



Collection Services Agreement

THIS agreement (the "Agreement") effective the 1st day of April, 2012 ("Effective Date"), is entered into between **Clark County District Court** ("COURT") and **AllianceOne Receivables Management, Inc.** ("ARMI"). The parties wish to utilize the competitively-bid City of Seattle Contract No. 000002412 dated 03-31-09, as further provided below.

For and in consideration of the compensation herein described and the covenants and conditions herein contained, the parties agree as follows:

1. Term and Termination. This Agreement is continuing and will remain in effect until terminated by either party. Any assignments by COURT and work performed by ARMI prior to the signing of this Agreement is specifically approved by the parties and ratified by this Agreement. This Agreement may be terminated in whole or in part from time to time when deemed by COURT or ARMI to be in its best interest. Termination of work hereunder shall be effected by delivering to a party a Notice of Termination sixty (60) days prior to the specified termination date, detailing the extent to which performance of work under this Agreement is terminated.
2. Adoption of Contract. The parties adopt by reference that certain City of Seattle Contract No. 000002412 (the "CSC"), and incorporate it herein, subject to the conditions and revisions contained herein and unless the context of said contracts requires otherwise. The terms of this Agreement shall prevail over any contrary or different terms in the CSC, including:
 - a. Any references to the "City of Seattle" or to the "City," shall be understood to mean the Client herein.
 - b. No schedules, addenda, exhibits or other documents incorporated by reference or otherwise made part of the CSC are made part of this Agreement.
 - c. No CSC sections, paragraphs or provisions which refer to Seattle ordinances, administrative codes, executive orders, or policies are made part of this Agreement.
 - d. This Agreement shall remain effective on its own terms should the CSC expire or otherwise be inapplicable in whole or part.
3. Assignment of Accounts. COURT will assign to ARMI for collection such delinquent accounts, hereinafter called "Accounts," as COURT deems appropriate.
4. Collection Efforts. COURT and ARMI recognize that the appropriate level of activity may vary according to the type of Account, the Account balance and the information available.
5. Debts Just and Owing. COURT certifies that every Account referred will contain accurate information and will be just and owing, and will not be subject to any valid defense, set-off or counterclaim, including that such Account or the obligor of such Account will not be subject to any bankruptcy proceeding, stay or discharge as of the time of referral. COURT shall promptly inform ARMI, in writing, of any notice it receives concerning any bankruptcy filing by any debtor.
6. Compliance with Law. ARMI's collection activities shall comply with federal, state and local laws, including the Fair Debt Collection Practices Act (FDCPA), where applicable.
7. Legal Action. No legal action will be commenced on any Account without written permission, first obtained, from COURT. Legal action commenced under this agreement may be brought in the name of ARMI and not COURT. ARMI will promptly advise COURT if any legal action is contested. COURT will provide evidence as requested by ARMI to support approved legal action, including providing a witness or witnesses for live testimony

if requested. Unless otherwise agreed, legal costs and fees will be paid by ARMI and not COURT, and will be recoverable from the debtor where allowed by applicable law, out of first monies recovered.

8. Insurance. ARMI shall obtain and keep in force continually during the term of the contract comprehensive general liability insurance coverage in the amount of at least One Million Dollars (\$1,000,000.00).
9. Cancellation of Accounts. To the extent practicable and unless otherwise agreed, COURT will consult with ARMI prior to recalling any assigned Account. For any Account on which COURT has approved legal action by ARMI, COURT shall consult with ARMI.
10. Hold Harmless and Indemnification. ARMI will indemnify and hold harmless the COURT, and its officers, agents, owners, attorneys and employees from any claim, loss, cost, damage, expense, attorneys' fees, and liability of whatsoever nature or kind (collectively the "Claims"), arising out of or as a result of the negligent acts or omissions of ARMI or any of its agents or employees. COURT will indemnify and hold harmless ARMI, its parent, subsidiary or affiliated companies and divisions, and their officers, agents, owners, attorneys and employees from any Claims arising out of or as a result of the negligent acts or omissions of COURT, its employees or agents; and specifically agrees to indemnify and hold ARMI harmless from and against all Claims resulting from errors in Account information furnished to ARMI by COURT. The indemnities provided for herein shall survive the termination of this Agreement.
11. Compensation and Method of Payment. For services provided pursuant to this Agreement ARMI shall be entitled to compensation as follows:
 - A. Pre-Collection Demand Letter: No Charge (not applicable to Accounts that process through the Signal program described below).
 - B. Collection Fees: COURT will assess a Court Cost for ARMI's Collection Fee pursuant to RCW 3.02.045, and directs ARMI to post the Cost to each Account on its computer system at the time each Account is referred to collection, by category of Account as set forth below:. Unless otherwise instructed by COURT, for Accounts assigned to collection by COURT, ARMI shall add this Court Cost to the principal amount of the debt to each Account.
 1. A 19% Add-on fee (0.1597 retained) for Accounts assigned after the effective date of this agreement.
 2. The amount of the assessed cost for Accounts referred prior to April 1, 2012, will be as previously assessed and agreed to by the parties.
 - C. Partial Payments: Partial payments made on assigned Accounts shall be remitted to COURT based upon the same pro rata formula applied to Accounts that are paid in full. By way of illustration, and assuming a 19% add-on fee: \$100 fine x 19% = \$119 new balance to be collected; a \$50 payment received would be remitted as follows: \$42.02 to COURT; \$7.98 to ARMI (\$7.98 = .1596 of \$50).
 - D. Interest on Accounts: Upon assignment to collections and only while in collection status, interest shall accrue on unpaid civil judgments, penalties, fines, bail forfeitures, assessments, fees, costs and any other monetary amounts at the rate of twelve percent per annum. The interest shall be added to the Account by ARMI, collected by ARMI, and remitted in full on COURT'S portion of the Account (interest on the collection fee and on costs expended will be retained by ARMI).
 - E. Monthly Payment Collection Services and Fees: ARMI will offer the Signal Credit Management Services Program for COURT obligors, but COURT is under no obligation to use this program. COURT will assess and ARMI will add fees for this service ("Service Fees") as follows:

1. \$15.00 Account Set-Up Fee: a one-time charge per defendant per court of limited jurisdiction (fee charged only once while defendant remains in an active Signal program, even should new cases be added to the active program; setting up a new Signal program after a program has been completed or discontinued requires another Set-Up Fee).
2. \$4.75 Monthly Fee: one charge per Account per defendant with one case.
3. \$8.25 Monthly Fee: one charge per Account per defendant with multiple cases.
4. \$7.75 Monthly Fee: one charge per Account per defendant with one case who has fallen into "past due status."
5. \$11.25 Monthly Fee: one charge per Account per defendant with multiple cases who has fallen into "past due status."

Where a Signal Account is assigned to full collection, Service Fees shall not be added to the principal amount of the debt for purposes of calculating ARMI'S Collection Fee authorized in sub-paragraph B above, but can otherwise be collected.

F. Net Remittance: ARMI shall deduct its compensation from recoveries prior to remitting COURT's portion to COURT.

G. Electronic payments: COURT authorizes ARMI to charge a party making an electronic payment a reasonable transaction fee (currently ten dollars) for processing the electronic payment unless prohibited by law.

12. Payments to COURT. A payment made on behalf of a debtor directly to COURT on an assigned Account will be promptly reported to ARMI by COURT.
13. Negotiable Instruments. COURT authorizes ARMI to endorse checks or other instruments payable to COURT and deposit same into a trust account separately maintained by ARMI. COURT further authorizes ARMI to send notices of dishonor or other notices on COURT's behalf for dishonored instruments, to assess and collect any permissible dishonored instrument fees, and to retain any recovered fees, whether such instruments were issued before or after assignment of the Account.
14. Bankruptcy. Where an Account becomes subject to bankruptcy proceedings, ARMI will, at its option, either (a) cancel the Account back to COURT, (b) file a claim on behalf of COURT in a Chapter 13 proceeding, or (c) suspend activity during the bankruptcy proceeding (generally in Chapter 7 proceedings). If ARMI file a claim, ARMI will retain the "fee-added" amount of the Account whether or not that fee is allowed by the bankruptcy court as an allowable claim (i.e., if the principal obligation is allowed, but the collection fee is not, ARMI will deduct its fee from the allowed principal claim on a pro-rata basis). After a bankruptcy discharge order is entered, COURT shall re-assess a Collection Fee to affected Account(s) that are not discharged, so as to allow ARMI to resume collection efforts.
15. Assignments. Neither party to this Agreement shall assign this Agreement, nor any interest, right or responsibility arising herein, without the written consent of the other party; provided that ARMI can forward individual Accounts to out-of-state collection agencies if deemed prudent by ARMI to effect collection.
16. Waiver. Failure to enforce any provision of this Agreement shall not be deemed a waiver of that provision. Waiver of any right or power arising out of this Agreement shall not be deemed waiver of any other right or power.
17. Severability. In the event any term or condition of this Agreement or application thereof to any person or circumstance is held invalid, such invalidity shall not affect other terms, conditions, or applications of this Agreement which can be given effect without the invalid

term, condition, or application. To this end the terms and conditions of this Agreement are declared severable.

- 18. Account Audits. COURT may audit ARMI's records pertaining to Accounts assigned for collection upon reasonable notice.
- 19. Non-discrimination. ARMI, in its collection efforts, will not discriminate against any DEBTOR on the basis of race, color, creed, religion, sex or national origin. ARMI will comply with the requirements of the Americans with Disabilities Act of 1992, and all regulations interpreting or enforcing said Act.
- 20. Beneficiaries to Contract. This Agreement is entered into for the benefit of COURT and ARMI. No third-party beneficiaries are intended to be created or are created hereunder, and no other party can derive any right or benefit herefrom.
- 21. Administrative Orders of Court. COURT and ARMI shall cooperate to effect any Administrative Orders or other Court Orders necessary or prudent to implement this contract, including any order necessary to assess court costs upon assignment of Accounts to collection, to re-assign Accounts to collection after a bankruptcy proceeding concludes, and to re-assess any court costs discharged in bankruptcy.
- 22. Entire Agreement. This Agreement constitutes the entire understanding between ARMI and COURT regarding collection services provided to COURT by ARMI, and may not be modified except by written agreement signed by both parties.
- 23. Choice of Law and Venue. This Agreement shall be interpreted according to the laws of the State of Washington. Any judicial action to resolve disputes arising out of this Agreement shall be brought in Clark County Superior Court.
- 24. Notices. Notices shall be provided to the parties at the addresses indicated below.
- 25. Ratification. Acts taken in conformity with this Agreement prior to its execution are hereby ratified and affirmed.

IN WITNESS WHEREOF, the parties have executed this contract on the date last written below.

AllianceOne Receivables Management, Inc.

Board of County Commissioners for Clark County, Washington

BY: [Signature]
TITLE: Chief Financial Officer

BY: [Signature]
TITLE: County Administrator

ADDRESS:
6565 Kimball Drive, Suite 200
P. O. Box 2449
Gig Harbor, WA 98335-4449

ADDRESS:
1300 Franklin Street, 6th Floor
Vancouver, WA 98660

DATE: 1/28/13

DATE: 1/2/13

Approved as to form:

By: [Signature]
Deputy Prosecuting Attorney