



ADDENDUM #1
to Collection Services Agreement

This Addendum, effective the _____ day of October, 2014, supplements that certain Collection Services Agreement by and between AllianceOne Receivables Management Inc. ("ARMI") and Kittitas County, by and for the Upper Kittitas County District Court (the "COURT") effective August 6th, 2013 (the "Agreement").

WHEREAS, the parties desire to enter into this Addendum #1 to the Agreement;

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein and intending to be legally bound, the parties hereto hereby agree that the Agreement is revised thus:

Section 11 is hereby replaced in its entirety with the following:

11. Compensation and Method of Payment. For services provided pursuant to this Agreement ARMI shall be entitled to compensation as follows:

(a) Court Costs for Collection Fees: COURT will assess a court cost for ARMI's collection fee pursuant to RCW 3.02.045, in the amounts indicated below. COURT directs ARMI to perform the ministerial act of adding this cost to the Account balance on its computer system at the time the Account is entered into its computer, in the following amounts:

- (i) A 19% add-on fee (15.97% retained) for new Accounts (first assignments under one year old) assigned to ARMI.
- (ii) A 24% add-on fee (19.35% retained) for historical Accounts that are first assignments aged one to four years at assignment.
- (iii) A 29% add-on fee (22.48% retained) for secondary/historical Accounts that are either (a) transferred to ARMI from a former collection agency or (b) aged four years or more at assignment.

(b) 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 (15.97% retained): \$100 fine + 19% (\$19) = \$119 new balance to be collected; a \$50 payment received would be remitted as follows: \$40.32 to COURT; \$9.68 to ARMI (\$9.68 = 19.35% of \$50).

(c) Interest on Accounts: Upon assignment to collection, interest shall accrue on all Account amounts, including court costs for collection fees, at the rate of 12% per annum. The interest shall be added to the Account by ARMI, collected by ARMI, and remitted in full by ARMI to COURT on COURT's portion of the Account (interest on the collection fee and costs expended portions will be retained by ARMI).

(d) Signal Management Services Program (Signal): ARMI will administer a monthly-payment collection service (the Signal Management Services Program) for COURT. COURT will require defendants wishing to participate in the program to fill out an application and program implementation document in a form mutually agreed on by ARMI and COURT. COURT will assess as court costs for collection fees (also called "Service Fees") for this service, and ARMI will add such costs (to the Accounts, as follows:

- (i) \$15.00 Account Set-Up Fee: a one-time charge per obligor per court of limited jurisdiction (fee charged only once while defendant remains in an active Signal program, even should new cases from the same court 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).

- (ii) \$ 4.75 Monthly Fee: one charge per defendant with one current case.
- (iii) \$ 8.25 Monthly Fee: one charge per defendant with two or more current cases.
- (iv) \$ 7.75 Monthly Fee: one charge per defendant in "past due status" with one case.
- (v) \$11.25 Monthly Fee: one charge per defendant in "past due status" with two or more cases.

ARMI will collect and retain all Signal Service Fees. 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 will otherwise be collected. Accounts will not accrue interest while in the Signal Program.

(e) Payment in Adjudication (PIA) Re-licensing Program: If COURT desires to offer a time-payment program to allow defendants with delinquent obligations to reinstate driving privileges while on the program, ARMI will administer a monthly-payment collection service (called Payment in Adjudication, or "PIA") for COURT. COURT will require defendants wishing to participate in the PIA program to qualify for the program under parameters mutually agreed to by COURT and ARMI, with continued participation in the program contingent on timely payment of required amounts and other conditions as mutually agreed to by COURT and ARMI. There is no additional charge for this service above the collection fee assessed under this section.

(f) Remittance Method: 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.

(h) Payment Reversals: COURT acknowledges that, from time to time, ARMI might remit funds to COURT that might be reversed, because of such things as non-sufficient fund checks or credit card payment reversals. ARMI will deduct such reversals on subsequent remittances to COURT.

In all respects not inconsistent herewith, the Agreement remains in full force and effect.

IN WITNESS WHEREOF, the parties have duly executed this Addendum as of the date first set forth above.

AllianceOne Receivables Management Inc.

APPROVED

This _____ day of _____, 2014

Board of County Commissioners
for Upper Kittitas County District Court

By: _____
Harry Neerenberg,
Chief Financial Officer

Date: _____

Attest:

Clerk of the Board

JAN 13 2014



AllianceOne

Upper Kittitas County
District Court

Transforming Passion into Excellence

COLLECTION SERVICES AGREEMENT

THIS AGREEMENT (the "Agreement") effective the 6th day of August, 2013 ("Effective Date"), is entered into between Kittitas County, by and for Upper Kittitas County District Court ("COURT") and AllianceOne Receivables Management, Inc. ("ARMI"). 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 ninety (90) days prior to the specified termination date, detailing the extent to which performance of work under this Agreement is terminated.
2. Assignment of Accounts. COURT may assign to ARMI for collection such accounts, hereinafter called "Accounts," as COURT deems appropriate.
3. Collection Efforts. ARMI will use commercially reasonable efforts to collect said Accounts, and will confine its efforts to the highest standard of ethical practice. 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.
4. Debts Just and Owing. COURT certifies to the best of its knowledge that every Account referred will contain accurate information, including information regarding the identity of the debtor and the balance of the account, 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.
5. Compliance with Applicable Law. Each party agrees to comply with all applicable federal, state and local laws, acts, ordinances, rules or regulations, and administrative, executive, and judicial rulings and orders in its performance of this Agreement, including but not limited to, in the case of ARMI, the Fair Debt Collection Practices Act and the Fair Credit Reporting Act where applicable.
6. 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 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.
7. Insurance. ARMI shall obtain and keep in force continually during the term of the Agreement comprehensive general liability insurance coverage in the amount of at least One Million Dollars (\$1,000,000.00). Kittitas County shall be named as an additional insured under the policy.

8. Claims against COURT. Except as otherwise provided herein, neither ARMI nor ARMI's attorneys shall be responsible for providing COURT with legal representation to defend COURT against any claims, counterclaims or third-party claims asserted against COURT, whether asserted in response to a collection action initiated by ARMI or otherwise.
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 not cancel such Account without first consulting with ARMI.
10. Hold Harmless and Indemnification.
- (a) By ARMI. ARMI hereby agrees to forever discharge, release, indemnify, defend and hold harmless COURT, its related entities and divisions, and their officers, officials, directors, employees, agents, successors, assigns, attorneys and insurers, from and against any and all losses, damages, actions, causes of action, claims, demands, suits, liabilities, judgments, disbursements, attorney fees and expenses, of whatever nature or kind, arising out of or in connection with the following:
- (i) the alleged failure of ARMI, its agents, servants and employees, to comply with any applicable federal, state or local laws, acts, ordinances, rules or regulations, or any administrative, executive or judicial rulings or orders regarding its business activities;
 - (ii) the breach or failure of ARMI, its agents, servants, and employees to comply with any term, provision, covenant, warranty or representation contained in this Agreement or in any other document, instrument or other agreement provided in connection with this Agreement, including but not limited to the breach of any confidentiality provisions;
 - (iii) the infringement of any Intellectual Property rights of any third party; or
 - (iv) bodily injury or death caused by ARMI or its agents, servants and employees.
- (b) By COURT. COURT hereby agrees to forever discharge, release, indemnify, defend and hold harmless ARMI, its parent, subsidiary and related companies and divisions, and their officers, directors, employees, shareholders, members, owners, agents, successors, assigns, attorneys and insurers, from and against any and all losses, damages, actions, causes of action, claims, demands, suits, liabilities, judgments, disbursements, attorney fees and expenses, of whatever nature or kind, arising out of or in connection with the following:
- (i) the alleged failure of COURT, its agents, servants and employees, to comply with any applicable federal, state or local laws, acts, ordinances, rules or regulations, or any administrative, executive or judicial rulings or orders regarding its business activities;
 - (ii) the breach or failure of COURT, its agents, servants, and employees to comply with any term, provision, covenant, warranty or representation contained in this Agreement or in any other document, instrument or other agreement provided in connection with this Agreement, including but not limited to the breach of any confidentiality provisions, and the actual or alleged furnishing of erroneous Account information to ARMI;
 - (iii) ARMI complying with the instructions or requirements of COURT, including the use by ARMI of any debtor notices, forms or scripts provided by or required by COURT;
 - (iv) the infringement of any Intellectual Property rights of any third party; or
 - (v) bodily injury or death caused by COURT or its agents, servants and employees.

11. Compensation and Method of Payment. For services provided pursuant to this Agreement ARMI shall be entitled to compensation as follows:
- (a) Court Costs for Collection Fees: COURT will assess a court cost for ARMI's collection fee pursuant to RCW 3.02.045, in the amounts indicated below.
- (b) Signal Management Services Program (Signal): ARMI will administer a monthly-payment collection service (the Signal Management Services Program) for COURT. COURT will require defendants wishing to participate in the program to fill out an application and program implementation document in a form mutually agreed on by ARMI and COURT. COURT will assess as court costs for this service and ARMI will add such costs (also called "Service Fees") to the Accounts as follows:
- (i) \$15.00 Account Set-Up Fee: a one-time charge per obligor per court of limited jurisdiction (fee charged only once while defendant remains in an active Signal program, even should new cases from the same court 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).
 - (ii) \$ 4.75 Monthly Fee: one charge per defendant with one current case.
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 - (v) \$11.25 Monthly Fee: one charge per defendant in "past due status" with two or more cases.
- ARMI will collect and retain all Signal Service Fees.
- (c) Remittance Method: ARMI shall deduct its compensation from recoveries prior to remitting COURT's portion to COURT.
- (d) 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.
- (f) Payment Reversals: COURT acknowledges that, from time to time, ARMI might remit funds to COURT that might be reversed, because of such things as non-sufficient fund checks or credit card payment reversals. ARMI will deduct such reversals on subsequent remittances to COURT, and indicate same on the remittance report.
12. Payments to Court from Other Source. A payment made on behalf of a debtor directly to COURT on an assigned Account will be promptly reported to ARMI by COURT. ARMI will include such direct payment in its next invoice, and deduct its share from remitted funds.
13. Negotiable Instruments. COURT authorizes ARMI to endorse checks or other instruments payable to COURT and deposit same into a trust account maintained by ARMI. COURT further authorizes ARMI to send notices of dishonor or other notices on COURT's behalf (but in ARMI's name) 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. The Notice of Dishonor will be in a form approved by COURT at the inception of this Agreement; future revisions to the form, if any, in compliance with state or federal law need not be approved by COURT.
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 COURT desires that 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's authorized representative; 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. Notices. All notices, requests, demands, consents and other communications hereunder shall be in writing and shall be deemed to have been duly given when either (a) personally delivered; or (b) when deposited via certified mail, return receipt requests, postage prepaid to the intended recipient set forth below:

If to ARMI: Harry Neerenberg, CFO
AllianceOne Receivables Management, Inc.
4850 E. Street Road, Suite 300
Trevose, PA 19053

With a copy to: Renee Linnabary, SVP
AllianceOne Receivables Management, Inc.
6565 Kimball Drive, Suite 200
Gig Harbor, WA 98335

If to COURT: Upper Kittitas County District Court
700 East 1st Street
Cle Elum, WA 98922

19. Taxes. COURT agrees to pay all sales, use, value-added or similar taxes, if any, as may be applicable to the services rendered by ARMI.
20. Account Audits. COURT may audit ARMI's records pertaining to Accounts assigned for collection upon reasonable notice.
21. 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.
22. 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.

23. Enforcement of Underlying Rights of Court. Notwithstanding anything in this Agreement to the contrary, ARMI is specifically granted the right in any dispute, claim, controversy or action asserted against ARMI by an Account debtor or third party, to enforce any right COURT might have to compel arbitration, or to prohibit a jury trial or class action. ARMI is authorized to exercise any right COURT might have to call or contact any wireless telephone or other wireless device manually or by automated means; or to call or contact any person using a pre-recorded or artificial voice. To the extent provided in this section, ARMI shall be considered an "agent" of COURT.
24. Calling Wireless Numbers. COURT recognizes that ARMI cannot contact a wireless device (such as a cellular telephone) using an automated dialer or a pre-recorded or artificial voice, unless the owner of such wireless device has given prior express consent. If COURT desires that ARMI contact any wireless devices using an automated dialer or a pre-recorded or artificial voice, COURT will designate any numbers for such wireless devices it provides to ARMI as eligible to be automatically dialed. For any number designated as eligible to be automatically dialed, COURT warrants that it has obtained the prior express consent, as that term is interpreted under the Telephone Consumer Protection Act, of the owner of such number to call or contact the wireless device manually or by automated means, and to call or contact the wireless device using a pre-recorded or artificial voice, and that COURT will supply proof of such prior express consent to ARMI upon request.
25. Limitation on Damages. Except for the claims of third parties, neither party shall be entitled to any indirect, special, consequential, exemplary or punitive damages against the other, including but not limited to damages described as lost profits or sales, or loss of reputation. In all cases except those involving the claims of third parties, or failure to remit amounts collected and/or due for services, and to the extent any claim does not assert the claim of a third party or failure to remit amounts collected and/or due for services, neither party's aggregate damages for claims asserted in any calendar year shall exceed the amount of ARMI's revenues under this Agreement for the three months preceding a party's first assertion of a claim in said calendar year.
26. Intellectual Property.
- (a) Intellectual Property Rights include without limitation all patents, copyright, design rights (whether registered or unregistered), trademarks (whether registered or unregistered), data base rights, moral rights, skill and/or know-how and other similar rights, whether existing now and/or in the future, wherever existing, together with the right to apply for protection and/or extensions of the same and any and all goodwill relating thereto.
 - (b) All Intellectual Property Rights belonging to either ARMI or COURT, respectively, at the commencement date of the Agreement, shall remain at all times ARMI's or COURT's property, respectively, and any Intellectual Property developed by either Party during this Agreement shall remain the developing Party's property. Neither Party will acquire any right, title and/or interest in the other Party's Intellectual Property as a result of this Agreement except the rights to use the other Party's Intellectual Property for the purpose of carrying out their respective obligations under this Agreement.
 - (c) During the term of this Agreement (including any ramp-down or termination-of service-period), each Party hereby grants the other Party a non-exclusive, non-transferable, royalty-free license to its Intellectual Property for the sole purpose of, and to the extent necessary for, performing their respective obligations under this Agreement. Neither Party shall make any other use of the other Party's Intellectual Property.

(d) Neither party, in the performance of this Agreement, will infringe the Intellectual Property Rights of any person.

27. Confidentiality.

(a) During the term of this Agreement and for a period of two years thereafter, and to the extent permitted by law, each Party shall keep confidential all information either party designates as "Confidential Information," which excludes:

- (i) Information in the public domain through no fault of receiving party;
- (ii) ☐ Information obtained from a third party not bound by confidentiality terms;
- (iii) ☐ Information in receiving party's lawful possession prior to disclosing party's disclosure;
- (iv) Information independently developed by receiving party; and
- (v) Information required to be disclosed by law, subpoena or governmental request (provided that the receiving party will give the disclosing party prompt notice so as to allow the disclosing party to seek a protective order or other appropriate remedy, and will reasonably cooperate with the disclosing party's efforts to obtain such protective order or other remedy at the disclosing party's expense).

(b) Either party shall destroy Confidential Information on demand, except that the receiving party may retain a copy of any Confidential Information to the extent required to comply with applicable laws, including reporting or auditing requirements and to respond to or defend against inquiries, claims or demands of Account debtors or others.

28. Retention of Records. To the extent that COURT desires or requires the return or destruction of Account records, ARMI may retain a copy of such records as reasonably necessary to comply with applicable laws, including reporting or auditing requirements, and to respond to or defend against inquiries, claims or demands of Account debtors or others.

29. Non-Solicitation. Each party agrees that it will not, without the written permission of the other's authorized representative, solicit for hire nor hire any of the other party's employees for the duration of the Agreement, including any extensions or renewals thereof, and for 2-years thereafter, except for positions advertised to the general public. Notwithstanding anything in this Agreement to the contrary, a party violating this provision shall be liable to the other for the greater of (a) actual damages, including the cost of replacing and training a new employee, or (b) the highest amount of monthly wages, commissions and other remuneration (excluding reimbursed expenses) paid to the employee in the preceding six months, times twelve.

30. Mutual Representations. The Parties represent and warrant as follows:

- (a) Each Party has the power and authority to execute and perform the obligations described in this Agreement;
- (c) Each Party has obtained all requisite authorizations, approvals, consents or permits required to perform obligations;
- (d) There exists no litigation or governmental action materially affecting the party's ability to execute the Agreement and perform its obligations;
- (e) Each Party is, and will remain, in material compliance with all applicable laws; and
- (f) Entering into this Agreement will not cause either Party to be in material breach of any other of its contracts or obligations.

31. Administrative Orders of Court. COURT and ARMI shall cooperate to effect any Administrative Orders or other Court Orders of competent jurisdiction 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.

32. 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' authorized representatives. This agreement supersedes any prior Agreement, unless incorporated herein by reference.
33. Choice of Law, Jurisdiction and Venue This Agreement shall be construed according to the laws of the State of Washington. The Parties agree to jurisdiction in the State of Washington for any action to resolve disputes arising out of this Agreement. Any judicial action to resolve disputes arising out of this Agreement shall be brought in Upper Kittitas County District Court.

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

AllianceOne Receivables Management, Inc.

APPROVED

This 18th day of November, 2013

BY: Hay Nery

TITLE: CEO

ADDRESS:

6565 Kimball Drive, Suite 200

P. O. Box 2449

Gig Harbor, WA 98335-4449

DATE: 11/8/14

BOARD OF COUNTY COMMISSIONERS
FOR

UPPER KITTITAS COUNTY DISTRICT COURT

