposes, and;
5. understands, endorses and agrees to comply with this Code of Conduct for this service, and;

6. is managed competently, and possesses adequate in-house personnel, both in number and expertise, and;
7. provides training for staff covering applicable laws (ECOA Regulation B, and the rules concerning report and information disclosure to improper persons deemed inapplicable since business credit is not covered by the Fair Credit Reporting Act (FCRA)); and to exercise appropriate and responsible corrective action when members violate these rules, and;
8. regularly solicits contributions of accounts receivable data from members and maintains such data in an automated NACM database, and;
9. disseminates such data in a credit report format to its members and other customers in exchange for a report price or other valuable consideration, and;
10. develops and maintains NACM automated business credit reporting capability within its area of responsibility, and;
11. has a process to promptly respond to member complaints, complaints from subjects, and to complaints from other Affiliates in accordance with established procedures, and;
12. actively markets NACM Affiliate credit reporting services to members and others.

I-301

Pre Approval Notification

Affiliates contemplating the organization of an NACM Affiliate business credit reporting service shall notify the Chairman of the CISC before taking any steps or making any expenditure towards this goal. The request shall include a copy of a resolution by the applicant's Board of Directors requesting approval as an NACM Affiliate credit reporting service provider with a specific area of responsibility. The request will be in writing and will set forth how an applicant for approval has met or proposes to meet the requirements of paragraph I-300.

I-302

Request Investigation and Approval

The CISC shall make an investigation to determine whether an applicant meets the requirements of paragraph I-300 and whether the area in which the applicant will operate is open. If the CISC finds the application in order and if the area of responsibility is open, it shall approve the application. The CISC Chairman will so notify the Applicant Affiliate and the Affiliate Council and the NACM President, who may then inform the Board of Directors. All NACM Affiliates approved to provide credit reporting services that were registered with the NACM National as "approved" as of June 1, 1994, will be deemed approved as of the adoption of this Code of Conduct, unless it has ceased its credit reporting operation, it has outsourced or sold its credit reporting operation, or its approval has been revoked.

I-303

Disapproval; Appeal Process

If the CISC does not approve the application, the applicant shall be promptly advised by the CISC Chairman. Any decision of the CISC may be appealed in writing to the Affiliate Council within 60 days of receipt of notice. The appeal will be considered by the Council at the next scheduled Council meeting. The decision of the Council shall be final and binding on all parties.

I-304

Affiliates Approved for Credit Reporting

Only approved Affiliates may provide NACM Business Credit Reporting Services. No Affiliated Association shall hold itself out to be an NACM approved business credit reporting service provider, using the Affiliate's or NACM's name and/or logo, unless it has been approved by the CISC Committee.

I-305

Revocation of Approval and Appeal Process

The Committee may, for due cause, suspend or revoke an Affiliate's status as an approved NACM business credit service provider. "Due cause" may include, without limitation, violation of any provision of this Code of Conduct. The procedures for the appeal of a suspension or revocation of appeal shall be identical to the procedures for disapproval as set forth in I-303.

I-306

Complaints of Noncompliance

One of the grounds for revocation of the credit reporting approval of a Affiliate or an area of responsibility shall be based on a complaint by another Affiliate alleging one or more violations of the provisions of this Code. All complaints of noncompliance of any section of these Codes of Conduct shall be forwarded to the CISC for investigation. The CISC Committee findings will be communicated to the offending Affiliate and to the Affiliate Council. Within 60 days of written notice of the finding and decision of the CISC, the Affiliate may appeal to the Affiliate Council for a hearing.

I-307

Hearing of Complaints

The CISC has authority to hear complaints of an Affiliate requesting modification to or the revocation of an area of responsibility or approval or revocation of credit reporting services of an Affiliate. At such hearing the Affiliate charged shall have the right to appear and be represented by counsel after provided with notice of the complaint.

I-308

Effect of Revocation

In the event that an Affiliate's approval is revoked, such Affiliate will not use the name, National Association of Credit Management, or the logo of NACM, on any marketing or sales literature, or any form or correspondence involving the operation of business credit reporting.

I-309

Noncompliance to this Code

Noncompliance with any section of these Codes of Conduct may be reviewed by the CISC and forwarded to the Affiliate Council for action. Issues and/or complaints of noncompliance with the Code, brought to the CISC for investigation, will result in written notice of noncompliance when appropriate.

I-310

Cessation of Business Credit Reporting Services

Should an Affiliate cease its business credit reporting activities for a period of 12 consecutive months, the Affiliate's status as an approved provider will automatically expire. Outsourcing the operation to a non-NACM Affiliate entity will also result in automatic forfeiture of the Affiliate's status as an approved provider. The Affiliate must reapply before operating as an NACM approved service provider.

I-311

Changes to this Code

Any substantive changes to these Codes of Conduct shall require approval of the Affiliate Council and an affirmative vote by two-thirds of Affiliates approved for credit reporting services. Non-substantive changes must be approved by the CISC and Affiliate Council.

I-400

Credit Reporting Automation

The CISC is committed to the goal of total automation of all approved NACM credit reporting Affiliates with an assigned area of responsibility (Areas).

I-401

Official Definitions

The following are the official definitions of the terms used in this Code of Conduct:

1. Automation.
A program by which an Affiliate gathers and maintains business credit information contributed by members of NACM and retrieves such information by electronic means from a database and which permits its members and other Affiliates to retrieve, by electronic remote access, business credit information from such database.
2. Contributed Information.
Contributed information is data contributed to an approved Affiliate. Such data may be contributed through generally accepted data processing industry standards, devices or services for conveying formatted data.

I-500

Areas of Responsibility

The United States shall be divided into Areas of Responsibility, one or more of which may be assigned to Affiliates by CISC. The purpose of Areas of Responsibility is to encourage an Affiliate to be primarily responsible for the development and maintenance of business credit information files for the area(s) assigned to it. In order to insure the efficient and accurate exchange of business credit information of the highest possible quality, an Affiliate, through its assumption of an area of responsibility, provides the vital link with its area's business credit information to permit the System to function effectively for the betterment of NACM members.

1. In consideration of the Affiliate's acceptance of responsibility, the Affiliate will be awarded rights to market and sell NACM business credit reporting services in its assigned area of responsibility.
2. These areas of responsibility shall be the ones currently assigned to Affiliates. Future changes must be handled in accordance with the procedures outlined in these rules.

I-501

Area of Responsibility Requirements and Obligations

Any Affiliate may apply for any open area of responsibility on the basis of the quality of the service it is prepared to offer.

I-502

Assignment of Area of Responsibility

In the event an Affiliate merges with another Affiliate or desires to transfer and assign to another approved Affiliate its assets, including its area of responsibility, then the following procedure shall be followed:

1. The Affiliate already approved to provide NACM credit reporting services which desires to assume an area of responsibility shall, in writing, notify the Chairman of such desire and specify the following:
 - a. The manner in which such area is to be assumed (merger, purchase, etc,) with the approved Affiliate which has such area or by assignment of the area and other assets or otherwise.
 - b. The proposed date of the assumption of such area, which must not be sooner than 14 days from the date the Chairman receives such information.
2. The Chairman shall send copies of such information to the other members of the CISC.
3. If any member of the CISC or another approved NACM credit reporting Affiliate has an objection to such assumption of the area of responsibility, the Chairman shall call a meeting by telephone or otherwise to determine whether such assumption shall be approved. The assuming Affiliate and any Affiliate whose area of responsibility is to be assumed (collectively, "the contending Affiliates") shall be invited to participate in such meeting. The Chairman shall advise the contending Affiliates concerning the CISC decision and, if a charge is to be made, the Affiliate Council, all approved Affiliates and the President of NACM.
4. If no objections are received, then such assumption of the area of responsibility shall be deemed approved, and the Chairman shall notify the parties as specified in subsection c.
5. If the Affiliate which desires to assume an area of responsibility is not already approved to provide NACM credit reporting services, the Affiliate must apply following I-300, I-301, I-302, etc.

I-503

Revocation of Approval of Services and Area of Responsibility

The Committee may, for due cause which includes noncompliance, assign, reassign, modify or revoke any areas of responsibility.

I-600

Business Credit Reports-User/Contribution Responsibilities

In any business credit reporting service contract between Affiliates and users, certain rules and regulations should be set forth, governing the conditions under which the service is to be rendered to users. Such rules or regulations should be thoroughly explained to users requesting business credit reporting services. These Affiliate rules and regulations should include the following:

1. Users of business credit reporting services should be instructed to comply with ECOA and Regulation B.
2. Business credit reports are intended for the use of business credit executives in the extension of business credit. Such business credit reports must never be given by the user to the report subject except pursuant to court order. This requires continuing education efforts by Affiliates through member bulletins, meetings, and all other means.
3. A contributor shall make a full and truthful report of its credit experience with any customer on whom information is requested by any Affiliate and shall substantiate the information if so requested.
4. Any user having reason to believe a business credit report is erroneous shall be requested to file a complaint, in writing, to the Affiliate that provided the report to the user ("user's Affiliate"). The user's Affiliate shall transmit said complaint to the Affiliates that issued the report ("reporting Affiliate"). Such

complaint should state the part or parts of the business credit report the member believes to be incorrect. The reporting Affiliate receiving such a complaint shall ask the contributor who contributed the questioned information to substantiate and/or correct such information. In the event such a contributor fails to verify their information, the reporting Affiliate shall delete the contributor's information from the report.

5. The accuracy of business credit reports is not guaranteed by an Affiliate. The Affiliate gathers the information in good faith and sends it to subscribers in the form of a business credit report which is a confidential and privileged communication. The Affiliate is not liable for negligence in procuring, collecting, communicating or failing to communicate the information so gathered. The user, by accepting the business credit report, agrees that the Affiliate is not liable for errors therein and not responsible for any loss or damage resulting from reliance on the report.

I-700

Credit Reporting Services and the Law

It is important that every Affiliate be alert and vigilant to make its NACM business credit reports completely correct, factual and in accordance with the requirements of law. Information included in business credit reports must concern past and completed transactions. They must represent facts. Personal opinions, future plans or policies are not approved for inclusion in NACM Business Credit Reports. The practices set forth below are recommended.

I-701

Legally Sensitive Areas, Terms and Comments

Certain types of information normally included on business credit reports pose some special problems which must be appreciated by Affiliates. These include the following:

1. **Terms.** Terms may be included in business credit reports, provided that such information refers only to completed transactions and is important in helping a creditor make a unilateral credit decision. Business Credit Report Forms should contain the heading "Payment Terms" for the appropriate column. Terms have been held by courts to be an aspect of price so caution should be taken in reporting them.
2. **Comments.** The "Comments" column is a critical part of a business credit report. The purpose of the "Comments" column is to facilitate the inclusion of information that will explain or expand upon information in other parts of the business credit report. Frequently, the additional information enhances the quality of the business credit report to the benefit of the business credit report subject.

Care must be taken to ensure that the "Comments" column only includes comments based upon actual fact and experience. Two comments commonly appearing on business credit reports raise some practical questions. These comments are:

- a. **C.O.D. or C.I.A.** The reporting of a subject as on a C.O.D. or C.I.A. basis must report a fact. There must have been an actual transaction or sale or quotation under these terms. (The fact that a reporting member would sell to that subject on a C.O.D. or C.I.A. basis, when and if that subject placed an order does not constitute a true C.O.D. or C.I.A. case, but is, rather a report concerning a possible future term.)
- b. **Placed for Collection.** In the normal course of business credit experience reporting, a member will still report when an account is placed with an outside agency for collection. This is a fact, and it is proper to include this fact on the business credit report. However, it must be a completed fact; i.e., the account must actually have been placed for collection. A comment such as "plan to place for collection," or "will place for collection next week," is not proper as it deals

with a future plan, not complete fact. Affiliates also have a problem with the type of comment, as the account may have been placed with the Affiliate's own collection department. In such cases, the Affiliate should report this fact, but it is recommended that the standard comment, "placed for collection" be used, and not "placed with the Affiliate for collection." It is recommended that Affiliates develop reasonable procedures and controls to assure that claims received for collection are routinely included in the reports on subjects located and doing business within their assigned Area of Responsibility. Steps to "file establish" the collection record itself should commence immediately upon placement of the claim and need only display the amount and the date the account was placed for collection. Once the collection record has been "file established," it must be reported. Additional, collection accounts should be updated with the following basic information:

- 1) The debtor disputes the claims.
- 2) The claim is closed. (If possible, one or more of the following closing codes should be displayed).

- a) Collected in Full
- b) Partially Paid
- c) Comprised in Full
- d) Returned Merchandise
- e) Creditor Request
- f) Uncollected Judgment
- g) Bankruptcy-Case # _____
- h) Unable to Locate
- i) Uncollected

3. Affiliates must also establish reasonable purging schedules, bearing in mind that although collection account information is generally regarded as derogatory, it is not public record, and should therefore remain in the credit reporting file only as long as other non-judicial items. Each collection record should be purged one year after final disposition of the claim.

I-702

Inclusion of Public Record Items

If public records are gathered and disclosed in bulletin form, it is recommended that they be included on credit reports, subject to purging schedules not to exceed the requirements or guidance of state and federal statutes.

I-703

Changes in Law; Notification to Affiliates

NACM seeks to review all new and proposed legislation and current court opinions relevant to business credit reporting. Necessary and timely bulletins will be issued from time to time to all Bureaus regarding important new developments.

I-800

Demands for Business Credit Report Disclosures

When Affiliates are requested by the subject of a business credit report to disclose sources of the information contained in that report, Affiliates should be aware of the facts, and should follow the practice, set forth below:

1. Affiliates have a responsibility to make sure that business credit reports are correct and accurate; and a responsibility to promptly correct any discovered errors.

2. The federal consumer credit reporting laws do not apply to business credit reports (refer to Federal Reserve Board Regulation B). An Affiliate is not required by law to disclose the contents of a business credit report to the subject of that report, nor is it required by law to disclose or reveal the sources of information (see NACM's "Business Credit and the Equal Credit Opportunity Act" brochure).
3. Business credit reports are not used in connection with extension of credit for personal, family, household, or employment purposes. In the unlikely event that a business credit report was used in connection with the extension of credit for one of these purposes, then that business report could be considered a consumer credit report and the Affiliate issuing such a business report could be required to comply with the federal or state laws relative to consumer credit reports. Consumers have rights under the Consumer Protection Act (which includes the Truth in Lending, Fair Credit Billing, Fair Credit Reporting, Equal Credit Opportunity, Consumer Leasing, and Debt Collection Practices Acts).
4. If calls are received from subjects demanding disclosure of business credit reports, such calls should immediately be referred to a specifically designated individual with training or the Chief Operating Officer of the Affiliate.
5. As noted, disclosure of a business credit report to the subject of that business report is not legally required, but the confusion over this requirement in the consumer credit reporting laws, may encourage demands for copies of business credit reports. When such a demand is received from the subject of a business report, a firm but diplomatic approach is recommended (ask the subject for the law that requires such disclosure).
6. The reason for the demand for disclosure is usually a refusal of business credit by a member or some other event to the disadvantage of the subject. The subject is, therefore, likely to be irate and very demanding when calling. The caller may threaten legal action or other measures. It is the intent of every Affiliate to provide factual trade information and every effort should be made to realize this goal. Check with the report user to see if they have complied with Regulation B, re: adverse action and compliance, and if the subject has requested a written reason for such action.
7. After determining that the business credit report requested by the subject is, in fact, a business credit report prepared by the Affiliate, the Affiliate should offer to review the business credit report with the subject. This review should not be attempted on the telephone because there is no assurance that in fact, the caller is the actual subject of the business credit report in question. Instead, the Affiliate should invite the subject to visit the Affiliate office.
8. If the subject visits the Affiliate office to review the business credit report in question, the Affiliate should set aside a private office or conference room for such interview rather than to make this review or discuss the business credit report with the subject in an open office.
9. In any interview with a business credit report subject, the object of the interview is the review of the business credit report in question. It is not required, nor proper, to show or supply the subject with the actual credit report. The various items of information can be reviewed and discussed without actually showing the subject the business credit report.
10. Should the subject object to information which the subject believes is contained in the business credit report, the Affiliate should always offer to investigate the contested information in order to fulfill its responsibility to make sure that business credit report is correct and accurate.
11. Should this investigation reveal an error, a correction should be made immediately. In the majority of cases, where honest mistakes occur, most subjects simply want the business report corrected.

Section II:

NACM National Trade Credit Report Code (March 2012)

NTCR-1000

National Database

The purpose of the national database is to obtain, coordinate and organize credit reporting information from NACM Affiliated Associations and other entities for the purpose of creating the NACM National Trade Credit Report.

NTCR-1001

The NACM National Trade Credit Report

The NACM National Trade Credit Report ("NACM NTCR") is generated from the national database that resides on "The C.M.S./e)C.M.S. Web Software" and is licensed to Participating NACM Affiliates ("Participating Affiliates") by NACM Tampa. Participating Affiliates contribute data and procure reports. The NACM NTCR carries a trademarked name and logo of the National Association of Credit Management, Inc.

NTCR-1002

NACM Affiliate Business Credit Reporting System Policies

The success of the NACM National Trade Credit Report product is dependent upon:

1. compliance with the Code of Conduct and adherence to the rules, policies and procedures for this report,
2. cooperation and data sharing among NACM credit reporting Affiliates, and,
3. continued efforts to build the number of trade lines in the national database, and,
4. satisfactory service provided to members.

NTCR-2000

National Trade Credit Report Committee

Although some rules requirements are set forth in the Agreement between NACM Tampa and Participating Affiliates, The National Trade Credit Report Committee ("NTCRC") creates, sets, monitors and enforces general rules and procedures for the NACM National Trade Credit Report and coordinates its marketing activities.

NTCR-2001

System Supervision

The National Trade Credit Report Committee jointly shall:

1. set guidelines and policies for the NACM National Trade Credit Report, and,
2. set data contribution standards, and,
3. create national marketing campaigns, and,
4. make arrangements for raising awareness of the NACM National Trade Credit Report through visibility and representation at trade shows and exhibits, including the NACM Credit Congress.

NTCR-2002

Committee Composition

The National Trade Credit Report Committee will comprise up to six Chief Operating Officers from Participating Affiliates. Committee membership shall be reflective of the diversity of Affiliate size and region. One of the six members shall serve as Committee Chairman. In addition to the up to six committee members and provided that the Affiliate Council Chair is from a Participating Affiliate, the Affiliate Council Chair shall serve on the Committee

as an ex-officio member. In addition to the up to six members, at least one representative of NACM Tampa/CMS shall also serve as an ex-officio member of the Committee; NACM Tampa/CMS may also include other key CMS executives in committee meetings as needed.

NTCR-2003

NACM National Trade Credit Report Committee Chairman

The NACM National Trade Credit Report Committee Chairperson shall be employed as Chief Operating Officer by an Affiliate licensed to sell the NACM National Trade Credit Report appointed by the Affiliate Council Chair. The National Trade Credit Report Committee Chairman will serve a one-year term and may be reappointed to a maximum of two consecutive terms. The Committee Chairman may only vote in the event of a tie.

NTCR-2004

Vacancies within the NACM National Trade Credit Report Committee

Vacancies occurring during a term of office will be filled by the National Trade Credit Report Committee with an Affiliate Chief Operating Officer from a Participating Affiliate at the earliest opportunity and respecting the need for diversity of representation.

NTCR-2005

National Trade Credit Report Committee Meetings

Meetings of the National Trade Credit Report Committee shall be held as needed. Meetings may be held by any appropriate, acceptable means of communication. A majority of the committee members is needed to constitute a quorum for transacting the business of the Committee.

NTCR-3000

National Trade Credit Report Participation Requirements

Any NACM Affiliate is eligible to participate in the national database for the purposes of procuring the NACM National Trade Credit Report provided:

1. The NACM Affiliate is in good standing with NACM, and,
2. The NACM Affiliate is an approved Credit Reporting Bureau, and,
3. The NACM Affiliate is a current licensee under the CMS Agreement, and,
4. The NACM Affiliate executes and is in good standing with the Participant Agreement.

NTCR-3001

Termination of Ability to Sell the NACM National Trade Credit Report

NACM Tampa may terminate the NACM National Trade Credit Report Participant Agreement, with or without cause, upon sixty (60) days notice to Participant. In the event that an Affiliate's participation is terminated, such Affiliate will not use the name or logo of the NACM National Trade Credit Report on any marketing or sales literature or on any form or correspondence involving its NACM business credit reporting operation.

NTCR-3002

Noncompliance to the NACM National Trade Credit Report Section of this Code

Noncompliance with any section of the NACM National Trade Credit Report section of this Code of Conduct may be reviewed by the National Trade Credit Report Committee and forwarded to the Affiliate Council for action. Issues and/or complaints of noncompliance with the Code will result in written notice of noncompliance when appropriate. Noncompliance may result in termination of a Participating Affiliate's right to market and sell the NACM National Trade Credit Report.

NTCR-4000

The sale/distribution of the NACM National Trade Credit Report within Areas of Responsibility

Participating Affiliates have the right to market and sell NACM National Trade Credit Reports to NACM members

only within their assigned area of responsibility. Participating Affiliates may also market and sell the NACM National Trade Credit Report to members in good standing who belong to the Participating Affiliate's regional or national industry credit groups and who may be located outside of the Participating Affiliate's area of responsibility. The term "industry credit group" is defined in the Code of Conduct for the operation of NACM industry credit groups.

NTCR-4001

Sales outside of Assigned Areas of Responsibility

Participating Affiliates may sell the NACM National Trade Credit Report within open areas of responsibility not assigned to any NACM Affiliate.

NTCR-4002

National Trade Credit Report Contract Sales

NACM Tampa will negotiate NACM National Trade Credit Report national account sales, the proceeds from which will be shared equally with each Participating Affiliate who has a reported member representative related to that national account on its membership rolls and is selling credit reports to that member company.

NCTR-4003

Resellers

Only Participating Affiliates can sell the NACM National Trade Credit Report. The NACM National Trade Credit Report will not be available to any third-party reseller. A reseller is defined as a third-party purchaser that is not an end user.

NCTR-4004

Sales to NACM Members of Non-Participating Affiliates

A Participating Affiliate may not sell the NACM National Trade Credit Report to an NACM member of a non-participating NACM Affiliate that is approved for credit reporting or has an approved credit reporting department.

NTCR-5000

Participating Affiliate Responsibilities

All Participating Affiliates agree:

1. that non Participating Affiliates will not use the brand, NACM National Trade Credit Report.
2. to include industry credit group data in the national database.
3. that if it has a collection department that it will contribute collection experience to the national database.
4. that Alerts and flash reports will be contributed to the national database.
5. that the NACM Tampa-suggested scheduled for purging and merging will be followed by all Participating Affiliates.
6. to contribute available credit information to the national database in accordance with the contribution schedule set by the Affiliate Council. Failure to provide available credit information to the national database may result in termination of the ability to market and sell the NACM National Trade Credit Report.

7. that 10% of its regular members, which includes membership totals from outsource agreements, will contribute full file data by January 1, 2012 and that 15% of regular members, which includes membership totals from outsource agreements, will contribute full file data by January 1, 2013. New Participating Affiliates will have one year to meet the 10% of regular members, which includes membership totals from outsource agreements, contribution requirement and must meet the 15% requirement at the end of two years and then meet any subsequent increases until the prevailing percentage is met.
8. not to use the national database information for sales or marketing purposes.
9. to cross-indemnify other Participating Affiliates.
10. to carry errors & omissions, professional liability insurance with a minimum limit of \$1 million dollars.

NTCR-5001

Waivers to Percentage of Regular Member Contribution Requirement

Upon a majority vote, the NACM National Trade Credit Report Committee may grant a waiver to a Participating Affiliate that fails to meet the data contribution requirement. Waivers will be granted based on evidence presented by the Participating Affiliate which may include, but is not limited to, a demonstrated effort made by the Participating Affiliate to come into compliance by providing proof of participation by learning how to raise/boost contributions; of a demonstrated effort seek advice from others as to how to boost contributions; of a demonstrated effort to actively market data contribution to members as a valuable service with specific benefits to contributors or that the total number of trade lines contributed by the Participating Affiliate or the value of the trade lines being contributed into the national database and shared with all Participating Affiliates merits a waiver.

NTCR-5002

Appeal Process

If the NACM National Trade Credit Report Committee does not grant a waiver, the Participating Affiliate applicant shall be promptly advised by the National Trade Credit Report Committee Chairman. Any decision of the Committee may be appealed in writing to the NACM Affiliate Council within 60 days of receipt of notice. The appeal will be considered by the Affiliate Council at the next scheduled Council meeting. The decision of the Council shall be final and binding on all parties.

NTCR-6000

NACM National Trade Credit Report Attributes

All Participating Affiliates agree that:

1. "Days Beyond Terms" (DBT) will be used on the report instead of "Average Days to Pay".
2. Zero balance and no record trade lines will appear on the NACM National Trade Credit Report but will not be counted on the number of trade lines.
3. Industry Codes and Comment Codes will be the same for all Participating Affiliates.
4. No Terms will be disclosed on the NACM National Trade credit report.
5. NACM National Trade Credit Reports will not display member/source numbers by Affiliate. Participating Affiliates will use industry codes, high credit balance, when contacting other Participating Affiliates for more information.

NTCR-7000

NACM National Trade Credit Report User/Contribution Responsibilities

In any business credit reporting service contract or agreement between Affiliates and users, certain rules and regulations should be set forth, governing the conditions under which the service is to be rendered to users. Such rules or regulations should be thoroughly explained to users requesting business credit reporting services. The rules and regulations should include the following:

1. Users of business credit reporting services should be instructed to comply with ECOA and Regulation B.
2. Business credit reports are intended for the use of business credit executives as part of the decision process to extend business credit. Such business credit reports must never be shared by the user with the subject of the report, except by court order. Compliance with this requirement requires continuing education efforts by Affiliates through member communications, meetings, and all other means.
3. A contributor shall make a full and truthful report of its business credit experience about any customer on whom information is requested by any Affiliate and shall substantiate the information if so requested.
4. Any user having reason to believe a business credit report is erroneous shall be requested to file a written complaint to the Affiliate providing the report to the user ("user's Affiliate"). The user's Affiliate shall transmit said complaint to the Affiliate that issued the report ("reporting Affiliate"). Such complaint should state the part or parts of the business credit report the member believes to be incorrect. The reporting Affiliate receiving such a complaint shall ask the contributor who contributed the questioned information to substantiate and/or correct such information. In the event such a contributor fails to verify their information, the reporting Affiliate shall delete the contributor's information from the report.
5. The accuracy of business credit reports is not guaranteed by an Affiliate. The Affiliate gathers the information in good faith, contributes it to the national database, from which the business credit report is created. The NACM National Trade Credit Report is a confidential and privileged communication. The Affiliate is not liable for negligence in procuring, collecting, communicating or failing to communicate the information so gathered. The user, by accepting the business credit report, agrees that the Affiliate is not liable for errors therein and is not responsible for any loss or damage resulting from reliance on the report.

NTCR-7001

Credit Reporting Services and the Law

It is important that every Affiliate be alert and vigilant to make its NACM National Trade Credit Reports factually correct and in accordance with the requirements of law. Information included in NACM National Trade Credit Reports must detail factual, past and completed transactions. Personal opinions, future plans or policies are not approved for inclusion in the NACM National Trade Credit Report. The practices set forth below are recommended.

NTCR-7002

Legally Sensitive Areas, Terms and Comments

Certain types of information normally included on business credit reports pose some special problems which must be appreciated by Affiliates. These include the following:

1. **Comments.**
The "Comments" column is a critical part of a business credit report. The purpose of the "Comments" column is to facilitate the inclusion of information that will explain or expand upon information in other

parts of the NACM National Trade Credit Report. Frequently, the additional information enhances the quality of the NACM NTCR to the benefit of the business credit report subject.

Care must be taken to ensure that the "Comments" column only includes comments based upon actual fact and experience and that all comment codes are used.

Two comments commonly appearing on the NACM National Trade Credit Report raise some practical questions. These comments are:

a) C.O.D. or C.I.A.

The reporting of a subject as on a C.O.D. or C.I.A. basis must report a fact. There must have been an actual transaction or sale or quotation under these terms. (The fact that a reporting member would sell to that subject on a C.O.D. or C.I.A. basis, when and if that subject placed an order does not constitute a true C.O.D. or C.I.A. case, but is, rather a report concerning a possible future term.)

b) Placed for Collection.

In the normal course of reporting business credit experience, a member will still report when an account is placed with an outside agency for collection. This is a fact, and it is proper to include this fact on the business credit report. However, it must be a completed fact; i.e., the account must actually have been placed for collection. A comment such as "plan to place for collection," or "will place for collection next week," is not proper as it deals with a future plan. Affiliates may also have a problem with the collection comment if the account has been placed with the Affiliate's own collection department. In such cases, the Affiliate should report this fact, using the standard comment, "placed for collection" rather than "placed with the Affiliate for collection." It is recommended that Affiliates develop reasonable procedures and controls to assure that claims received for collection are routinely included in the reports on subjects located and doing business within their assigned Area of Responsibility. Steps to "file establish" the collection record itself should commence immediately upon placement of the claim, and need only display the amount and the date the account was placed for collection. Once the collection record has been "file established," it must be reported. Additional collection accounts should be updated with the following basic information:

(1) The debtor disputes the claims.

(2) The claim is closed. (If possible, one or more of the following closing codes should be displayed).

- a) Collected in Full
- b) Partially Paid
- c) Comprised in Full
- d) Returned Merchandise
- e) Creditor Request
- f) Uncollected Judgment
- g) Bankruptcy-Case # _____
- h) Unable to Locate
- i) Uncollected

2. Affiliates must bear in mind that although collection account information is generally regarding as derogatory, it is not public record, and should therefore remain in the credit reporting file only as long as other non-judicial items. Each collection record should be purged one year after final disposition of the claim.

NTCR-7003

Inclusion of Public Record Items

If public records are gathered, it is recommended that they be included on credit reports, subject to purging schedules not to exceed the requirements or guidance of state and federal statutes.

NTCR-7004

Changes in Law; Notification to Affiliates

NACM seeks to review all new and proposed legislation and current court opinions relevant to business credit reporting. Necessary and timely notices will be issued from time to time to all Affiliates regarding important new developments.

NTCR-8000

Demands for Business Credit Report Disclosures

When Affiliates are asked by the subject of an NACM National Trade Credit Report to disclose sources of the information contained in a report, Affiliates should be aware of the facts and should follow the practice, set forth below:

1. Affiliates have a responsibility to ensure that NACM National Trade Credit Reports are correct, factual and accurate. Affiliates have a responsibility to promptly correct any discovered errors.
2. The federal consumer credit reporting laws do not apply to business credit reports (see the Federal Reserve Board's Regulation B). An Affiliate is not required by law to disclose the contents of a business credit report to the subject of that report, nor is it required by law to disclose or reveal the sources of information (see NACM's "Business Credit and the Equal Credit Opportunity Act" brochure).
3. Business credit reports are not used in connection with extension of credit for personal, family, household, or employment purposes. In the unlikely event that a business credit report was used in connection with the extension of credit for one of these purposes, then that business report could be considered a consumer credit report and the Affiliate issuing such a business report could be required to comply with the federal or state laws relative to consumer credit reports. Consumers have rights under the Consumer Protection Act (which includes the Truth in Lending, Fair Credit Billing, Fair Credit Reporting, Equal Credit Opportunity, Consumer Leasing, and Debt Collection Practices Acts).
4. If the subject of a report demands disclosure of the source of information on a report, such calls should immediately be referred to a specifically designated individual with training or the Chief Operating Officer of the Affiliate.
5. As noted, disclosure of a business credit report to the subject of that business report is not legally required, but the confusion over this requirement in the consumer credit reporting laws, may encourage demands for copies of business credit reports. When such a demand is received from the subject of a business report, a firm but diplomatic approach is recommended (ask the subject for the law that requires such disclosure).
6. The reason for the demand for disclosure is usually a refusal of business credit by a member or some other event to the disadvantage of the subject. The subject is, therefore, likely to be irate and very demanding when calling. The caller may threaten legal action or other measures. It is the intent of every Affiliate to provide factual trade information and every effort should be made to realize this goal. Check with the report user to see if they have complied with the adverse action and compliance requirements of Regulation B and if the subject has requested a written reason for such action.

7. After determining that the business credit report requested by the subject is, in fact, a business credit report prepared by the Affiliate, the Affiliate should offer to review the business credit report with the subject. This review should not be attempted on the telephone because there is no assurance that in fact, the caller is the actual subject of the business credit report in question. Instead, the Affiliate should invite the subject to visit the Affiliate office.
8. If the subject visits the Affiliate office to review the business credit report in question, the Affiliate should set aside a private office or conference room for such interview rather than to make this review or discuss the business credit report with the subject in an open or public space.
9. In any interview with a business credit report subject, the object of the interview is the review of the business credit report in question. It is not required, nor proper, to show or supply the subject with the actual credit report. The various items of information can be reviewed and discussed without actually showing the subject the business credit report.
10. Should the subject object to information which the subject believes is contained in the business credit report, the Affiliate should always offer to investigate the contested information in order to fulfill its responsibility to make sure that business credit report is correct and accurate.
11. Should this investigation reveal an error, a correction should be made immediately. In the majority of cases, where honest mistakes occur, most subjects simply want the business report corrected.

(Exhibit E)

Code of Conduct for the Operation of NACM Industry Credit Groups

G-100

Preface

Factual business credit information is essential to a successful and profitable commercial credit sale. Billions of dollars are risked each year by businesses on sales made for credit rather than for cash. In order for credit executives to make sound independent decisions regarding the extension of that credit, those executives must have factual credit and financial information available to them. Such information is provided, in part by participation in industry credit groups, sponsored by Affiliated Associations, Affiliates of the National Association of Credit Management (NACM), which adhere to this Code of Conduct established by NACM.

G-101

Industry Credit Groups

Groups are organizations of representatives from businesses which operate in the same industry and/or provide the same, or similar, products or service to common customers. Groups range in size from small local groups servicing members from a specific metropolitan area or small geographic areas, to regional groups servicing areas comprising several states, to national groups whose members are located throughout the entire nation. Given the expanding global economy, there are some groups whose activities are international in scope. Groups represent almost every different industry and business category.

G-102

The Function of an Industry Credit Group

Groups serve the credit function in the following ways:

1. They provide an opportunity to exchange factual, historical information on experience with common customers.
2. They provide a means of obtaining information by the use of reports and other credit facts which the credit executive may use to arrive at an independent credit decision.
3. They provide opportunities to discuss the latest tools, trends and legal rulings pertaining to business credit management.
4. They provide a venue for industry-specific information.
5. They provide a forum to gather industry-specific “best practices” information.

G-103

NACM Affiliate Industry Credit Group Service

The Industry Credit Group Service (the Group Service) is a cooperative arrangement of NACM Affiliates which sponsor groups to:

1. Assure uniform procedures and compliance with various laws which govern the proper exchange and utilization of credit information.
2. Adhere to the Code of Conduct established by NACM.

3. Assist group members on professional development through group related educational seminars/workshops.

G-200

Credit Information Services Committee

The Credit Information Services Committee (CISC), a service committee of NACM, oversees and reviews the operation of all groups sponsored by the Affiliates.

G-201

Committee Composition

The composition of the CISC shall include one Affiliated Association Chief Operating Officer (COO) from each geographic region with an approved Business Reporting Service operation or which operates as an approved Industry Groups provider. The Chief Operating Officer is the highest paid officer of any Affiliate. The chairman shall be elected by the committee from among its members. Each member of the Committee is to be elected for a two-year term, staggered so that two Committee members are elected each year from each region. Any elected member of the Committee may not be elected to more than two (2) consecutive terms. [Note: The Composition of the Committee stated here differs from that outlined in the Affiliate Agreement; the Affiliate Agreement calls for a Committee of eight members. The smaller Committee size noted here is more reflective of the number of Affiliates.]

G-202

Committee Chairman

The Chairman of the Committee (Chairman) shall be employed as Chief Operating Officer for two years of an Affiliate which has been "approved" as an Industry Credit Group and business credit reporting Affiliate under the rules. The Chairman shall be a member of the Committee as defined in G-105 and shall be elected by majority vote of the Committee for a one-year term and may be reelected to a maximum of two consecutive terms. The Chairman may only vote in the event of a tie.

G-203

Vacancies within the Credit Information Services Committee

Vacancies occurring during a term of office will be filled by election at the earliest opportunity within the respective regions from which the vacancies occur.

G-204

Committee Meetings

Meetings of the Committee shall be held as needed. Meetings may be held by any appropriate, acceptable means of communication. A majority of the Committee is needed to constitute a quorum for transacting the business of the Committee.

G-205

Affiliate Chair

The Chairman of the Affiliate Council shall be an ex-official member of the CISC without the right to vote.

G-300

Requirements for Approval and Operation Standards

An approved Affiliate industry credit group sponsor will provide worthwhile services to NACM members and fulfill the requirements and responsibilities as an Affiliate credit group sponsor. The following are the standards to which approved Affiliate sponsors subscribe, endorse and agree to comply:

1. all Affiliate industry credit group services offered to the members of the Affiliate and other members are provided by a department or division of an Affiliate;

2. no facet of the management or oversight or operation of an Affiliate's group operations or groups, offered to the members of the Affiliate and other members, may be outsourced to a non-NACM provider.
3. revenue, generated from the operation of credit groups, is part of the Affiliate's financial activities;
4. any surplus accruing from the operation of credit group services will be used or retained by the Affiliate for its corporate purposes;
5. understands, endorses and agrees to comply with this Code of Conduct for this service;
6. the group services department or operation is managed competently, and possesses adequate in-house personnel, both in number and expertise;
7. the Affiliate ensures that bylaws, or the equivalent, have been adopted by a majority for every group the Affiliate sponsors;
8. the Affiliate agrees to keep appropriate records, such as a list of all Groups; group rosters; meeting documentation; use of sanctioned antitrust materials, for a period of two years;
9. the Chief Operating Officer of the Affiliate agrees to hold a periodic, but not less than annual, review with Association staff and Group members, concerning proper Group Operating Rules and Standards.
10. actively markets NACM Affiliate industry credit group services to members and others.

G-301

Group Registry

Each Affiliate which sponsors industry credit groups shall register them with NACM. This registry is for information purposes so that a prospective group member may be properly directed. The registration shall include the following information:

1. Name of group.
2. Type of group (local, regional, or national).
3. Standard Industrial Classification (SIC) for typical debtors reported in the group to a maximum of five.

G-302

Group Geographic Classification

Groups shall be classified by the geographic areas represented by the members of the group:

1. Groups consisting primarily of members located within the area of the sponsoring Affiliate shall be known as a Local Group.
2. Those groups which include members located outside the area of the sponsoring Affiliate and located in a contiguous area, which is less than half of the total area of the United States, shall be known as a Regional Group.
3. Those groups which include members located outside the area of the sponsoring Affiliate and are located in over half of the area of the United States shall be known as National Groups.

4. All Affiliates will recognize another Affiliate's local membership for regional and national group members outside the sponsoring Affiliate's geographic area.

G-303

Investigation and Approval

An Affiliate wishing to be recognized as an approved Affiliate industry credit group operator will provide written documentation, affirming to the requirements listed herein, to the CISC Committee. If the Committee finds the application in order it shall approve the application, and the Chairman shall so notify the Affiliate Council and the NACM President. No Affiliated Association shall hold itself out to be an NACM approved industry credit group service provider, using the NACM name and/or logo, unless it has been approved by the CISC Committee. All NACM Affiliates approved to provide credit group services that were registered with the NACM National as "approved" as of June 1, 1994, will be deemed approved as of the adoption of this Code of Conduct, unless it has ceased its industry credit group operation, outsourced or sold its industry credit group operation, or its approval has been revoked.

G-304

Disapproval and Appeal Process

If the Committee does not approve the application, the applicant shall be promptly advised by the CISC Chairman. Any decision of the Committee may be appealed in writing to the NACM Affiliate Council within 60 days of receipt of notice. The appeal will be considered by the Council at the next scheduled Council meeting. The decision of the Council shall be final and binding on all parties.

G-305

Revocation of Approval and Appeal Process

The Committee may, for due cause, suspend or revoke the approval of an Affiliate's status as an approved NACM credit group provider. "Due cause" may include, without limitation, violation of any provision of this Code of Conduct. The procedures for appeal of a suspension or revocation of appeal shall be identical to the procedures for disapproval as set forth in G-304.

G-306

Effect of Revocation

In the event that an Affiliate's approval is revoked, such Affiliate will not use the name, National Association of Credit Management, or the logo of NACM, on any marketing or sales literature, or any form or correspondence involving the operation of industry credit groups.

G-307

Noncompliance to this Code

Noncompliance to any section of this Code of Conduct may be reviewed by the CISC and forwarded to the Affiliate Council for action. Issues and/or complaints of noncompliance with this Code, brought to the CISC for investigation, will result in written notice of noncompliance when appropriate.

G-308

Complaints of Noncompliance

All complaints of noncompliance of any section of these Codes of Conduct shall be forwarded to the CISC for investigation and the Committee findings will be forwarded to the Affiliate Council for appropriate action. Within 60 days of written notice from the CISC, the Affiliate may appeal to the Affiliate Council for a hearing.

G-309

Cessation of Industry Credit Groups

Should an Affiliate cease its industry credit group activities for a period of 12 consecutive months, the Affiliate's status as an approved provider will expire. Outsourcing the operation and management of industry credit groups to a non NACM Affiliate entity not owned by the Affiliate will also result in forfeiture of the Affiliate's status as an approved provider. The Affiliate must reapply before operating as an NACM approved industry credit group provider.

G-310

Spirit of Cooperation

In the spirit of cooperation among NACM Affiliate credit group providers, should an Affiliate be contacted and asked to bid on the management of a credit group that is under the management of another NACM Affiliate, the "bidding" Affiliate will notify the current Affiliate sponsor of the request. The practice of placing a courtesy call to inform the current sponsor of a requested to bid is considered as a best practice among approved Affiliate group sponsors.

G-311

Changes to this Code

Any substantive changes to these Codes of Conduct shall require approval of the Affiliate Council and an affirmative vote by two-thirds of Affiliates approved for group services. Non-substantive changes must be approved by the CISC and Affiliate Council.

G-400

General Responsibilities of an Affiliate Industry Credit Group Provider

It is the responsibility of each Affiliate which sponsors groups to make sure all services, activities and procedures of those groups comply with all laws and regulations governing the exchange of confidential credit information. Compliance with antitrust laws, and regulations which might apply to group activities must be assured. Qualified and trained Affiliate personnel or authorized representatives must limit discussions to permissible topics and intervene and stop discussion deemed to be inappropriate. If necessary, the meeting must be adjourned should group members persist in illegal or improper discussions.

G-401

Group Meeting Requirements

All group meetings must be attended by a staff employee or an authorized representative of the sponsoring Affiliate. The Affiliate will appoint a qualified representative as Group Secretary who shall attend all group meetings and whose duties include, but are not limited to, the following:

1. Prepare a meeting agenda.
2. Ensure that the Group Antitrust Compliance Statement is read.
3. Record attendance.
4. Record in minutes any business action taken.
5. To make certain that all discussions and actions at the meeting comply with all legal requirements. Each Secretary shall have adequate knowledge and training and be conversant with the Policy of Conduct and Operations of NACM Industry Credit Groups.

G-500

Group Rules and Procedures

Each group shall be formally organized and as such, have written rules and procedures (Rules) which set forth the following:

1. **Group Name.**

The name of the group should reflect the exact nature of the industry or business represented by the group and the classification of the group as defined in paragraph G-302. To the extent possible the group name should indicate what type of business would be eligible, i.e. manufacturer, distributor, wholesaler, etc.

2. **Group Purpose.**

This article of the Rules might encompass such processes as:

- a. The exchange of credit information through the use of credit reports.
- b. Flash reports.
- c. Discussion of specific payment history of mutual accounts.
- d. Delinquent lists.
- e. Educational activities relative to industry trends management techniques, legal and business developments.

This statement of purpose should be sufficiently broad to allow the group to engage in whatever activities are appropriate and legal. The Group Purpose should include a statement of the group's intent to operate in compliance with the law, and in a proper manner. The purpose statement should indicate that each member will use the information in a confidential manner to arrive at independent credit decision.

3. **Membership Qualifications.**

The rules should set forth specific requirements for Membership in the group. Group members should be members in good standing of an Affiliate and meet the business enterprise type defined in the group name. In drafting these membership qualifications, it should be remembered that any business which meets the criteria must be admitted to membership without a vote of the members.

4. **Responsibilities of Membership.**

The rules must specifically identify the responsibilities of each member of the group. This includes requirements for attendance at meetings, contribution of data, payment of dues and fees, etc.

5. **Operating Procedures.**

The rules should provide for election of group leaders and the date, time and frequency of meetings.

6. **Discipline Procedure.**

The procedure for suspension or expulsion of group members should be defined. Such infractions as failure to comply with meeting attendance requirements, failure to pay dues and assessments, failure to comply with reporting requirements or divulging confidential information to unauthorized persons, which would be in violation of #4 above, should be included in this section of the rules. A provision for notice and hearing must be included.

7. **Amendments.**

The rules must include procedures for their amendment.

G-501

Industry Credit Group Meeting Agenda

Every meeting of a group should be conducted in accordance with a prepared agenda including actions to be taken at the meeting.

G-502

Industry Credit Group Meeting Minutes

Minutes of each group shall be prepared by the Secretary and it is recommended the minutes be kept by the sponsoring Affiliate for two years. Minutes should include the following:

1. Date, time and place of meeting.
2. Record of general and/or educational discussions held and programs presented, which sufficiently outlines the essence of those discussions or programs.
3. Attendance list of every individual and the companies represented by those individuals. It is recommended this attendance list be signed by each individual.

G-503

Member Compliance

It shall be the responsibility of the sponsoring Affiliate to ensure that no group makes improper use of any service, and to ensure the group name is not used by any member in connection with any improper action which violates the Rules, the NACM Policy Statement, or any laws governing the operation of the group. The sponsoring Affiliate should see that such improper actions cease immediately and if, after due explanation and warning, any such improper action by the group or its members continues, then the association must withdraw its sponsorship, its services and the use of the NACM designation from that group.

G-504

Membership Requirements

In order to participate as a member of a group, the individual must be a properly authorized representative of a company holding a membership in the sponsoring Affiliate, or a membership in another NACM Affiliate. In order to meet this NACM membership requirement, the particular company must be reported to the NACM headquarters as a member of such an NACM Affiliate.

G-600

Policy for Conduct and Operation of Industry Credit Groups

The NACM Policy for Conduct and Operation of Industry Credit Groups, a copy of which follows, is to be observed by all NACM Industry Credit Groups.

**NATIONAL ASSOCIATION OF CREDIT MANAGEMENT
NATIONAL POLICY STATEMENT POLICY
FOR
CONDUCT AND OPERATION
OF
NACM INDUSTRY CREDIT GROUPS**

Recognizing the importance of NACM Industry Credit Groups to executive members of the National Association of Credit Management and the importance of these Groups to NACM Affiliated Associations, the Board of Directors of NACM, meeting in Palm Springs, California on November 13, 1980 adopts the following policy for the Conduct and Operation of NACM Industry Credit Groups by NACM Affiliated Associations.

NACM Industry Credit Group Organization

NACM Affiliated Associations are urged to follow the procedures and recommendations for the organization's NACM Industry Credit Groups as contained in the NACM Guide for the Operation of Industry Credit Groups. It is specifically urged and recommended that all NACM-sponsored Credit Groups have official bylaws and/or rules of procedure that detail the organization and procedures of the Credit Group.

NACM Industry Credit Group Services

NACM Affiliated Associations sponsoring and operating NACM industry groups shall make certain that only services which are legal and proper are provided for members of NACM Industry Credit Groups as outlined in the NACM Guide for the Operation of Industry Credit Groups.

NACM Affiliated Associations must make every effort that the group and/or the members thereof do not engage in improper activities as explained in the NACM Guide for the Operation of Industry Credit Groups during formal meetings or in private discussions outside formal meetings.

While the services and activities of NACM Industry Credit Groups are legal and proper, NACM Affiliated Associations must make every effort that the intent, effect and use of any service and/or activity is also legal and proper.

No service provided by an NACM Industry Credit Group may be used by Group members to promote, encourage or have any effect of uniform or concerted action by Group members.

Should any NACM Affiliated Association find that any service provided to any NACM Industry Credit Group has an improper effect in the marketplace, or if improper use is being made of any service by group members, the sponsoring NACM Affiliated Association shall discontinue the operation of such service or activity.

Should any NACM Industry Credit Group sponsored by an NACM Affiliated Association persist in improper services or activities, the NACM Affiliated Association, after due explanation and warning, must withdraw its sponsorship, services and use of the NACM designation.

It will be the duty and responsibility of each NACM Affiliated Association's Chief Operating Officer to hold a periodic, but not less than annual, review with Association staff and Group members, concerning proper Group Operating Rules and Standards.

NACM Industry Credit Group Meetings

Only official, scheduled and monitored meetings of NACM Industry Credit Groups shall be permitted and Credit Group members shall be advised that only such official, scheduled and monitored meetings should be attended.

A staff employee or authorized representative of the sponsoring NACM Association shall attend all NACM Industry Credit Group meetings and shall act as Secretary and meeting monitor. No meeting of any NACM Credit Group shall be authorized without the presence of this representative.

Agendas, however brief, shall be prepared for each NACM Industry Credit Group meeting. Such agendas shall include such topics as are deemed legal and proper as explained in the NACM Guide for the Operation of Industry Credit Groups.

It is urged and recommended that each NACM Affiliated Association and/or NACM Industry Credit Group adopt an official Group Antitrust Compliance Statement, similar to that recommended in the NACM Guide for the Operation of

Industry Credit Groups, and that the meeting Secretary/Monitor make certain that this Statement is presented at the beginning of each Credit Group Meeting, either orally or in writing.

Official minutes of all NACM Industry Credit Group meetings shall be recorded by the meeting Secretary/Monitor and shall be kept on file by the NACM sponsoring Association office for two years.

Meeting minutes must:

1. record the date, time and place of the meeting
2. list those attending by individual names and member companies represented.
3. contain a summary of any official actions taken by the Credit Group.
4. contain a summary of general and/or educational discussions held during the meeting, or program presented, which may be brief but sufficiently detailed to establish the legality and propriety of any discussion and/or program.

It is recommended that any policy or procedural decisions made by the Group be recorded and documented as procedures, standing rules, etc. This will ensure the preservation of policy and procedural decisions even though meeting minutes are destroyed after two years. Standing rules can be appended to Group Bylaws; a policy and procedure document can be also be appended to bylaws.

NACM Industry Credit Group Records

Because of the length of time usually encompassed by any antitrust or other legal action, it is recommended that the NACM Industry Credit Group records, such as meeting agendas, meeting minutes and other pertinent documents, be maintained in file by the NACM sponsoring Association for a period of two years.