

SERVICE AGREEMENT

This Service Agreement, dated this \_\_\_\_ day of \_\_\_\_\_, 2007 (the "Agreement"), is entered into by and between Crown Asset Management, LLC organized under the laws of Georgia with an office at 3355 Breckinridge Blvd Ste 132, Duluth GA 30096-4989 ("CAM") and \_\_\_\_\_ with an office at \_\_\_\_\_ ("Agency").

**RECITALS**

WHEREAS, Agency seeks to provide certain collection services to CAM;

WHEREAS, CAM seeks to procure certain collection services from Agency;

WHEREAS, CAM, in its sole discretion, may place Claims with Agency for collection;

WHEREAS, Agency will undertake collection on each Account placed by CAM; and

WHEREAS, CAM and Agency agree that those Accounts placed and properly designated by CAM with Agency shall be governed by the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and undertakings contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**I. Definitions**

As used herein, the listed terms shall have the following meanings (whether in the singular or in the plural):

1.1 "Account" shall mean a consumer account receivable, which CAM, in its sole discretion, desires to refer to Agency for collection.

1.2 "Accountholder" shall mean any individual legally responsible to CAM for repayment of the Balance on an Account.

1.3 "Account Information" shall mean a Card Member Agreement (if available), an Account Application (if available) and Account Statements evidencing the Balance owed to CAM by an Accountholder.

1.4 "Balance" shall mean the principal debt owed by an Accountholder to CAM, plus charges, interest and attorneys' fees as allowed by law, minus the sum of any credits.

1.5 "Direct Payments" means a payment received by CAM directly on an Account forwarded to Agency for collection.

1.6 “Fee” shall mean the amount charged by Agency for the provision of collection services, which shall be calculated for consumer account receivables at a contingent rate of all amounts collected by Agency after repayment of costs advanced in connection with an Account. To the extent that different types of Accounts are referred to Agency for collection, CAM and Agency agree to determine the Fee at the time of placement and may agree to modify the Fee. Any such modification will be evidenced by an Addendum to the Agreement.

1.7 “Remittance Statement” shall mean a written accounting of all funds collected by Agency on behalf of CAM which sets forth the debtor’s name, account number, dollars collected, commissions and/or suit fees withheld, and amount remitted, as well as other information which may be required by Forwarder. (Sample attached as Exhibit A)

1.8 “Services” shall mean the services the Agreement calls for the Agency to provide, including all management, labor, accounting and general services, which Services are further described, without limitation, in paragraph 4.2 of the Agreement and all relevant Exhibits to the Agreement.

1.9 “Settlement Guidelines” means the guidelines established by CAM that set forth the parameters that the Agency must follow in resolving an Account. (Sample attached as Exhibit B)

## **II. Referrals**

2.1 From time to time and in its sole and absolute discretion, CAM may refer to Agency certain Accounts that are in default. Agency agrees to provide the Services described in the Agreement. Except pursuant to CAM’S express consent, obtained in advance and in writing, Services will be provided exclusively by Agency’s employees and the referral of any Account by Agency to a third party, without CAM’S prior written authorization, is expressly prohibited. In the case of any referral approved by CAM, CAM will not be obligated to pay compensation in excess of the Contingency Fee due to Agency. CAM retains the right, in its exclusive discretion, to modify the Agreement at any time in regard to third party referral standards by providing written notice to Agency. Upon receipt by Agency, any such modification will be deemed fully incorporated into the Agreement.

2.2 Unless otherwise agreed in writing, all Accounts forwarded under the designation of Crown Asset Management, LLC II referred to Agency by CAM shall be governed by this Agreement. Any Accounts forwarded without such designation shall be governed by any prior agreement, if any.

### **III. Compensation and Fees**

3.1 Fee. The Fee for Accounts referred to Agency by CAM shall be wholly contingent upon collection.

3.2 Liening or Securitization of Fees. Notwithstanding the existence of any statutory or common law rights to do so, Agency shall not claim or attempt to perfect any lien on or otherwise attempt to take a security interest in any Account as a means of protecting Fees. Agency's right to Fees on an Account terminates absolutely upon recall of said Account. Agency agrees to indemnify CAM for any and all costs and expenses, including attorney fees, related to efforts necessary to release any liens or otherwise dispose of Agency's security interests.

3.3 Payment Instructions to Accountholders. CAM authorizes and instructs Agency to direct Accountholders to tender payment(s) to an office address or mailing address maintained by Agency. Agency agrees that all payments received in connection with the Claims referred to Attorney will be deposited in its standard collection account and shall maintain at all times proper accounting of CAM's funds in such account. Agency is not required to maintain an independent account on CAM's behalf unless Agency is so required by local laws or regulations. Such account shall be maintained at an FDIC-insured financial institution, the name and account number of which the Agency shall provide to CAM upon its written request for said information. At all times, Agency shall have on deposit in such account sufficient funds with which to pay all monies owed to CAM. CAM hereby authorizes Agency to endorse checks payable to CAM solely for the purpose of depositing said checks into Agency's account. Agency shall not charge CAM for any portion of any fees incurred in connection with the account. Agency agrees that all collections on Accounts and all proceeds, in whatever form thereof, are the property of CAM and are held in trust by Agency on CAM'S behalf.

3.4 Waiver/Refund of Contingency Fee. No Contingency Fee shall be charged against any collected funds, which Agency fails for any reason to tender to CAM. No Contingency Fee shall be charged to CAM or due from CAM after an Event of Termination, except as to payments received by Agency prior to such Event of Termination. In the event of an Accountholder's bankruptcy or other operation of law, CAM may be required or may elect in its exclusive judgment to refund to the Accountholder or the Accountholder's representative certain payment(s) made to Agency. Within ten (10) days of receipt of notification from CAM of the refund, Agency shall remit to CAM any Contingency Fee related to such payment(s). If less than the full amount of any payment is returned to the Accountholder, CAM and Agency shall participate in the refund to the same extent as their original interests in the payment.

3.5 Remittance of Collected Funds. Agency shall be responsible for collection of all payments made on an Account and for accounting to CAM on all Accounts referred to Agency under the Agreement. Agency shall remit all amounts collected by Agency in connection with the Accounts less the commissions due, consistent with the remittance schedule provided by CAM. Unless otherwise agreed to by the parties, the remittance of funds by Agency to CAM shall be by ACH or wire transfer to an account specified by CAM and as may be amended from time to time upon notice to the Agency.

3.6 Remittance Statements and Invoices for Contingency Fees. Along with each scheduled remittance, and in no case more than three business days from the end of the previous month, Agency shall tender to CAM a Remittance Statement of amounts remitted. Along with the last scheduled remittance for each calendar month, Agency shall tender to CAM an invoice for Contingency Fees owed to Agency in connection with Service provided to CAM during the previous monthly reporting period.

3.8 Lost Remittance. In the event that CAM fails to receive any remittance on a timely basis and CAM provides written notice of such failure, Agency agrees to remit a duplicate check to CAM via overnight delivery.

3.9 Discrepancy in Contingency Fee. CAM shall have the right to review Agency's invoices for Contingency Fees, to notify Agency of any discrepancies in regard to the invoiced amount and to request a refund of any portion of the invoiced Contingency Fees, which are subject to good faith dispute by CAM. If after conferring, the parties agree that CAM is due a refund, Agency shall tender such refund within ten (10) business days.

3.10 Contingency Fee As Sole Source of Compensation. Agency agrees that payment of the Contingency Fee shall serve as Agency's exclusive source of compensation for Services. Except as otherwise expressly set forth in this Agreement or a subsequent written contract, CAM is not responsible for payment of any fees or expenses of any kind incurred by Agency in connection with its provision of Services to CAM.

3.11 Reporting of NSF Checks. Agency shall report to CAM any check returned to Agency due to insufficient funds. Receipt of any NSF check shall be reported to CAM in connection with the next scheduled remittance. In the event that Agency has tendered to CAM an invoice for a Contingency Fee in connection with any check returned for insufficient funds, Collection Agency's next monthly invoice shall designate a corresponding reduction to reflect the Accountholder's failure to pay on the Account.

#### **IV. Duties of Collection Agency**

4.1 Performance Standards. Agency shall perform such Services as Agency, in its professional judgment, deems appropriate, subject to the terms of the Agreement.

4.2 Due Diligence and Lawful Action. Agency agrees to use due diligence and to employ lawful means in its efforts to collect on Accounts referred to Agency by CAM. In providing Services, Agency shall conform to a standard of practice and care that equals or exceeds the standard applicable to other Agencies, which provide similar services in the same state(s) as Agency.

4.3 Settlements. CAM grants Agency authority to settle any Account for an amount equal to or greater than the percentages of balances identified in the Settlement Guidelines.

4.4 Bankrupt Accounts. Upon receipt of information that an Accountholder has filed for bankruptcy or receivership, Agency shall immediately cease all efforts to collect on the Account. Consistent with the investigation identified below, Collection Agency shall close the Account and return it to CAM within three (3) business days of confirming the Accountholder's bankruptcy filing.

(a) If notice of a bankruptcy filing is provided verbally by an Accountholder or a third party, Agency shall attempt to obtain information regarding the jurisdiction in which the case has been filed and the case number assigned to the Accountholder. If bankruptcy information cannot be provided, Agency shall request the name and telephone number of the Accountholder's attorney and shall request from the attorney a copy of the filed Voluntary Petition or the §341 Notice. Agency shall promptly transmit to CAM all relevant information regarding the Accountholder's bankruptcy.

(b) If Agency receives written notice of an Accountholder's bankruptcy, Agency shall promptly transmit such notice to CAM.

## **V. Duties of CAM**

5.1 Account Information. CAM shall provide relevant Account Information to Agency. CAM will also provide such additional information to Agency as may be reasonably necessary to and requested by Agency to pursue an Account, provided that such information is generally available to CAM.

5.2 Failure to Provide Account Information. Regardless of any provision in the Agreement to the contrary, CAM shall not be responsible for the inadvertent or non-willful failure to produce Account Information for an Account assigned to Agency. Any failure or delay by CAM in providing Account Information shall not constitute a breach of the Agreement by CAM.

5.3 Payments Made to CAM. Agency is responsible for instructing Accountholders to remit payments and/or settlements to Agency. Notwithstanding Agency's obligation in this regard, CAM will use reasonable efforts to monitor any payment received directly from an Accountholder in connection with an Account referred to Agency and will report such direct payment to Agency. Upon receipt of notice from CAM of a direct payment, Agency shall provide written instructions to the Accountholder, if appropriate, directing all future payments to Agency. Prior to the end of each month, CAM shall provide Agency a Direct Payment Statement containing information on the receipt of Direct Payments on Accounts placed with Agency for collection. Such information shall clearly indicate the amounts and Account numbers for which CAM received the payment of money. Failure of CAM to ascertain receipt of direct payments from an Accountholder or any delay by CAM in remitting the Contingency Fee to Agency in connection with direct payment on an Account shall not constitute a breach of the Agreement by CAM.

## **VI. Term; Termination**

6.1 Term. The Agreement shall be effective as of the date first set forth above and shall continue indefinitely until terminated as provided herein. It is understood that CAM is not obligated and makes no commitment of any kind to Agency as to any minimum number or dollar amount of Accounts to be referred to Agency under the Agreement. CAM expressly reserves the right to refer Accounts to other Agencies of CAM'S choice.

6.2 Termination Without Cause. Either CAM or Agency may terminate the Agreement, for any reason whatsoever, upon at least fifteen (15) days prior written notice to the other party of its intent to terminate the Agreement.

6.3 "For Cause" Termination Events.

(a) CAM. Upon the occurrence of a Termination Event (as defined below) CAM shall have the right to terminate the Agreement immediately by providing written notice of termination to Agency. A Termination Event shall have occurred as to CAM if:

(i) Agency dissolves, closes for business, terminates its existence, fails to pay debts or make remittances to CAM as they become due, files for bankruptcy (either voluntarily or involuntarily), applies for the appointment of a receiver or custodian, or makes an assignment for the benefit of creditors;

(ii) Agency is acquired by or merges into another Agency by which CAM does not wish to be represented following such merger or acquisition;

(iii) Agency fails to perform any legal obligation or duty owed to CAM or violates any covenant set forth in the Agreement;

(iv) Any third party obtains an adverse decision against Agency regarding the improper handling of client funds;

(v) Agency or any of its members, employees or agents commits an act amounting to dishonesty or breach of trust with respect to any client during the term of this Agreement;

(vi.) Disbarment proceedings are initiated against any Agency attorney;  
or

(vii.) CAM determines, in its sole discretion, that circumstances warrant an immediate termination of the Agreement.

(b) Agency. Upon the occurrence of a Termination Event (as defined below) Agency shall have the right to terminate the Agreement immediately by providing written notice of termination to CAM. A termination Event shall have occurred as to Agency if:

(i) CAM dissolves, closes for business, terminates its existence, files for bankruptcy (either voluntarily or involuntarily), applies for the appointment of a receiver or custodian or makes an assignment for the benefit of creditors;

(ii) CAM fails to perform any material provision of the Agreement within thirty (30) days after having been provided a written description of its breach by Agency.

6.4 Actions on Termination. Upon termination of the Agreement or upon the occurrence a Termination Event and appropriate notice thereof, Agency shall within ten (10) business days:

(a) Remit all collections to CAM in the form received by Collection Agency. If collections were deposited by Collection Agency prior to notice of termination, Agency shall remit deposited funds via any payment mechanism allowed by §3.6 of this Agreement;

(b) Deliver or cause to be delivered to CAM, at Agency's expense, all Account files (whether open or closed, active, or dormant), Screen Printouts and/or readable copies of Account files (including all correspondence, notes, Cost invoices and other documentation, regardless of origin, associated with such Account files) or reasonable electronic substitution of paper records;

(c) Subsequent to termination of the Agreement, all correspondence received by Agency concerning an Account shall be forwarded to the address designated by CAM within one (1) business day of receipt.

(d) Upon termination of the Agreement, the rights and obligations of Agency and CAM, which by their nature must survive termination of the Agreement in order to achieve their fundamental purposes including, without limitation, the provisions of sections captioned "Compliance with Applicable Laws," "Indemnification" and "Confidential Information," shall survive termination of the Agreement.

## **VII. Account Return**

7.1 Agency shall close and return an Account upon receiving information about the following occurrences or events:

- (a) Accountholder has filed for bankruptcy protection or state receivership; or
- (b) All Accountholder(s) are deceased.

7.2 Agency shall be responsible for reporting to CAM the following types of Accounts on a monthly basis:

(a) Accounts that Agency determines are uncollectible.

(b) Accounts on which no Activity has taken place to collect the Account for a period of at least sixty (60) consecutive calendar days.

Upon receipt of such monthly report from Agency CAM may, in its sole and exclusive discretion, instruct Agency to close and return any account included in the report.

7.3 CAM may, in its sole and exclusive discretion, instruct Agency to close and return any Account.

### **VIII. Covenants; Indemnities; Representations and Warranties**

8.1 Compliance with Applicable Laws. Agency represents, warrants, and covenants that when performing its obligations under the Agreement, Agency shall comply with all applicable federal, state, and local laws, statutes, and regulations, including but not limited to the federal Fair Debt Collection Practices Act and Gramm-Leach-Bliley Act, as amended. Further, Agency, while pursuing its duties hereunder with diligence and vigor, shall at all times maintain and protect the good name and reputation of CAM.

#### 8.2 Indemnification.

(a) Agency shall indemnify, defend, and hold harmless CAM, its officers, directors, employees, agents, servants, attorneys, subsidiaries, affiliated companies, parent companies, representatives, and its successors and assigns, from and against any and all claims made or threatened by any third party and all related losses, expenses, damages, costs, or liabilities, including reasonable attorneys' fees and expenses incurred in investigation or defense (the "Damages") to the extent the Damages were occasioned by the negligent or wrongful acts, errors, or omissions of Agency or its employees or agents in performing any obligation or duty it has under the Agreement.

(b) CAM shall indemnify, defend and hold harmless Agency, its officers, directors, employees, agents, servants, attorneys, subsidiaries, affiliated companies, parent companies, representatives, and its successors and assigns, from and against any and all claims made or threatened by any third party and all related Damages to the extent the Damages were occasioned by the negligent or wrongful acts, errors, or omissions of CAM or its employees or agents in performing any obligation or duty it has under the Agreement.

(c) CAM and Agency agree to notify the other party within three (3) business days of any claim, counterclaim, cross-claim, FTC inquiry or complaint, federal or state regulatory inquiry or complaint, or any other inquiry or complaint asserted against CAM or Agency in connection with an Account or group of Accounts.

8.3 Confidential Information. Collection Agency agrees that any and all information provided by CAM regarding an Account, an Accountholder, or CAM's proprietary information,

trade secrets or other business information shall be deemed “Confidential Information” and shall be used solely for the purposes of the lawful performance of the Agreement. Collection Agency acknowledges that CAM has responsibility to Accountholders to keep Account information and records strictly confidential. Confidential Information shall, therefore, be held and maintained by Collection Agency in strictest confidence and shall not be disclosed to any third party except as authorized by CAM. Upon termination of the Agreement, or at any time upon the request of CAM, Collection Agency shall return all Confidential Information in its possession. In the event of any breach of the obligations under this Section, Collection Agency acknowledges that CAM would have no adequate remedy at law, since the harm caused by such a breach could not be easily measured and compensated for in damages, and that in addition to such remedies as may be available to CAM, CAM may obtain injunctive relief including, but not limited to, specific performance.

#### 8.4 Audits.

(a) CAM, or persons retained by CAM, shall have the right to examine and audit Agency’s records pertaining to forwarded Accounts. CAM may, among other audit tasks, measure or evaluate Agency’s performance and professionalism, verify the accounting of all funds, including any trust account, verify the accuracy and propriety of all commissions, verify the timeliness of recording and remitting payments, verify the adequacy of cash controls, and verify the Agency’s overall compliance with this Agreement. Audits may be performed, either on-site or remotely, at CAM’s discretion. CAM may delegate the right to audit to any third party auditor or examiner. During Agency’s normal business hours, Agency shall provide to the auditor a reasonable workspace and the use of on-site photocopying equipment and telephones at no charge to CAM. Agency shall allow full and free access to records relating to any Account forwarded and shall provide necessary technical assistance as required to access these records. CAM agrees to advise Agency of the exceptions/discrepancies identified in any audit and agrees to allow Agency a reasonable period of time to respond to them.

8.5 Credit Bureau Reporting. Collection Agency shall not report any information to Trans Union, Equifax, Experian or any other credit reporting entity regarding an Account, unless approved by CAM in writing.

8.6 Customer Service and Quality. Agency agrees to forward a copy of any written complaint received from an Accountholder in regard to the Agency’s handling of an Account as well as the response made or action taken by Agency.

8.7 Insurance. During the term of the Agreement and for a period of three (3) years following termination of the Agreement, Agency shall maintain with a licensed and reputable business entity an Errors & Omissions liability insurance policy or a fidelity bond, in the minimum amount of one million dollars (\$1,000,000), which shall identify CAM as a named insured or beneficiary of such policy or bond. Agency shall ensure that CAM receives a copy of said certificate showing coverage limitations and expiration date (and any renewal or extension thereof) and shall ensure that CAM receives advance written notice from the insurance carrier or

underwriter no later than thirty (30) days prior to any material alterations to or cancellation of such policy or bond.

### **IX. Miscellaneous Provisions**

9.1 Entire Agreement. This Agreement, and all Exhibits hereto, shall constitute the final, full, and exclusive expression of the agreement of CAM and Agency, except as to any agreement for placement of Accounts previously executed by the parties for Accounts not designated as Crown Asset Management, LLC II, and shall supersede all prior agreements, understandings, writings, proposals, representations and communications, oral or written, with respect to the subject matter hereof and the transactions contemplated hereby.

9.2 Modification and Waiver. The Agreement, except as otherwise expressly provided, may only be modified or amended by a writing duly executed by Agency and CAM.

9.3 Notices. Unless otherwise provided in this Agreement, all notices or demands by CAM or Agency to the other relating to this Agreement shall be in writing and shall be personally delivered or sent by registered or certified mail (postage prepaid, return receipt requested), overnight courier, electronic mail (at such email addresses as CAM or Agency, as applicable, may designate to each other in accordance herewith), or telefacsimile to CAM or Agency, as the case may be, at its address set forth below:

If to CAM: Rodney J. Fortune  
Chief Operating Officer  
Crown Asset Management, LLC  
3355 Breckinridge Blvd Ste 132  
Duluth GA 30096-4989  
[rfortune@crowncasset.com](mailto:rfortune@crowncasset.com)  
FAX: 770-817-6702

If to Agency:

9.4 Further Assurances. Each party agrees to execute such other documents as may be necessary to implement the Agreement.

9.5 Independent Contractor Status. The Agreement shall not be construed as creating an employee/employer, agency, partnership, or joint venture relationship between Agency and CAM. Each party shall have the obligation to supervise, manage, contract, direct, procure, perform or cause to be performed, all work to be performed under the Agreement and shall be liable for all acts or omissions of its employees and agents in performing their respective obligations hereunder.

9.6 Retention of Records. Agency shall maintain, at no additional expense to CAM and in a reasonably accessible location, all records related to Services under the Agreement. Such records shall include, but not be limited to, original invoices, correspondence, records, logs, notes, and any other data or documents related to Agency's provision of Services under the Agreement. Agency shall maintain such records for each Account for a period of not less than three (3) years from Agency's receipt of the Account or for such longer period of time if so required by law.

9.7 Third Party Beneficiaries. Except as specifically set forth in the Agreement, the parties do not intend the benefits of the Agreement to inure to any third party, and nothing contained herein shall be construed as creating any right, claim or cause of action in favor or any such third party, against either of the parties hereto.

9.9 Non-Exclusive Nature of Agreement. Agency understands and agrees that the relationship between CAM and Agency is not an exclusive relationship and that CAM shall have the right to retain other Agencies to provide the same services for CAM as are described herein.

9.10 Severability. If any part of this Agreement is determined to be illegal, unconstitutional, invalid, or otherwise unenforceable, such determination shall be effective only as to the offending part or provision, to this end, the Agreement is declared to be severable.

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

Crown Asset Management, LLC

[Agency name]

\_\_\_\_\_  
Rodney J. Fortune  
Chief Operating Officer

\_\_\_\_\_  
[name]  
[title]