

DEBT COLLECTION SERVICES AGREEMENT

C B MERCHANT SERVICES

The undersigned (hereinafter referred to as "Applicant") petitions C B Merchant Services for use of its debt collection services and if accepted by C B Merchant Services, Applicant agrees to assign claims in such manner and form as C B Merchant Services may from time to time require, and each of the parties hereto agree to be bound by the terms and conditions herein provided.

1. Applicant grants to C B Merchant Services the exclusive right to collect assigned claims together with interest thereon, with full authority to perform all acts deemed necessary in the sole discretion of C B Merchant Services to collect the assigned claims.

2. C B Merchant Services shall pursue collection of assigned claims and, when possible, will commence such efforts by mailing as to each of the assigned claims a collection notice and demand for payment. As to those claims with a valid current address, Applicant may, subject to the additional consideration hereafter provided, elect the C B Merchant Services' ten (10) day letter service whereby this initial letter will recite that payment or arrangements for payment may be made directly to or with Applicant. Should Applicant elect the C B Merchant Services' ten (10) day letter service, then no commissions will be charged on any payments made within ten (10) days of posting of the initial letter and upon written notice given to C B Merchant Services by Applicant within ten (10) days of the posting of the initial letter, the assigned claim may be withdrawn by Applicant without charge.

Please indicate your election as to C B Merchant Services' ten day letter service:

LETTER SERVICE IS ELECTED AND APPLICANT AS ADDITIONAL CONSIDERATION AGREES: **No charge to Members**
After posting the initial letter, C B Merchant Services shall withhold further collection efforts for ten (10) days pending response of debtor.

IMMEDIATE COLLECTIONS (LETTER SERVICE IS NOT ELECTED)

3. Except as herein otherwise provided, C B Merchant Services shall be entitled to commissions on each claim assigned, including those withdrawn from assignment. Applicant shall pay to C B Merchant Services commissions at the standard rates of C B Merchant Services according to the schedule of rates established and as amended by C B Merchant Services from time to time. C B Merchant Services reserves the right to change the commissions charged on thirty (30) days written notice but such charges shall only apply to claims thereafter assigned. Commission rates may vary depending on the assigned claim being a "consumer claim" or a "commercial claim." For the purpose of this agreement, "consumer claim" means a claim incurred by an individual primarily for a personal, or household purpose; and "commercial claim" means all other claims.

The present schedule of rates for collection are as follows:

Consumer Claims - On amounts collected prior to suit on non-forwarded claims – 40%

On amounts collected after suit and on claims forwarded to another collection agency – 50%

<u>Commercial Claims</u> -	<u>Amount Assigned</u>	<u>Rate</u>
	\$0 - \$300	40%
	\$301-\$500	35%
	\$501-\$2500	30%
	\$2501-Up	20%

All commercial rates add 10% to original fee if legal or forwarded.

4. C B Merchant Services is authorized to deduct its commissions and court costs advanced from any money due to Applicant from collections received by C B Merchant Services. For the purpose of this agreement "court costs" shall include all court filing fees and charges; service of process fees and charges; and such other costs as set forth at California Code of Civil Procedure 1033.5 or as may hereafter be redesignated by the State of California.

5. C B Merchant Services may retain for its own benefit and as additional consideration any interest collected or accrued from deposits.

6. C B Merchant Services is authorized to endorse and deposit any negotiable instruments C B Merchant Services may receive made payable to Applicant as payment on assigned claims; and to commingle funds collected on claims assigned by Applicant in a common account with funds collected on other assigned claims.

7. C B Merchant Services shall have no obligation to defend or to provide legal counsel for Applicant in any legal proceedings, including a cross-complaint commenced by a debtor against Applicant. Commencement of legal proceedings by C B Merchant Services for the purpose of collecting on assigned claims shall not be construed as an assumption of such obligation.

8. C B Merchant Services is authorized to commence legal proceedings on and compromise any claim assigned without further notice or consent. Providing such notice or seeking such consent shall not be construed as a waiver of this authority. C B Merchant Services is further authorized to adjust the balance due on assigned claims to comply with applicable law.

9. C B Merchant Services shall have no obligation to commence legal proceedings for the purpose of collecting on assigned claims; shall not be liable for assigned claims being barred by the statutes of limitations or judgements expiring without renewal; and may, in its sole discretion, except as limited by applicable law or regulation, determine the time and manner of collection of assigned claims, including proceeding to suit and enforcement of any judgement.

10. Except as herein otherwise provided, payments made to Applicant directly on an assigned claim, including those withdrawn from assignment, shall be subject to reimbursement of costs and the commission rate.

11. Except as herein otherwise provided, assigned claims may be withdrawn upon thirty (30) days written notice to C B Merchant Services provided, however, that withdrawn claims shall be subject to commissions and costs advanced or incurred. Commissions shall be paid to C B Merchant Services forthwith on any monies thereafter collected by either party; and Applicant shall within sixty (60) days of withdrawal of an assigned claim pay to C B Merchant Services all unreimbursed costs it may have advanced or otherwise incurred as to such withdrawn claim. "Costs" for the purpose of this paragraph, shall include not only court costs, but any other costs identifiable to the withdrawn claim, including attorneys fees, notices to debtors of reassignment of withdrawn claim, and a pro rata share of all general overhead operating expenses reasonably attributable to the collection of assigned claims.

12. Applicant shall provide to C B Merchant Services all necessary information for evaluation and collection of the assigned claims and cooperate with C B Merchant Services in said endeavors. Applicant shall inform C B Merchant Services of the commencement date of the delinquency; payments received; set offs, counter claims and other defenses or disputes; and pleadings received pertaining to said claims. Applicant shall promptly inform C B Merchant Services of any new or additional information affecting the evaluation and collection of the assigned claims. Applicant will appear for any deposition or court appearance pertaining to any assigned claim upon reasonable notice, execute any documents C B Merchant Services deems necessary, and otherwise comply with all reasonable requests in connection with C B Merchant Services' evaluation and collection of the assigned claims.

13. C B Merchant Services may in its sole discretion furnish to credit reporting agencies information pertaining to assigned claims. Should Applicant determine that information previously provided to C B Merchant Services is not complete or accurate, then Applicant shall promptly provide C B Merchant Services any correction or any additional information that is necessary to make the information complete and accurate.

14. C B Merchant Services may in its sole discretion forward assigned claims to other agencies for collection when C B Merchant Services determines that the debtor resides or has assets outside the area normally serviced by C B Merchant Services.

15. Assigned claims shall be deemed accepted on receipt of notice thereof, provided, however, that C B Merchant Services may, in its sole discretion, elect at any time not to pursue collection of an assigned claim and return the claim to Applicant. Amounts collected by Applicant after return of a claim shall not be subject to commissions, but court costs advanced by C B Merchant Services shall be forthwith reimbursed to C B Merchant Services by Applicant out of first monies thereafter collected by Applicant.

16. Applicant shall indemnify and hold harmless C B Merchant Services, its employees, agents, officers, directors and attorneys from liability, including cost of defense, arising by reason of any acts or omissions by Applicant pertaining to the assigned claims.

17. C B Merchant Services may have accepted and may hereafter accept assignments for collection from members and customers, including claims against Applicant, the collection of which by C B Merchant Services may adversely affect Applicant or the collection of the herein assigned claims. Applicant consents thereto and authorizes C B Merchant Services to pursue collection of said claims in such manner as it may in its sole discretion deem appropriate provided, however, that C B Merchant Services shall not set off or otherwise apply against any assigned claim any monies held by C B Merchant Services for Applicant or for another member or customer, or held by a levying officer for C B Merchant Services.

18. This agreement may be terminated by either party upon giving the other party thirty (30) days written notice provided, however, that the terms and conditions of this agreement shall continue in full force and effect as to claims assigned prior to termination.

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