

**CONTRACT FOR SECOND REFERRAL COLLECTION SERVICES**  
**PENN CREDIT CORPORATION**

This Agreement entered into this 1<sup>st</sup> day of June 2014, by and between the Penn Credit Corporation (hereinafter referred to as PCC) and the Department of Finance, Division of Revenue of the State of Delaware (hereinafter referred to as the "Division"), witnesseth that:

WHEREAS, the Division desires to engage PCC to render certain collections of second referral tax accounts receivables; and other state agency receivables

WHEREAS, the Secretary of Finance deems that the professional services herein contracted for are necessary and desirable in performance of the function of the Division of Revenue.

Now, therefore, it is agreed by the parties hereto as follows:

1. The Division hereby agrees to engage PCC and PCC agrees to perform the above stated services as are more fully described below.
2. **Scope of Services.** PCC shall do, perform, and carry out, in a satisfactory and proper manner as determined by the Division of Revenue the services identified in Exhibit A of this Contract. The "Request for Proposal for Second Referral Collection Services" Proposal # 25-06-01-11-01 dated January 6, 2014. and PCC'S proposal, dated February 14, 2014, are hereby made part of this Contract and designated collectively as Exhibit A. Sections I, II and III, of the "Request for Proposal" define the scope of services and all of Exhibit A, as well as the provisions of this Contract detail the performance specifications for collection on accounts.
3. **Personnel.** PCC represents that it has, or will secure, all personnel required in performing the services under this Contract.
4. **Time of Performance.** The Services of PCC are to commence on June 1, 2014, after the execution of this Contract and shall be undertaken and completed in such sequence as to assure their completion in light of the purpose of this Contract.
- 5a. **Method of Remittance.** PCC agrees to satisfactorily perform all services requested according to the terms and conditions specified herein for the commission rates detailed in Section 5b of this contract. PCC agrees to remit all amounts collected under this Agreement on a weekly basis to the Division for the amounts collected during the prior weekly period.

Amounts collected by PCC shall be held in a special fund held in trust by the Division. A separate account shall be established and the Division may establish written requirements and/or procedures, which will become part of the contract, for the electronic transfer of such funds. PCC represents that it has, or will secure the functionality and processes necessary for the electronic transfer of funds and exchange of case data in accordance with any written requirement and/or procedures established by the Division.

5b. The Commission, as agreed upon, is as follows:

Commission	
Commission Rate	14.9 % of amount collected
Litigation Rate	25% of amount collected

6. **Method of Payment.**

- (a) The Division will pay to PCC the amount set forth in paragraph 5b, which shall constitute full and complete payment and consideration for PCC'S's services herein. Such sum will be paid in the following manner but, in every case shall be subject to receipt of an invoice from PCC specifying, in a manner prescribed by the Division, that it has collected such amounts under this Contract in performance of the Contract.
- (b) The amounts due under paragraph 5b of this Contract shall not be paid until the collections on delinquent accounts have been received by the Division. In no event shall the commission due under paragraph 5b be withheld by PCC.
- (c) Commissions and payment of commissions will cease six (6) months after this Contract is terminated regardless of any installment plans in effect at that time except as provided for in Section 8.
- (d) The amounts due under paragraph 5b of this Contract shall be invoiced to the Division on a weekly basis.

7. **Termination of Contract for Cause.** If, through any cause, PCC shall fail to fulfill in a timely and proper manner its obligations under this Contract, or if PCC shall violate any of the covenants, agreements, or stipulations of this Contract, the Division shall thereupon have the right to terminate this Contract after giving written notice to PCC. Such termination shall be effective immediately upon receipt of written notice. In that

event, all finished or unfinished documents, data studies, and all reports or other material prepared by PCC shall, at the option of the Division, become its property, and PCC shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials. If the Division declares such documents and materials as its property, such property shall be delivered, at PCC's expense, to the Division within seven (7) days of the receipt of the notice of termination. In addition, PCC should remit to the Division all monies collected following termination of the contract. The filing of a petition in bankruptcy or insolvency by or against PCC shall terminate the contract. NOTWITHSTANDING THE ABOVE, PCC shall not be relieved of liability to the Division by virtue of any breach of the Contract by PCC, and the Division may withhold any payment to PCC for the purpose of set-off until such times as the exact amount of damages due the Division from PCC is determined.

8. **Termination for Convenience of the Division of Revenue.** The Division may terminate this Contract without cause at any time by giving written notice to PCC of such termination and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination. In that event, all finished or unfinished documents and other materials as described in paragraph 7 shall become its property and shall be delivered to the Division in accordance with said paragraph. PCC shall be entitled to receive 14.9% commission for any work completed on such documents and other materials.

Upon termination under this section, PCC shall notify DOR of any accounts with installment plans in effect at the time of termination. PCC may retain these installment plans for a period not to exceed 12 months from the effective date of termination. PCC shall return any account who fails to make a payment during a ninety (90) day period, and PCC shall not receive any fee in connection with such account.

9. **Assurances.** PCC hereby agrees that it will give the Division and/or the State Auditor, through any authorized representative of either, access to and the right to examine all records, workpapers, or documents related to the Contract and, at all reasonable times, to inspect the work being performed.

10. **Assignability.** PCC shall not assign any interest in this Contract and shall not transfer any interest in the same (whether by assignment or novation), without the prior written consent of the Division.
11. **Interest of PCC.** PCC covenants that it will take all necessary precautions to be assured that it will employ no person in the performance of this Contract who has or acquires any interest, direct or indirect, which will conflict in any manner or degree with the performance of services required to be performed under this Contract.
12. **Findings and Collection Confidentiality.** Any collection, reports, information, data, etc., given to or prepared or assembled by PCC under this Contract which the Division requests be kept confidential shall not be made available to any individual or organization by PCC without the prior written approval of the Division.
13. **Contract Period.** The Contract will be effective for a period of twelve (12) months beginning June 1, 2014 and ending May 31, 2015. By mutual agreement, this Contract may be renewed for four (4), successive one (1) year periods under the terms and conditions as spelled out in Section 1.2 of the Division's "Request for Proposal for Second Referral Collection Services." All renewals in accordance with this Contract shall be agreed to in writing prior to the last day of May of each successive year.
14. **Ethics.** PCC shall not, under any circumstances, use any threats, intimidation, or harassment in the collection process or violate the Fair Debt Collections Practices Act or any other Federal or State law, rule or regulation or guidelines established by the Federal or State Government. PCC must be a member of the American Collectors Association and shall comply strictly with the code of ethics adopted by this organization.
15. **Indemnification and Relationship of Parties.** PCC shall be an independent Contractor, licensed and bonded, and solely responsible for the employment, acts and omissions, control, and direction of its employees. PCC shall save and keep harmless and indemnify the State of Delaware, its agents and employees against any and all liability arising out of the operations or performance of the work by PCC, its agents or employees in connection with the Contract.
16. **Changes.** The Division may, from time to time, require changes in the scope and period of the services of PCC to be performed under this Contract. Such changes, including any increase or decrease in the amount of PCC's compensation which are mutually agreed

upon by in writing and between PCC and the Division, shall be incorporated as written amendments to this Contract.

17. **Suspension of Collection Effort.** PCC agrees to suspend action, either temporarily or permanently, on any account referred for collection upon notification by the institution or agency concerned. In such cases, PCC will be entitled to commission only on that portion of the placement for which it has made a collection. PCC also agrees to suspend collection action permanently on any account that has been referred for collection for more than 270 days in which no collections have been made for the previous ninety (90) days.
18. PCC shall procure all necessary permits and licenses and abide by all applicable laws, regulations, and ordinances of the United States, all States, the State of Delaware, and political subdivisions in which work under this Contract is performed.
19. PCC shall be liable for all taxes levied under this Contract, the services delivered and payments made to PCC pursuant thereto.
20. Any notice or communication to be given pursuant to the terms of this Contract by either party to the other shall be sufficient if given in writing and personally delivered to the PCC Project Manager or the Division Contract Administrator, emailed, or mailed by certified mail, postage prepaid, return receipt requested to the address of the other party,.
21. This Contract, together with Exhibit A attached hereto and made a part hereof, constitutes the entire Agreement between the parties with respect to the subject matter. All prior agreements, representations, statements, negotiations, and undertakings are superceded hereby; but, to the extent such communications are consistent with the terms of the Contract, this Contract shall be interpreted in light thereof.
22. In the event that there is any discrepancy between any of these contract documents, the following order of documents governs so that the former prevails over the latter: Contract, RFP and PCC's response to RFP. No other documents shall be considered. These documents contain the entire agreement between the Division and PCC.
23. No amendment to this Agreement shall be effective unless it is in writing and signed by duly authorized representatives of both parties.
24. No term or provision hereof shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or

- consented. Any consent by any party to, or waiver of, a breach by the other, whether express or implied, shall not constitute consent to, waiver of, or excuse for any other different or subsequent breach.
25. Each party has full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each has been properly authorized and empowered to enter into this Contract. Each party further acknowledges that it has read this Contract, understands it, and agrees to be bound by it.
  26. This Contract shall be governed by and construed in accordance with the statutes and laws of the State of Delaware, as such statutes and laws are applied to contracts between Delaware residents entered into and to be performed entirely within Delaware.
  27. Notwithstanding any other provision of the Contract requiring the liability of the State for the expenditure of money, whether by direct payment or covenant, if sufficient funds are not appropriated or special fund authorized by the Delaware Assembly or other appropriate federal or state agency to sustain, in whole or in part, the Division's performance under this Agreement, or if such appropriation is reduced such that its amount is insufficient to sustain said performance, this Contract shall be null and void at the instance of the Director of Revenue.
  28. This Contract shall not be effective until a Purchase Order reflecting this transaction is approved by the Secretary of Finance in accordance with the State's Accounting Manual. This Contract shall be effective only to the extent of the dollar amount reflected in such Purchase Order.
  29. Severability: If the scope of any provision of this contract is too broad in any respect whatsoever to permit enforcement to its full extent or is deemed unenforceable for any reason, then such provision shall be enforced to the maximum extent permitted by the law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the subject of such provision of the contract shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to the law.
  30. It is further agreed that PCC shall execute the Nondisclosure Agreement as attached hereto pursuant to both 30 Del. C. Section 368 and Section 7431 of the Federal Internal Revenue Code and all of its employees, agents, officers, vendors and other third parties it

engages in the performance of its duties herein shall also execute and/or be subject to and comply with such nondisclosure laws as stated above.

31. The parties further agreed hereto that pursuant to the terms of the Request for Proposal reference herein, the Division may engage the services of other Second Referral Collection Services entities to perform the same services as herein described.

IN WITNESS WHEREOF, the Delaware Department Finance, Division of Revenue and PCC Financial Services, Inc. have executed this Agreement as of the date first written above.

Date June 5, 2014

Attest: Original on File

6/5/14

Date 6/4/14

Attest: Original on File

*Original on File*

Director of Revenue

*Original on File*

Authorized party for Penn Credit Corporation (PCC)

**CONTRACT FOR SECOND REFERRAL COLLECTION SERVICES**  
**PROGRESSIVE FINANCIAL SERVICES INC.**

This Agreement entered into this 1<sup>st</sup> day of June 2014, by and between the Progressive Financial Services Inc. (hereinafter referred to as Progressive) and the Department of Finance, Division of Revenue of the State of Delaware (hereinafter referred to as the "Division"), witnesseth that:

WHEREAS, the Division desires to engage Progressive to render certain collections of second referral tax accounts receivables; and other state agency receivables

WHEREAS, the Secretary of Finance deems that the professional services herein contracted for are necessary and desirable in performance of the function of the Division of Revenue.

Now, therefore, it is agreed by the parties hereto as follows:

1. The Division hereby agrees to engage Progressive and Progressive agrees to perform the above stated services as are more fully described below.
2. **Scope of Services.** Progressive shall do, perform, and carry out, in a satisfactory and proper manner as determined by the Division of Revenue the services identified in Exhibit A of this Contract. The "Request for Proposal for Second Referral Collection Services" Proposal # 25-06-01-11-01 dated January 6, 2014, and Progressive's proposal, dated February 17, 2014, are hereby made part of this Contract and designated collectively as Exhibit A. Sections I, II and III, of the "Request for Proposal" define the scope of services and all of Exhibit A, as well as the provisions of this Contract detail the performance specifications for collection on accounts.
3. **Personnel.** Progressive represents that it has, or will secure, all personnel required in performing the services under this Contract.
4. **Time of Performance.** The Services of Progressive are to commence on June 1, 2014, after the execution of this Contract and shall be undertaken and completed in such sequence as to assure their completion in light of the purpose of this Contract.
- 5a. **Method of Remittance.** Progressive agrees to satisfactorily perform all services requested according to the terms and conditions specified herein for the commission rates detailed in section 5b of this contract. Progressive agrees to remit all amounts collected under this



Agreement on a weekly basis to the Division for the amounts collected during the prior weekly period.

Amounts collected by Progressive shall be held in a special fund held in trust by the Division. A separate account shall be established and the Division may establish written requirements and /or procedures, which will become part of the contract, for the electronic transfer of such funds. Progressive represents that it has, or will secure the functionality and processes necessary for the electronic transfer of funds and exchange of case data in accordance with any written requirement and/or procedures established by the Division.

5b. The Commission, as agreed upon, is as follows:

Commission	
Commission Rate	14.9 % of amount collected
Litigation Rate	25% of amount collected

6. **Method of Payment.**

- (a) The Division will pay to Progressive the amount set forth in paragraph 5b, which shall constitute full and complete payment and consideration for Progressive's services hereunder. Such sum will be paid in the following manner but, in every case shall be subject to receipt of an invoice from Progressive specifying, in a manner prescribed by the Division, that it has collected such amounts under this Contract in performance of the Contract.
- (b) The amounts due under paragraph 5b of this Contract shall not be paid until the collections on delinquent accounts have been received by the Division. In no event shall the commission due under paragraph 5b be withheld by Progressive.
- (c) Commissions and payment of commissions will cease six (6) months after this Contract is terminated regardless of any installment plans in effect at that time except as provided for in Section 8.
- (d) The amounts due under paragraph 5b of this Contract shall be invoiced to the Division on a weekly basis.

7. **Termination of Contract for Cause.** If, through any cause, Progressive shall fail to fulfill in a timely and proper manner its obligations under this Contract, or if Progressive shall violate any of the covenants, agreements, or stipulations of this Contract, the

Division shall thereupon have the right to terminate this Contract after giving written notice to Progressive.

Such termination shall be effective immediately upon receipt of written notice. In that event all finished or unfinished documents, data studies, and all reports or other material prepared by Progressive shall, at the option of the Division, become its property, and Progressive shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials. If the Division declares such documents and materials as its property, such property shall be delivered, at Progressive's expense, to the Division within seven (7) days of the receipt of the notice of termination. In addition, Progressive should remit to the Division all monies collected following termination of the contract. The filing of a petition in bankruptcy or insolvency by or against Progressive shall terminate the contract. NOTWITHSTANDING THE ABOVE, Progressive shall not be relieved of liability to the Division by virtue of any breach of the Contract by Progressive, and the Division may withhold any payment to Progressive for the purpose of set-off until such times as the exact amount of damages due the Division from Progressive is determined.

8. **Termination for Convenience of the Division of Revenue.** The Division may terminate this Contract without cause at any time by giving written notice to Progressive of such termination and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination. In that event, all finished or unfinished documents and other materials as described in paragraph 7 shall become its property and shall be delivered to the Division in accordance with said paragraph. Progressive shall be entitled to receive 14.9% commission for any work completed on such documents and other materials.

Upon termination under this section, Progressive shall notify DOR of any accounts with installment plans in effect at the time of termination. Progressive may retain these installment plans for a period not to exceed 12 months from the effective date of termination. Progressive shall return any account who fails to make a payment during a ninety (90) day period, and Progressive shall not receive any fee in connection with such account.

9. **Assurances.** Progressive hereby agrees that it will give the Division and/or the State Auditor, through any authorized representative of either, access to and the right to examine all records, workpapers, or documents related to the Contract and, at all reasonable times, to inspect the work being performed.
10. **Assignability.** Progressive shall not assign any interest in this Contract and shall not transfer any interest in the same (whether by assignment or novation), without the prior written consent of the Division.
11. **Interest of Progressive.** Progressive covenants that it will take all necessary precautions to be assured that it will employ no person in the performance of this Contract who has or acquires any interest, direct or indirect, which will conflict in any manner or degree with the performance of services required to be performed under this Contract.
12. **Findings and Collection Confidentiality.** Any collection, reports, information, data, etc., given to or prepared or assembled by Progressive under this Contract which the Division requests be kept confidential shall not be made available to any individual or organization by Progressive without the prior written approval of the Division.
13. **Contract Period.** The Contract will be effective for a period of twelve (12) months beginning June 1, 2014 and ending May 31, 2015. By mutual agreement, this Contract may be renewed for four (4), successive one (1) year periods under the terms and conditions as spelled out in Section 1.2 of the Division's "Request for Proposal for Second Referral Collection Services." All renewals in accordance with this Contract shall be agreed to in writing prior to the last day of May of each successive year.
14. **Ethics.** Progressive shall not, under any circumstances, use any threats, intimidation, or harassment in the collection process or violate the Fair Debt Collections Practices Act or any other Federal or State law, rule or regulation or guidelines established by the Federal or State Government. Progressive must be a member of the American Collectors Association and shall comply strictly with the code of ethics adopted by this organization.
15. **Indemnification and Relationship of Parties.** Progressive shall be an independent Contractor, licensed and bonded, and solely responsible for the employment, acts and omissions, control, and direction of its employees. Progressive shall save and keep harmless and indemnify the State of Delaware, its agents and employees against any and

all liability arising out of the operations or performance of the work by Progressive, its agents or employees in connection with the Contract.

16. Changes. The Division may, from time to time, require changes in the scope and period of the services of Progressive to be performed under this Contract. Such changes, including any increase or decrease in the amount of Progressive's compensation which are mutually agreed upon by in writing and between Progressive and the Division, shall be incorporated as written amendments to this Contract.
17. Suspension of Collection Effort. Progressive agrees to suspend action, either temporarily or permanently, on any account referred for collection upon notification by the institution or agency concerned. In such cases, Progressive will be entitled to commission only on that portion of the placement for which it has made a collection. Progressive also agrees to suspend collection action permanently on any account that has been referred for collection for more than 270 days in which no collections have been made for the previous ninety (90) days.
18. Progressive shall procure all necessary permits and licenses and abide by all applicable laws, regulations, and ordinances of the United States, all States, the State of Delaware, and political subdivisions in which work under this Contract is performed.
19. Progressive shall be liable for all taxes levied under this Contract, the services delivered and payments made to Progressive pursuant thereto.
20. Any notice or communication to be given pursuant to the terms of this Contract by either party to the other shall be sufficient if given in writing and personally delivered to the Progressive Project Manager or the Division Contract Administrator, emailed, or mailed by certified mail, postage prepaid, return receipt requested to the address of the other party.
21. This Contract, together with Exhibit A attached hereto and made a part hereof, constitutes the entire Agreement between the parties with respect to the subject matter. All prior agreements, representations, statements, negotiations, and undertakings are superceded hereby; but, to the extent such communications are consistent with the terms of the Contract, this Contract shall be interpreted in light thereof.
22. In the event that there is any discrepancy between any of these contract documents, the following order of documents governs so that the former prevails over the latter:

Contract, RFP and Progressive's response to RFP. No other documents shall be considered. These documents contain the entire agreement between the Division and Progressive.

23. No amendment to this Agreement shall be effective unless it is in writing and signed by duly authorized representatives of both parties.
24. No term or provision hereof shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any party to, or waiver of, a breach by the other, whether express or implied, shall not constitute consent to, waiver of, or excuse for any other different or subsequent breach.
25. Each party has full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each has been properly authorized and empowered to enter into this Contract. Each party further acknowledges that it has read this Contract, understands it, and agrees to be bound by it.
26. This Contract shall be governed by and construed in accordance with the statutes and laws of the State of Delaware, as such statutes and laws are applied to contracts between Delaware residents entered into and to be performed entirely within Delaware.
27. Notwithstanding any other provision of the Contract requiring the liability of the State for the expenditure of money, whether by direct payment or covenant, if sufficient funds are not appropriated or special fund authorized by the Delaware Assembly or other appropriate federal or state agency to sustain, in whole or in part, the Division's performance under this Agreement, or if such appropriation is reduced such that its amount is insufficient to sustain said performance, this Contract shall be null and void at the instance of the Director of Revenue.
28. This Contract shall not be effective until a Purchase Order reflecting this transaction is approved by the Secretary of Finance in accordance with the State's Accounting Manual. This Contract shall be effective only to the extent of the dollar amount reflected in such Purchase Order.
29. Severability: If the scope of any provision of this contract is too broad in any respect whatsoever to permit enforcement to its full extent or is deemed unenforceable for any reason, then such provision shall be enforced to the maximum extent permitted by the

law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the subject of such provision of the contract shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to the law.

30. It is further agreed that Progressive shall execute the Nondisclosure Agreement as attached hereto pursuant to both 30 Del. C. Section 368 and Section 7431 of the Federal Internal Revenue Code and all of its employees, agents, officers, vendors and other third parties it engages in the performance of its duties herein shall also execute and/or be subject to and comply with such nondisclosure laws as stated above.
31. The parties further agreed hereto that pursuant to the terms of the Request for Proposal reference herein, the Division may engage the services of other Second Referral Collection Services entities to perform the same services as herein described.

IN WITNESS WHEREOF, the Delaware Department Finance, Division of Revenue and Progressive Financial Services, Inc. have executed this Agreement as of the date first written above.

Date June 15, 2014  
Attest **Original on File**  
615114

Date 5/29/14  
Attest **Original on File**

**Original on File**  
\_\_\_\_\_  
Director of Revenue  
**Original on File**

\_\_\_\_\_  
Authorized party for Progressive  
Financial Services Inc.  
(Progressive)  
SVP- Operations  
Greg Lang