



Chapman Financial Services
A Division of MST Financial Solutions, LLC

316 N. 4th Street
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800-594-9866

DEBT COLLECTION SERVICES AGREEMENT

This Agreement is made by and between **MST Financial Solutions, LLC**, an Idaho limited liability company doing business as **Chapman Financial Services** (hereinafter referred to as "CFS"), and **Kootenai County Board of County Commissioners** (hereinafter collectively referred to as "CLIENT").

A. CLIENT RESPONSIBILITIES

1. **Account Referral:** At its sole discretion, CLIENT will turn over and assign delinquent accounts to CFS, which shall provide debt collection services for each assigned account.
2. **Sole Authority:** CLIENT acknowledges that CFS has sole and complete authority to collect any assigned account and agrees not to pursue further collection efforts on assigned accounts or refer assigned accounts to any other third party.
3. **Direct Payments:** If CLIENT receives a payment from any source or engages in a barter involving the trade of indebtedness after an account has been assigned to CFS, CLIENT is to promptly inform CFS of the payment or barter and understands that payments from any source are subject to the CFS commission rate.
4. **Account Holds:** CLIENT agrees to notify CFS of the reason and length of the hold and any updates pertinent during the hold term, including payments which would be subject to the CFS Commission Rate. Once the hold is removed CFS will continue to collect on any remaining balance. CLIENT agrees to abide by CFS's Sole Authority to collect on the assigned account and will not engage in collection efforts or payment negotiation during the hold term.

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5. **Document Requests:** CFS may, in the course of providing collection services, require that the CLIENT furnish supplemental documents or signatures pertinent to continuing collection efforts. Moreover, CFS offers the option for 100% electronic correspondence via the online client portal.
- a. **Itemization/Validation Requests:** CLIENT agrees to provide CFS with an itemized statement showing original charges, credits or adjustments to the account, dates of service, payments, additional charges, and unpaid balance(s) within **15 days** of receiving request from CFS.
 - b. **Dispute Requests:** CFS is required to provide a written response in reply to a consumer's specific dispute. CLIENT agrees to supply a written response along with itemization to prove that the debt is valid within **15 days** of receiving a copy of the dispute. If additional time is needed CLIENT will request an additional hold by contacting the CFS Client Support team at (866) 440-8523 or by e-mailing clientsupport@chapmanfs.com.
 - c. **Legal Requests:** CFS requires a signed assignment for filing a suit on a CLIENT-assigned account. If the CLIENT wishes the assigned account to be included in the suit, they must provide the signed assignment within **15 days** of receiving a request. If an itemized statement or signed consent/agreement is required, it will be specified in the Assignment document.
 - i. The parties expressly agree that CFS shall be entitled, at its sole discretion, to apply any monies collected first towards its out of pocket filing fees, service fees and attorney fees prior to applying money to the principal balance or interest. Except as stated in subparagraph (ii), below, CLIENT is not obligated to reimburse or pay CFS's out of pocket legal expenses incurred in collection lawsuits against consumer.
 - ii. In the event CFS obtains prior written authorization from CLIENT and CLIENT desires to cancel an account during the lawsuit process, the CFS may demand reimbursement of its out-of-pocket legal expenses from CLIENT for that particular lawsuit.

6. **Compliance and Regulatory Requirements:**

- a. **Regulation F:** CLIENT agrees to provide accurate and consistent data necessary for account placement as required by the Consumer Financial Protection Bureau's Regulation F.

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7. **Changes in Contact Information:** CLIENT agrees to notify CFS of any changes in mailing address, physical address, phone number, fax number or primary contact person in a timely manner.

B. CFS RESPONSIBILITIES

1. **Lawful Collections:** CFS shall use all lawful means, including letters, telephone calls, and skip tracing methods, to collect accounts assigned pursuant to this Agreement. CFS warrants that it will comply with all applicable federal, state, and local statutes and rules, such as the Fair Debt Collection Practices Act (FDCPA) and the Fair Credit Reporting Act (FCRA). Services shall be performed in a courteous and business-like manner consistent with CLIENT's image and reputation. CFS warrants that it is duly licensed in Idaho..

2. Reporting

- a. **Acknowledgment of Receipt:** A receipt acknowledging the number of accounts, total dollar amount, and date of placement will be made available to CLIENT on the CFS portal once an account or batch of accounts is officially processed and entered into the CFS system. Sole Authority is granted to CFS upon generation of the acknowledgment. Such assignment shall then become as effective as though a separate written assignment had been executed and delivered at that time.
 - b. **Monthly Remittance Reports:** Electronic copies of the Monthly Remittance Reports (Trust Invoices) are automatically archived within the CFS client portal and available to the CLIENT on the first business day of each month.
 - c. **Credit Reporting:** CLIENT acknowledges that certain non-protected information it supplies to CFS about individual accounts may be forwarded to a national credit reporting agency. CLIENT warrants that it will not furnish any information to CFS it knows or has reason to believe is inaccurate. CLIENT further acknowledges and warrants that it has provided all notices to which consumer is entitled prior to assignment of the account for collections.
 - d. **Additional Reporting:** CFS will collaborate with CLIENT to establish mutually agreed-upon timelines and formats for the delivery of additional reporting.
3. **Account Cancellations:** Certain circumstances may require that an account is cancelled back to CLIENT.

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- a. **Highly Disputed:** CFS reserves the right to return to the CLIENT an account that is highly disputed.
- b. **Insufficient Documentation:** CFS reserves the right to return to the CLIENT any account that does not have sufficient documentation.
- c. **Uncollectable:** It is CFS company policy to cancel back as uncollectible any account that has reached 6 years and 9 months from the most recent of either the original date of service or date of last payment.
- d. **Client Request:** All account cancellations requested by the CLIENT are subject to review by CFS and will be assessed on a case-by-case basis. CLIENT agrees to provide a reason for the cancellation request to facilitate proper review.

C. COMMISSION RATES

CFS compensation shall be a contingent fee on all money collected on assigned accounts, from any available source, whether received by CLIENT or CFS. The parties agree that CFS is entitled to its full commission rate on all collected funds after account assignment. Funds collected during the monthly trust term are held in trust, with the CLIENT portion issued the following month via physical check or electronic funds transfer.

1. **Collection Fee:** CFS will add a collection fee of **thirty-three percent (33%)** to all principal balances referred to collection pursuant to **Idaho Code 67-2358**. CLIENT agrees to notify all debtors that there will be a **33% collection fee** added to all accounts referred for collection at least 30 days prior to referring accounts to CFS.
2. **Non-Legal Accounts:** A non-legal account is one that has been assigned to CFS but has not yet been included in a collection lawsuit filed by CFS. The commission rate for non-legal accounts assigned after the date of this agreement shall be **twenty-four point eight percent (24.8%)** of the principal amount collected. As such, with the combination of the principal balance and collection fee, any monies collected upon a non-legal account will have the net result of distributing **one hundred percent (100%)** of the principal balance referred to CLIENT and the **twenty-four point eight percent (24.8%)** collection fee to CFS.
3. **Legal Accounts:** A legal account is one that has been assigned to CFS and has been included in a collection lawsuit filed in the name of CFS. CFS will obtain written authorization from CLIENT prior to including an assigned account in a collection lawsuit. The commission rate for legal accounts assigned after the date of this agreement shall be **forty percent (50%)** of the principal amount collected.
4. **Forward Accounts:** If an account is forwarded to a collection agency in another geographical area, the commission rate shall be **fifty percent (50%)** of the principal amount collected.

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5. **Second Assignments:** A second assignment is an account that has previously been assigned to another collection agency and cancelled back to CLIENT. The placement of this cancelled account with CFS is a “second assignment” and will be collected by CFS at the rate of **fifty percent (50%)**.
6. **Interest:** CFS shall be entitled to retain all interest accrued on accounts after the date of assignment.

D. GENERAL PROVISIONS

1. **Term and Termination:** This Agreement shall become effective _____ and remain in effect until either party provides thirty (30) days prior written notice to the other party that this Agreement will be terminated.
 - a. **Account Retention:** Upon receipt of a 30-day written notice to terminate the agreement, CFS will retain any account with active payment arrangements (scheduled payments or date of last payment < 90 days from the request), and legal accounts where legal authorization has been received pursuant to section C(2), as well as accounts forwarded to an outside agency pursuant to section C(3).
2. **Governing Law:** This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of Idaho.
3. **Bankruptcy:** Each party agrees to notify the other of any assigned accounts that have been affected by a bankruptcy petition.
 - a. CLIENT agrees not to assign any account to CFS that is affected by a bankruptcy petition provided CLIENT has been duly notified in writing of such bankruptcy filing. CLIENT may only assign an account affected by a bankruptcy petition when a signed Reaffirmation Agreement is supplied.
4. **Entire Agreement:** This Agreement contains the entire understanding between the parties on the subject matter hereof. Any representation, promise, modification, or amendment to this Agreement shall not be binding upon either party unless reduced to writing and signed on behalf of the parties by duly authorized representatives.
5. **Venue:** Venue for any suit in equity or action at law to interpret or enforce this Agreement shall be in the District Court of Kootenai County in and for the State of Idaho.
6. **Attorney Fees:** In the event that it becomes necessary for either party to seek the services of an attorney for the enforcement of its rights under this Agreement, the prevailing party shall be entitled to recover its cost and reasonable attorneys’ fees

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incurred in that process, whether or not suit or action is filed. In the event that suit or action is filed, the amount of the costs and reasonable attorney fees to which the prevailing party shall be entitled shall be determined by the court, or the courts, in which the matter, including any appeal therein, is tried, heard or decided.

7. **Binding Effect:** This agreement shall inure to the benefit of and shall be binding upon not only the parties hereto, but also upon their respective heirs, successors, representatives and assigns.

Dated:

Kootenai County Board of County Commissioners

By: _____
Title: _____

MST Financial Solutions, LLC
dba Chapman Financial Services



By: Cameron Marks
Title: Sales & Marketing

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