

ALFA BEST PRACTICES

1. Each member agrees to comply with the Agreement negotiated by ALFA with the New York Attorney General dated February 17, 2005 for all New York State transactions.
2. Each member agrees to obtain written acknowledgement from the plaintiff's attorney before funding their case.
3. To the extent that ALFA negotiates other business practice agreements with other regulatory bodies, that ALFA determines shall be in the best interest of all ALFA members, each member agrees to comply with such agreements for business conducted in those jurisdictions where such agreements apply.
4. Each member agrees that their transaction with their client shall constitute the entire agreement between the member and their client. Each member agrees that they will not take any step to:
 - a. Acquire ownership in their client's litigation
 - b. Interfere or participate in their client's litigation, and/or attempt to influence their client's litigation
5. Each member agrees that they will not intentionally advance their client money in excess of their client's needs at the time the advance is completed.
6. Each member agrees that they will not intentionally over-fund a case in relation to their perceived value of the case at the time of such advance.
7. Each member agrees that they will not advertise false or intentionally misleading information.
8. Each member agrees that they will not offer or pay commissions or referral fees to any attorney or employee of a law firm for referring their clients to the member.
9. Each member agrees that they will not fund a case that was previously funded by another member without first buying out that member's entire accrued balance.
 - a. A member should respond to another member's request for a payoff within one (1) business day from the date of receipt of a written payoff request with a written payoff notification.
 - b. A member may fund behind another member only if said member obtains the express written consent of the initial funding member.

- c. A member can not fund behind another ALFA member without their prior written consent after the later of (a) June 1, 2005, or (b) the date which is forty five (45) days after a company becomes an ALFA member.
- 10. Each member shall comply with the terms and conditions of the IMS system and shall input their cases into the system within one (1) business day. The failure of a member to comply with this paragraph is a breach of the Best Practices, and cannot be used as a defense for breaching any of the terms or conditions of ALFA's Best Practices, By-Laws and/or Operating Agreement.
- 11. Each member shall inform ALFA of any pending, threatened or anticipated litigation that may have an impact on the litigation funding industry.
- 12. Each member shall agree to be reasonable in negotiations with their client in reducing its outstanding balance whenever it can be demonstrated that (a) the client received a substantially lower settlement than anticipated at the time of the original advance; or (b) Unanticipated circumstances arose during the litigation either at settlement or verdict; or (c) Other lien holders, including client's attorney, have correspondingly agreed to reduce their own fee(s).
- 13. The above listed Best Practices do not apply to fundings involving commercial litigation/transactions by ALFA members.
- 14. Any disputes involving ALFA members' actual or alleged violations of the Best Practices, ALFA's By-Laws and/or ALFA's Operating Agreement must be submitted to non-binding mediation through the Grievance Committee. In the event ALFA members cannot agree to resolve disputes through non-binding mediation, all disputes shall be decided by binding arbitration. The method of arbitration and the identity of the arbitrators shall be selected by agreement among the parties to the dispute. In the event the parties fail to agree on the arbitrators, the arbitration shall be governed by the rules of the American Arbitration Association, Commercial Division in New York, New York.

Dated: _____

Company Name: _____

Authorized Representative: _____

Print Name: _____