

## COLLECTION SERVICE AGREEMENT

### A. PARTIES AND RECITALS

a. This Agreement is entered into this Feb 7, 2023 (Effective Date) between Ray Klein, Inc., doing business as Professional Credit Service, (Professional), a Washington Corporation, and City of Sweet Home, OR (Client), a/an Oregon Government Entity collectively “the Parties.”

Client is the owner, or represents the owner, of certain delinquent

b. Accounts that Client desires to collect, and Client wishes to retain the services of Professional for that purpose;

Professional is a licensed collection agency; and

c. In consideration of the mutual promises and for valuable consideration, the Parties hereby agree as follows:

### B. DEFINITIONS

a. ACCOUNTS: Accounts receivable due and owing to Client.

b. ACKNOWLEDGMENT: Written or electronic receipt of the Referral or Assignment of Client’s Accounts to Professional.

c. ASSIGNMENT: A transfer of Client’s rights and interest in Accounts for collection or management under the terms of this Agreement.

d. CLIENT TOOLS: Professional’s proprietary client web portal, which is used for listing and acknowledging Accounts, reporting payments, requesting cancellation and hold of Accounts, client remittance, and financial and recovery reporting.

e. CREDIT REPORTING AGENCY: Agencies that engage in assembling and evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties.

f. REFERRAL: A transfer of Accounts for collection or management to Professional as agent under the terms of this agreement.

g. CONFIDENTIAL INFORMATION: All non-public information protected by law, contract, policy, as a trade secret or which is otherwise of value or proprietary to Client or Professional and shared with or learned by a Professional or Client to this Agreement while performing the requirements of this Agreement.

### C. RELATIONSHIP OF PARTIES

a. INDEPENDENT CONTRACTOR: Professional shall perform under this Agreement as an independent contractor, not as an employee, or servant of Client, and nothing herein contained shall be construed to be inconsistent with this relationship or status. Professional acknowledges that its agents, employees, and servants are not entitled to benefit from Client as employees of Client.

### D. RESPONSIBILITIES OF PROFESSIONAL

a. GOOD FAITH: Professional shall exercise due diligence and good faith in collection of assigned Accounts.

b. AGENCY CONDUCT & PROFESSIONALISM: Professional shall work diligently to conduct its business in conformity with all state and federal laws pertaining to providing and maintaining collection agency functions. Professional shall maintain the highest standards of ethical practice and professionalism. Professional shall make reasonable efforts to protect Client’s image while performing collection activities.

c. INFORMATION SECURITY: Professional shall maintain an information security program that contains appropriate security measures that are generally consistent with industry standard practices, in order to safeguard the personal information of Client’s customers. Professional acknowledges and agrees that any vendors or service providers that it uses in connection with the provision of services hereunder shall be required to implement similar safeguards regarding the protection of that customer information.

d. LICENSES & BOND: Professional has to its best knowledge obtained all licenses and permits required by law, has posted all bonds required by law, has complied with all laws and governmental regulations required of collection agencies and is duly licensed.

e. ACCOUNT ACKNOWLEDGMENT: Professional will Acknowledge Referral of account to Client via Client Tools or electronically in a mutually agreeable format. Professional reserves all discretion to accept Referrals.

f. CLIENT TOOLS ACCESS AND TRAINING: Professional will provide access to and training for Client Tools for client to:

- I. Administer Client user Accounts on Client Tools
- II. Communicate with Professional
- III. Upload and download electronic data between Client and Professional
- IV. Upload new Accounts
- V. Request Cancellation and holds on Accounts
- VI. Report payments made directly to Client
- VII. View real time Account and reporting information
- VIII. View information regarding Accounts

g. TRUST REMITTANCE: Professional shall remit to Client on a monthly basis, Client funds (net of monies owed to Professional) via Automatic Clearing House (ACH) payments into a Money Market or Demand Deposit account belonging to and designated by Client. Professional will provide remittance advice and notification electronically through Client Tools. Professional shall retain discretion of the posting order of monies on Client Account(s).

h. REPORTING: All reports, trust statements, and file transfers shall be delivered to Client through Client Tools or a secure file transfer protocol (SFTP) site maintained by Professional.

i. RECORD RETENTION & INSPECTION: Professional shall, to the best of its knowledge maintain records in reasonable accordance with generally accepted accounting principles and all laws and governmental regulations required of collection agencies. Professional shall make such records relating to the collection activity of Client’s Accounts available to Client for audit or inspection and available to those parties authorized in writing by Client.

j. CREDIT REPORTING: Please check one:  
 Professional may report consumer credit information to credit reporting agencies at the sole discretion of Professional. Professional shall handle disputes and verification of debt in accordance with the requirements of Federal and state credit reporting laws and as required by credit reporting agencies.  
 Client does not wish for Professional to report consumer credit information to credit reporting agencies.

- i. **HIPAA COMPLIANCE:** When applicable, Professional agrees to maintain compliance policies with regard to HIPAA privacy legislation. Professional agrees to refrain from using or disclosing, and to use appropriate safeguards to prevent improper use or disclosure of protection health information to third parties other than as permitted by the Agreement and any Business Associate Agreement between Client and Professional. Professional agrees, upon request, to enter into a Business Associate Agreement with Client that is consistent with the terms of this Agreement.

## E. RESPONSIBILITIES OF CLIENT

- a. **ORGANIZATION:** Client represents that Client's name in Section A.a is Client's legal name, and that Client is an Individual or duly registered business entity in the State listed Section A.a. Client shall notify Professional of material changes to Client's legal structure or name changes within a reasonable period of time.
- b. **ACCOUNT INFORMATION:** Client shall provide Professional with all account information necessary to accommodate collection functions. Client shall notify Professional of any payments or changes that affect the amount owed or nature of Accounts assigned to Professional within five (5) business days of such payment or change.
- c. **DOCUMENTS:** For Professional to provide services, Client agrees to:
  - I. Provide terms and conditions (including but not limited to Account interest rates) of all Accounts and the documentation to support the terms and conditions, and
  - II. Promptly provide updated copies of any updated terms and conditions.
  - III. Client warrants that the Account documents provided under this Agreement are accurate, legal, and the most current version of the terms and conditions for each Account.
- d. **ACCOUNT VERIFICATION:** Upon Acknowledging an Account, Client hereby warrants that Client reviewed each account prior to listing that Account with Professional, and that each Account is presently due, and that Client has taken no action prior to listing the Account which would impair the collection of the account.
- e. **ACCOUNT ITEMIZATION, DOCUMENTATION AND WITNESSES:** Client shall provide additional Account itemization, documentation, and witnesses as necessary to comply with any law or regulation or for the purpose of verification and validation of debts and/or legal actions in pursuit of collecting Accounts. In the event Client is unable to locate and/or deliver necessary account itemization and/or documentation, Client shall provide as necessary an affidavit sufficient to support verification or validation of amount due and owing. Client acknowledges that Professional may be prohibited from collecting on a particular Account if Client is unable to locate and/or deliver any legally required account itemization or documentation. Client shall promptly sign individual Account Assignments upon Professional's request, as necessary for Professional to collect Client's Accounts.
- f. **PAYMENT OF INVOICES:** In the event Professional needs to invoice Client for any reason, Client shall remit to Professional all amounts owing within 30 days of the date of the invoice. Professional may deduct amounts owed over 30 days from any remittance due.
- g. **AUTHORIZED REPRESENTATIVE:** Client shall designate in Client Tools authorized representatives or agents that have authority to make decisions regarding Client Accounts. Client shall be responsible for updating authorized representatives.

## F. MUTUAL RESPONSIBILITIES

- a. **INDEMNIFICATION:** Professional agrees to defend, indemnify and hold Client harmless against any and all losses, expenses, damages, claims, and actions, provided said claims and causes of action arise out of the collection efforts of Professional and those representing or acting on behalf of Professional. Client agrees to defend, indemnify, and hold Professional harmless against any and all losses, expenses, damages, claims, and actions, which arise out of the actions of Client, its directors, officers, members, managers, affiliates, partners, agents, servants, and employees.
- b. **CONFIDENTIALITY:** It is understood and agreed by Professional and Client that this Agreement is confidential. Professional and Client shall not, without written consent, unless required by law, divulge any part of this Agreement. This includes, without limitation, the commission rate and any other information that a reasonable person would expect to be held in confidence. Each Party agrees that neither it nor its staff will: a) copy or remove any Confidential Information from the disclosing Party's premises; b) use any Confidential Information for its benefit or the benefit of any third party without the disclosing Party's prior written consent.
- c. **CONFIDENTIAL INFORMATION:** Each Party will maintain the confidentiality of all Confidential Information and safeguard it against loss or disclosure. The Parties' obligations pursuant to this section shall survive termination of this Agreement. The Parties' rights for breach of this Section shall survive termination of this Agreement. In the event of a breach of this Section, the non-breaching party will be entitled to injunctive relief in addition to all other remedies provided for under this Agreement or available at law.
- d. **NO SOLICITATION:** During the term of this Agreement and continuing for a period of six (6) months thereafter, Client agrees not to knowingly solicit, employ or attempt to solicit or employ in any capacity, either directly or indirectly, any employee of Professional or otherwise directly or indirectly solicit or induce such person to leave his or her employment.

## G. ASSIGNMENT OF ACCOUNTS

- a. **EFFECTIVE DATE OF ASSIGNMENT:** Referral of an account by Client to Professional shall become effective as an Assignment upon Acknowledgment.
- b. **MASTER ASSIGNMENT AGREEMENT:** Client will from time to time refer Accounts to Professional for collection. Upon Acknowledgment of such Referral the Account shall become effective as an Assignment of such Account as though a separate written Assignment had been executed and delivered assigning such Account by Client to Professional. Professional may request additional Assignment forms for business purposes and Client agrees to sign such Assignment forms that are consistent with this Agreement. For valuable consideration received under this Agreement, and subject to the Termination and Cancellation provisions of this Agreement, Client grants, assigns and transfers and sets over all of Client's rights, title and interest to the Accounts including but not limited to principal, interest, costs and fees to Professional, and authorizes Professional to enforce any of Client's rights to compromise and settle said debts within Professional's delegated authority, and to endorse and collect any money order, check or other instrument received in Client's name for payment for said debts.

## H. COLLECTION AUTHORITY

- a. COLLECTION AUTHORITY: Professional shall have full power and authority to endorse and collect any check, money order, and other instrument in payment of any Accounts referred to Professional.
- b. LEGAL AUTHORITY: Please check one:
  - Professional shall have authority to institute legal collection action on any Account assigned by Client and to bring such legal action in the name of Professional. Any agreement agreeing otherwise regarding a specific individual Account shall not invalidate the power and authority detailed in this section.
  - Professional shall submit Accounts, individually or in a batch of multiple Accounts, to Client for Client's sole approval of legal collection action for those Accounts. If approved, Professional shall bring such legal action in the name of Professional. Any agreement stating otherwise regarding a specific individual Account shall not invalidate the power and authority detailed in this section.
  - Professional shall not institute legal collection actions on any Accounts.
- c. FORWARD AUTHORITY: FORWARD AUTHORITY: Professional may, at its discretion, forward Client Accounts to an external collection agent, agency, or attorney to enforce collection.

## I. PAYMENTS

- a. FUNDS RECEIVED BY PROFESSIONAL: Professional shall deposit all funds collected on Client's behalf less amounts due to Professional by Client, into a dedicated client trust account. Professional shall remit monthly, via ACH, amount owed to Client.
- b. FUNDS RECEIVED BY CLIENT: Client shall notify Professional of any monies paid directly to Client on any Account previously referred to Professional within five (5) business days of receiving such payment. For each such payment made directly to Client, Professional shall be authorized to retain and deduct from client trust remittance the applicable amount due.

## J. COMPENSATION AND COSTS

- a. FULL COLLECTION SERVICE: A commission rate of 17.5% shall be paid to Professional for services rendered under this Agreement on principal payments received by either Professional or Client, with the exception of subsections b, c and d below.
- b. LEGAL COLLECTION SERVICE: A commission rate of 17.5% shall be paid to Professional on principal payments received on referred Accounts that Professional has filed a court action or has incurred legal expense.
- c. FORWARDING COLLECTION SERVICE: A commission rate of 17.5% shall be paid to Professional on principal payments received on referred Accounts that Professional has forwarded to a collection agent, agency, or investigator to enforce collection.
- d. BANKRUPTCY & ESTATE COLLECTION SERVICE: A commission rate of 17.5% shall be paid to Professional on principal payments received on referred Accounts that result in participation in any court action, including but not limited to probate, a small estate, claims, or bankruptcy.

- e. SECOND PLACEMENT ACCOUNTS: A commission rate of 17.5% shall be paid to Professional on principal payments received by either Professional or Client on referred Accounts that have been previously referred by other collection agencies.
- f. INTEREST: As allowed by law, Professional shall accrue interest on Assigned Accounts at the applicable rate. Interest that is accrued both prior to and after placement with Professional and collected will be split at the rates outlined in section J. a-e.
- g. COLLECTION FEES – GOVERNMENT CLIENTS ONLY:
  - Pursuant to ORS 697.105, Client may add a collection fee to Assigned Accounts up to but not exceeding the amount allowed by law. Client warrants that it has complied with all statutory prerequisites before adding any collection and/or assigning an Account to Professional. A commission rate of 17.5% shall be paid to Professional on collection fees received by either Professional or (please check one)
    - Client does not wish to add statutory collection fees on Assigned Accounts.
    - Not applicable, Client is not a government entity or no statutory fee is authorized.
- h. COSTS & LEGAL FEES: Professional shall pay its own costs, court costs, and legal fees associated with the collection of Accounts pursuant to this Agreement. Professional shall retain all attorney fees, court costs, post-judgment interest and other fees expended in collection of Accounts.

## K. CANCELLATION POLICY:

Client shall have the right to cancel assignment of Accounts, at no expense to Client; provided, however, Accounts for which Professional has expended legal fees and costs cannot be cancelled until Client reimburses the amount of such legal fees and costs to Professional and Accounts into which a payment plan has been entered cannot be cancelled until Client pays a commission to Professional for the full amount of the payment plan.

## L. TERMINATION:

This Agreement shall be effective as of the date first shown above and continue in effect until terminated. If Professional breaches any provision of this Agreement and if such breach is not cured within a reasonable period after receiving written notice from Client specifying such breach in reasonable detail, Client shall have the right to terminate this Agreement by giving written notice. Either Party may terminate this Agreement by giving at least thirty (30) days prior written notice of intent to terminate and therefore cancel all Accounts with Professional; however, Accounts cancelled by Client are subject to the above Cancellation Policy in Section K.

**M. MISCELLANEOUS**

- a. ENTIRE AGREEMENT: This Agreement, including any attachments, constitutes the entire Agreement and supersedes all prior agreements and understandings, both written and oral, between Professional and Client with respect to the subject matter hereof. No modification of this Agreement shall be effective unless in writing and signed by the Parties or their respective successors and assignees, if any. A waiver of any provision of this Agreement must be signed by the Party against whom enforcement of that waiver is sought. No waiver of any right or obligation under this Agreement by any Party on any occasion shall be deemed to operate as a waiver on any other occasion.
- b. SEVERABILITY: It is understood, and agreed, by Professional and Client that if any part, term, or provision of this Agreement is held by the courts to be illegal or in conflict with any applicable law, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of Professional and Client shall be construed and enforced as if the Agreement did not contain the particular part, term, or provision held to be invalid.
- c. TRANSFER: The Parties' rights and responsibilities pursuant to this Agreement inure to each Party's successors and assigns.
- d. GOVERNING LAW & VENUE: This Agreement shall be governed and construed in accordance with the laws of the state of Washington, and the obligations, rights and remedies of the Parties hereunder shall be determined in accordance with the laws of the state of Washington. Professional and Client each irrevocably consent to the exclusive jurisdiction and venue of any state court within Clark County, Washington, in connection with any matter based upon or arising out of this Agreement or the matters contemplated herein.

COUNTERPARTS: This Agreement may be executed simultaneously in several counterparts, each of which shall be deemed an original and all of which together shall constitute one of the same instrument.

NOTICES: Notices by Professional and Client about this Agreement must be in writing and personally delivered or sent by certified mail, postage prepaid, return receipt requested, to the following addresses:

To Professional:	To Client:
Professional Credit Service	City of Sweet Home, OR
General Counsel	Attn: Kelcey Young
400 International Way	1950 Main St
Ste 100	Sweet Home OR97386
Springfield, OR 97477	

- g. COURT COSTS & EXPENSES: The prevailing Party shall be entitled to reasonable attorney fees and court costs incurred by reason of enforcing any of the provisions of this Agreement at trial and on appeal.
- h. SECTION HEADINGS: Section headings are for convenient reference only and will not affect the meaning or interpretation of any provisions of this Agreement.
- i. AUTHORITY: The individuals executing this Agreement represent and warrant that they are authorized to execute this Agreement on behalf of the Parties hereto.

**PROFESSIONAL CREDIT SERVICE**

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date

Ginger Patmore	CFO
_____ Print Name & Title	

City of Sweet Home, OR

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date

Kelcey Young	City Manager
_____ Print Name & Title	