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THIS AGREEMENT, made and entered into this 15th day of June, 2010, is by and between the City of Fort Lauderdale, a Florida municipality, ("City"), whose address is 100 North Andrews Avenue, Fort Lauderdale, FL 33301-1016, and NRA Group, LLC, a Pennsylvania limited liability company authorized to transact business in the State of Florida, ("Contractor"), whose address and phone are 2491 Paxton Street, Harrisburg, PA 17111, Phone 800-360-9953, Fax: 800-360-9954.

WHEREAS, the City issued Request for Proposal 105-10457 ("RFP"), and the Contractor submitted a bid in response to the RFP; and

WHEREAS, on June 15, 2010, the City Commission of the City of Fort Lauderdale approved an agreement with Contractor for the goods or services described in the RFP (Pur-09, CAR No. 10-0817);

NOW, THEREFORE, for and in consideration of the mutual promises and covenants set forth herein and other good and valuable consideration, the City and the Contractor covenant and agree as follows:

1. The Contractor agrees to provide to the City secondary delinquent account collection services in accordance with and in strict compliance with the specifications, terms, conditions, and requirements set forth in the RFP and any and all addenda thereto beginning August 1, 2010, and ending July 31, 2013.

2. This contract form G-110 Rev. 01/10, the RFP, any and all addenda to the RFP and the Contractor's response thereto, and the Contractor's proposal in response to the RFP are integral parts of this Contract, and are incorporated herein.

3. In the event of conflict between or among the contract documents, the order of priority shall be as follows:

- First, this contract form, G-110 Rev. 01/10;
- Second, any and all addenda to the City's RFP in reverse chronological order;
- Third, the RFP;
- Fourth, the Contractor's response to any addendum requiring a response;
- Fifth, the Contractor's response to the RFP.

4. The Company warrants that the goods and services supplied to the City pursuant to this Contract shall at all times fully conform to the specifications set forth in the RFP and be of the highest quality. In the event the City, in the City's sole discretion, determines that any product or service supplied pursuant to this Contract is defective or does not conform to the specifications set forth in the RFP the City reserves the right unilaterally to cancel an order or cancel this Contract upon written notice to the Contractor, and reduce commensurately any amount of money due the Contractor.

5. The City may cancel this Contract upon written notice to the Contractor in the event the Contractor fails to furnish the goods or perform the services as described in the RFP within 30 days following written notice to the Contractor.

6. The Contractor shall not present any invoice to the City that includes sales tax (85-8012514506C-7) or federal excise tax (59-6000319).

7. Contractor shall direct all invoices in duplicate for payment to Finance Department, City of Fort Lauderdale, 100 N. Andrews Avenue, 6th Floor, Fort Lauderdale, FL 33301. Any applicable discount MUST appear on the invoice.

8. Subsection 1.h. of Part IV of the RFP is deleted.

9. The first sentence of Question Number 17 of Part VII of the RFP is restated as follows: "At the end of the contract period, the successful proposer will be required to transfer all uncollected accounts back to the City, at no cost to the City."

IN WITNESS WHEREOF, the City and the Contractor execute this Contract as follows:

CITY OF FORT LAUDERDALE  
By: [Signature]  
Director of Procurement Services

Approved as to form:  
[Signature]  
Senior Assistant City Attorney

ATTEST

CONTRACTOR

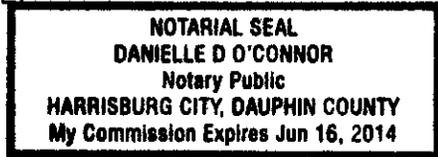
By: \_\_\_\_\_  
Print Name:  
Title:

By: [Signature]  
Jill Kusic, President

STATE OF Pennsylvania  
COUNTY OF Dauphin

The foregoing instrument was acknowledged before me this 19th day of August, 2010, by Jill Kusic as President for NRA Group, LLC, a Pennsylvania limited liability company authorized to transact business in the State of Florida.

(SEAL)



[Signature]  
Notary Public, State of Pennsylvania  
(Signature of Notary Public)  
Danielle D. O'Connor  
(Print, Type, or Stamp Commissioned Name of Notary Public)

Personally Known  OR Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_

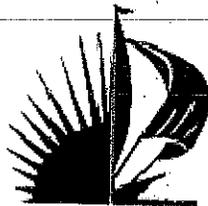


Proposal for RFP #105-10457  
Delinquent Account Collection Services

# City of Fort Lauderdale, FL



Prepared for:



CITY OF FORT LAUDERDALE

Presented by:

**National Recovery Agency**

2491 Paxton Street  
Harrisburg, PA 17111

(800) 360-9953

(800) 360-9954 fax

[www.nationalrecovery.com](http://www.nationalrecovery.com)



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National Recovery Agency  
2491 Paxton Street  
Harrisburg, PA 17111  
(800) 360-9953

March 20, 2008

City of Fort Lauderdale

Michael Walker

Procurement Services Department

Room 619, 6th floor, City Hall

100 North Andrews Avenue

Fort Lauderdale, Florida, 33301

Dear Mr. Walker,

National Recovery Agency, a Pennsylvania-based collection agency, is pleased to submit this proposal for RFP # 105-10457 – Delinquent Account Collection Services. Enclosed is the requested information about our company and proposed collection services. This proposal is an irrevocable offer for 90 days from the May 11, 2010, or longer by mutual agreement.

National Recovery Agency is committed to utilizing experienced, profession staff, and the most current technologies available to help the City of Fort Lauderdale, FL accomplish its recovery goals. As your partner, we offer unlimited options for achieving maximum recoveries, while maintaining positive customer relations and meeting state and federal requirements.

National Recovery Agency's experience is unique but there are more notable attributes that set us apart from our competition:

- Professional Services and Data Security adept - **PPMS certified (ISO 9002 compatible), SAS 70 Type I Certified and PCI – DSS Certified (Payment Card Industry-Data Security Systems)**
- Entire staff is **F.D.C.P.A. Trained**; and appropriate personnel **certified**
- **Real-time, on-line auditing capabilities** with secure access
- Credit reporting to all **major** national bureaus

Steven C. Kusic, CEO of National Recovery Agency, provides an enormous amount of insight, dedication, and commitment to the Centers of Excellence, as well as within the regional community. This dedication and commitment has been recognized by various agencies such as the Pennsylvania Collectors Association and Graystone Bank, who appointed him on their advisory boards. In 2005, he was recognized as one of the Collector Advisor's Top 25 Most Influential Collection Professionals and again in 2006 as one of the Top 50 Most Influential Collection Professionals. Steven has also been selected as a winner for both the "Forty Under Forty" and "Young Guns" awards in 2005.



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In addition, National Recovery Agency also holds the honor of being on of Inc. 5000's "Fastest Growing Private Companies in America", for two consecutive years (2007 and 2008). National Recovery Agency was recognized as the Central Penn Business Journal: "Emerging Business of the Year 2007" and the winner of the "Small Business of the Year 2006 Harrisburg Regional Area Chamber of Commerce.

National Recovery Agency is confident in its ability to provide the requested services. We have extensive experience in the collection of both consumer and commercial owed debt within the Government industry. We are stable and financially sound with more than 32 years of private, family ownership with corporate headquarters in Harrisburg, employing a diverse workforce of more than 150 men and women. National Recovery Agency is projected to grow to nearly 200 employees by 2009.

National Recovery Agency developed the **Centers of Excellence**, focusing in the areas of Technology, Compliance, and Training. They were created for benchmarking data, researching and developing new productive methods, and making available the very best of NRA resources for its clients. We employ a team of professionals dedicated to perform in the most ethical and respectable manner. Based on the acceptance of this belief, we present ourselves as "**A Responsible Revenue Recovery Company™.**"

National Recovery Agency appreciates the opportunity to submit the enclosed proposal and to demonstrate its ability in providing full-service collection results. If you should have any questions or need further clarification regarding this response, feel free to contact Toney Fedullo at 1-800-360-9953, ext. 3076.

Sincerely,

Steven C. Kusic

Chief Executive Officer



National Recovery Agency  
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Harrisburg, PA 17111  
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**NON-COLLUSION STATEMENT**

By signing this offer, the vendor/contractor certifies that this offer is made independently and free from collusion. Vendor shall disclose below any City of Fort Lauderdale, FL officer or employee, or any relative of any such officer or employee who is an officer or director of, or has a material interest in, the vendor's business, who is in a position to influence this procurement.

Any City of Fort Lauderdale, FL officer or employee who has any input into the writing of specifications or requirements, solicitation of offers, decision to award, evaluation of offers, or any other activity pertinent to this procurement is presumed, for purposes hereof, to be in a position to influence this procurement.

For purposes hereof, a person has a material interest if they directly or indirectly own more than 5 percent of the total assets or capital stock of any business entity, or if they otherwise stand to personally gain if the contract is awarded to this vendor.

In accordance with City of Fort Lauderdale, FL Policy and Standards Manual, 6.10.8.3.

- 3.3. City employees may not contract with the City through any corporation or business entity in which they or their immediate family members hold a controlling financial interest (e.g. ownership of five (5) percent or more).
- 3.4. Immediate family members (spouse, parents and children) are also prohibited from contracting with the City subject to the same general rules.

Failure of a vendor to disclose any relationship described herein shall be reason for debarment in accordance with the provisions of the City Procurement Code.

| <u>NAME</u> | <u>RELATIONSHIPS</u> |
|-------------|----------------------|
| _____       | _____                |
| _____       | _____                |
| _____       | _____                |
| _____       | _____                |

In the event the vendor does not indicate any names, the City shall interpret this to mean that the vendor has indicated that no such relationships exist.



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**BID/PROPOSAL SIGNATURE PAGE**

**How to submit bids/proposals:** It is preferred that bids/proposals be submitted by hard copy at [www.bidsync.com](http://www.bidsync.com), unless otherwise stated in the bid packet. If mailing a hard copy, it will be the sole responsibility of the Bidder to ensure that the bid reaches the City of Fort Lauderdale, City Hall, Procurement Department, Suite 619, 100 N. Andrews Avenue, Fort Lauderdale, FL 33301, prior to the bid opening date and time listed. Bids/proposals submitted by fax or email will NOT be accepted.

The below signed hereby agrees to furnish the following article(s) or services at the price(s) and terms stated subject to all instructions, conditions, specifications addenda, legal advertisement, and conditions contained in the bid. I have read all attachments including the specifications and fully understand what is required. By submitting this signed proposal I will accept a contract if approved by the CITY and such acceptance covers all terms, conditions, and specifications of this bid/proposal.

Submitted by:  5-10-2010  
 (Authorized Signature To Bind Company) (date)

Name (printed) Toney Fedullo Title: Mgr. of Business Development

Company: (Legal Registration) NRA GROUP LLC

**CONTRACTOR, IF FOREIGN CORPORATION, MAY BE REQUIRED TO OBTAIN A CERTIFICATE OF AUTHORITY FROM THE DEPARTMENT OF STATE, IN ACCORDANCE WITH FLORIDA STATUTE §607.1501 (visit <http://www.dos.state.fl.us/doc/>).**

Address: 2491 Paxton St.

City Harrisburg State: PA Zip 17111

Telephone No. 1-800-360-9953 X3076 FAX No. 1-800-360-9954

E-MAIL: tfedullo@nationalrecovery.com

Delivery: Calendar days after receipt of Purchase Order (section 1.02 of General Conditions): F.O.B.

Payment Terms (section 1.03): Net 30 Total Bid Discount (section 1.04): 0%

Does your firm qualify for MBE or WBE status (section 1.08): MBE      WBE     

**ADDENDUM ACKNOWLEDGEMENT** - Proposer acknowledges that the following addenda have been received and are included in the proposal:

| <u>Addendum No.</u> | <u>Date Issued</u>    |
|---------------------|-----------------------|
| <u>#1</u>           | <u>April 22, 2010</u> |

**VARIANCES:** State any variations to specifications, terms and conditions in the space provided below or reference in the space provided below all variances contained on other pages of bid, attachments or bid pages. No variations or exceptions by the Proposer will be deemed to be part of the bid submitted unless such variation or exception is listed and contained within the bid documents and referenced in the space provided below. If no statement is contained in the below space, it is hereby implied that your bid/proposal complies with the full scope of this solicitation. **HAVE YOU STATED ANY VARIANCES OR EXCEPTIONS BELOW? BIDDER MUST CLICK THE EXCEPTION LINK IF ANY VARIATION OR EXCEPTION IS TAKEN TO THE SPECIFICATIONS, TERMS AND CONDITIONS.**

Variances:  
 \_\_\_\_\_



**PART VII PROPOSAL SUMMARY / QUESTIONNAIRE**

The Proposer hereby offers to enter into a contract with the City of Fort Lauderdale, Florida to provide Delinquent Collection Services, in accordance with the RFP specifications.

Proposer understands that the information contained in these Proposal Summary Pages is to be relied upon by the City in awarding the proposed Contract, and such information is warranted by the Proposer to be true. Proposer agrees to furnish such additional information relating to the qualifications of the Proposer, as may be required by the City, prior to acceptance of any proposal.

Proposer to complete the following:

1. Prior Experience: Indicate the number of year(s) experience Proposer has had in providing these services.

34 /years

21 #/years in South Florida

2. Location of Service Facility(ies), if different from address shown in BID/PROPOSAL SIGNATURE PAGE above.

National Recovery Agency - Branch

3 Crossgates Dr., Mechanicsburg, PA 17055

3. Is there anything in the RFP specifications that are NOT INCLUDED in your bid?

YES: \_\_\_\_\_ NO: X

If YES, please explain:

4. Bonding & Liability, Workers' Compensation and Errors and Omissions Coverage:

a. Do you have the required Bonding, Liability, Workers' Compensation and Errors & Omissions coverage's, as required by the RFP?

YES: X NO: \_\_\_\_\_

If NO, please explain:

Provide copies of both your Bonding, Liability, Workers' Compensation and Errors & Omissions certificates.

Included? YES: X NO: \_\_\_\_\_

b. Do you have the required Insurance coverage's, as contained in Part III Special Conditions, Paragraph 13. Insurance Requirements?

YES: X NO: \_\_\_\_\_



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5. Do you have the required licenses, and/or permits to do business in:

State of Florida? YES: X NO: \_\_\_\_\_

Broward County? YES: X NO: \_\_\_\_\_

Please provide copies as an appendix to your proposal response.

Included? YES: X NO: \_\_\_\_\_

6. List the names and titles the principals, management and personnel who will be assigned to this contract. Include resumes or summary of experience of these persons as an Appendix to the RFP response.

SEE ATTACHMENT L – KEY PESONNEL RESUMES (Pages 105-115)

Capabilities/Experience summaries included? YES: X NO: \_\_\_\_\_

7a. Please provide a list of references for whom you currently, or have recently (within the past two years) provided these services, with particular emphasis on other governmental entities. Include company name, address, phone number, contact person and e-mail address if available. A Minimum of three (3) is requested. If additional space is required, please include this information as an appendix to your RFP response.

PLEASE SEE ATTACHMENT B – REFERENCES (page 24)

7b. Please provide financial references who can substantiate your ability to support the services required for the period of this contract. Include company name, address, contact person, and telephone number. A Minimum of three (3) is requested. If additional space is required, please include this information as an appendix to your RFP response.

PLEASE SEE ATTACHMENT C – FINANCIAL REFERENCE PAGE (page 24)



8. **Auditors Statement:** Submit a copy of your latest Annual Financial Report as attested to by external Certified Public Accountants.

Included? YES: X NO: \_\_\_\_\_

IF NO, explain:

9. Please submit copy of SAS 70 Report

Included? YES: X NO: \_\_\_\_\_

IF NO, explain:

10. **Collection Procedures:** Proposer shall submit a description of your present collection procedures, including the principles you demand of your present employees who will be handling the City's accounts.

Proposer please note: Use the form provided as ATTACHMENT "A" to the RFP for your response. If additional space is required, attached as an appendix to ATTACHMENT "A".

PLEASE ATTACHMENT A – COLLECTION PROCEDURES (pages 11-23)

11. **Organization:** Submit a summary of your organization, including geographical locations. Include this information as an appendix to your RFP response.

Included? YES: X NO: \_\_\_\_\_

12. **Hardship Cases:** Proposer shall provide a description of how you handle hardship cases. If additional space is needed, please provide as an appendix to your RFP response.

Collectors ask debtors a series of questions in order to determine the financial situation of each debtor. If the collector determines the debtor is a truly a hardship case there are a several options available to the debtor including payment arrangements over an extended period, charity care eligibility, low income applications and settlements (if allowed by client). NRA will keep abreast of hardship situation to determine if a better plan needs to be established moving forward.

13. **Reports:** List, in detail, reports that you offer to the City.

Refer to PART IV, Scope of Services, Section 2 Technical Specifications, Item D Reporting, of the RFP specifications.

Include this information as an appendix to your RFP response.

PLEASE SEE ATTACHMENT D – REPORT CAPABILITIES (pages 25-26)

14. **Other Standards Used:** List in detail, any additional standards and/or practices that you consider worthy of consideration by the Evaluation Committee in evaluating your proposal.

Include this information as an appendix to your RFP response.

PLEASE SEE ATTACHMENT E – OTHER STANDARDS USED (pages 27-33)



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15. **COST TO THE CITY:** Proposer shall indicate, in the space provided, the firm, fixed collection fee percentage, if your the City's Primary and/or Secondary collection placement.

Parking and EMS currently have a primary placement service, all other areas do not. Please quote as a Primary placement and/or Secondary placement for collection fee services. If current contracts for collections with Parking and EMS should expire, then both departments will move to a primary placement collection fee, and Contractor will accept this move.

|                     | <u>COLLECTION FEE %</u> |
|---------------------|-------------------------|
| Primary Placement   | <u>14.95</u> %          |
| Secondary Placement | <u>20</u> %             |

If Parking and/or EMS should no longer have their current Primary Collection placement, and wish to move to the Primary placement collection fee percentage, will you accept this move upon notification by the City?

YES X NO \_\_\_\_\_

If No, Why not?

16. Are you willing to extend this contract to other municipalities, as specified in the RFP?

YES: X NO: \_\_\_\_\_

If NO, please provide specifics on the applicable conditions under which you would extend this contract to other Liability municipalities:

17. At the end of the contract period, will Successful will be required to transfer all uncollected accounts back to the City, at no cost to the City. The City's Department Representatives will coordinate with the Successful proposer on the transfer of the accounts. Do you agree?

YES X NO \_\_\_\_\_



## ATTACHMENT A – COLLECTION PROCEDURES

### Collection Procedures

#### Collection Strategy

Our Collectors use professional, non-confrontational, standardized scripts that remove the emotion from the conversation and focus their efforts on resolving accounts. The practice of using standard scripts:

- Ensures compliance with laws and regulations and has proven to be effective in mitigating potential complaints
- Increases our potential for successful account resolution and minimizes potential confrontations between a debtor and NRA staff
- Enables staff to relate well to diverse populations and to offer information and assistance to debtors that will lead to successful recoveries, informed debtors, and minimal intervention from our customers' personnel
- Is a valuable training method that provides uniformity and consistency in Collector performance

#### Collection Work Plan

Our collection work plan will utilize the most advanced skip tracing tools and strategies, sequenced letters and telephone campaigns, and follow-up activities designed to generate maximum collection recoveries. All accounts assigned will receive the full range of collection efforts regardless of type of account, age of account and amount of account and worked until all efforts have been exhausted. NRA will use a combination of its Predictive Dialer, IVR Technology and live Collector interaction in providing a full service collection program.

All standard collection efforts (i.e. skip-tracing, telephone attempts, and letters) will be utilized in an attempt to recover monies due. However, the type, age, and amount of claims assigned to the agency will determine predictive dialing strategies, letters, number of Collectors assigned to the project, file sizes, dialing frequency and specialization of the Collector utilized in the collection of the accounts. Accounts assigned will receive the full range of collection efforts equitably based upon type of account, age of account and amount of account, so that certain kinds of accounts are not given preference for collection efforts.

#### Account Volume Capacity and Workloads

NRA's collection system and CR software allows us to handle an unlimited number of accounts in an efficient and timely manner. Currently, NRA is handling approximately **600,000** accounts totaling more than **\$1 billion** in accounts receivables yearly. Our Mercury Predictive Dialer (MPD) and CR Software System allow us to contact thousands of debtors each day.



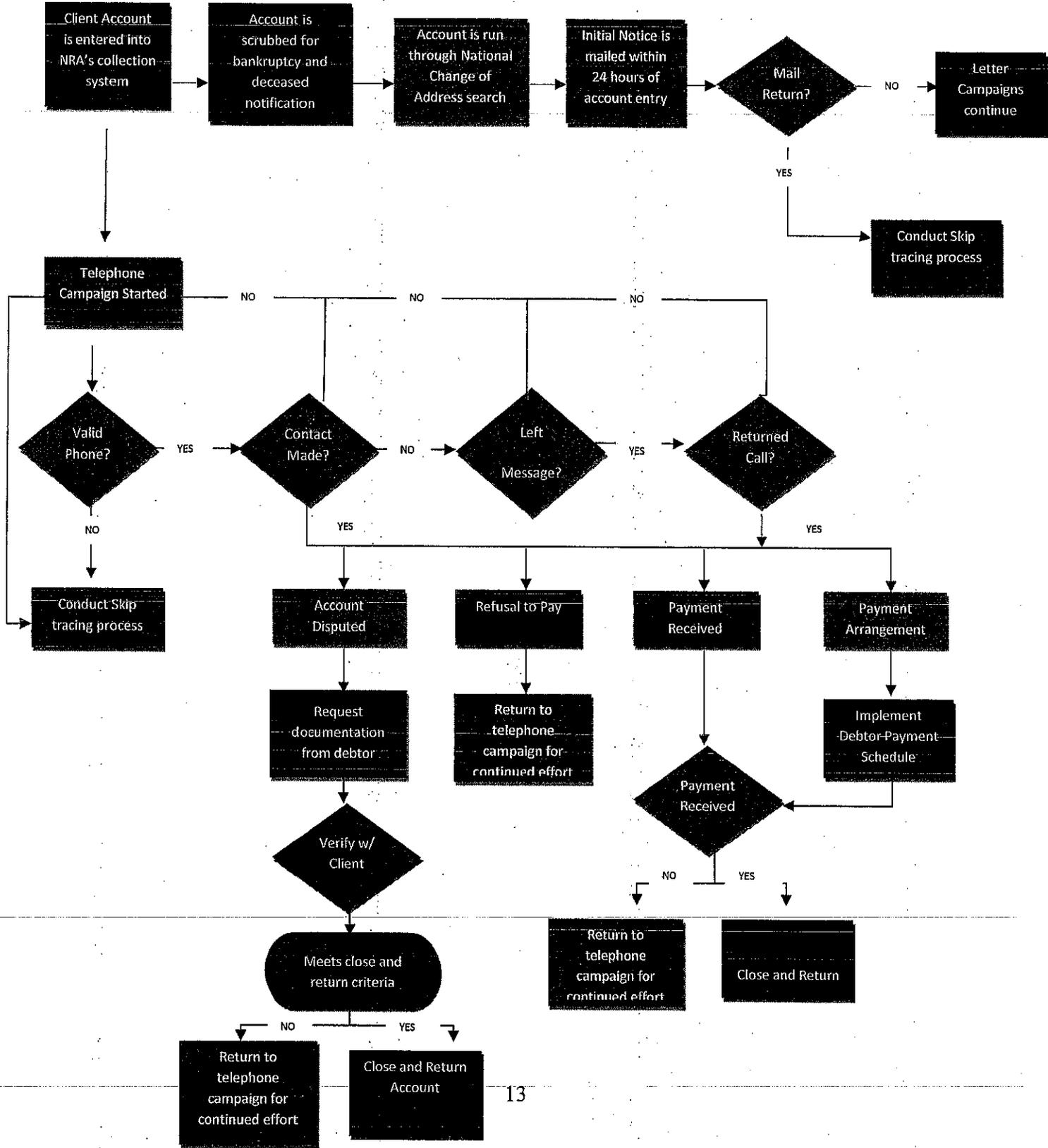
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 2491 Paxton Street  
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**Collection Process Description**

1. Account Referral: Load all information into database, and acknowledge all accounts received.
2. Automated Skip tracing: Using software, confirm and/or update all available addresses for debtors prior to our first mailing, thus increasing the likelihood of contacting debtors by mail when we request payment.
3. Collection Notices: Send approved letter(s) to all debtors, instructing them on payment procedures. This notice will clearly identify the Client and contain the total amount due. It may also warn that failure to pay may result in our recommendation to the Client that it use all possible enforcement mechanisms to collect the amounts owed.
4. Return Mail: Research all in an attempt to locate debtors. Using on-line and traditional research tools, our Collectors identify the correct telephone numbers and addresses to be used to contact debtors. Updates of debtor information will be reported to the Client on a monthly basis or as required.
5. Telephone Contact: attempt contact all accounts with valid phone numbers. After the notice mailing, Collectors will make repeated efforts to contact the right party to secure full payment of their delinquent receivables owed to the Client. NRA has a professionally staffed call center that operates weekdays, nights, and Saturdays, while our dialers are operational 24/7/365 within the appropriate time zones.
6. Uncollectible Accounts: Identify and return back to the Client with proper documentation.
7. Enforcement Mechanisms: Apply as appropriate and in compliance with all state and federal consumer and collection laws. NRA will provide notice of any pending legal action and obtain prior approval for any other enforcement options being recommended.
8. Detailed Management Reports: Provide reports on our collection activity in desired formats and frequency. CR Software maintains a detailed activity and payment history on every account file.

| BASIC WORK STANDARD |   |
|---------------------|---|
| Activity            | Timeframe for Account Processing  |
| Skip Tracing Tools  | Accounts are scrubbed immediately upon placement for bankruptcy and deceased statuses. Collectors perform additional skip tracing when invalid information or lack of information is present. Skip tracing is then performed every 30 days, or upon request by Project Manager, until deemed uncollectible  |
| Correspondence      | <ul style="list-style-type: none"> <li>First Letter (Validation) – within first 24 hrs. of account load into system</li> <li>Subsequent letters are sent based on collection activity.</li> </ul>   |
| Telephone Contact   | <ul style="list-style-type: none"> <li>First Telephone Contact Attempt after 30 day validation period and as early as Day 1 if mutually agreed upon.</li> </ul>   |
|                     | <ul style="list-style-type: none"> <li>Payment plan as negotiated with debtor is updated to computer or skip tracing has begun on accounts having been "mail returned" and no valid phone is available</li> <li>Accounts with no payments or arranged payments within 30 days of referral will be reported to all three major credit reporting agencies, if previously authorized by client</li> <li>Accounts which remain uncollectible due to a bad address of no phone number which are over \$100.00 are skipped every 30 days</li> </ul> |
| Broken Promises     | System automatically recognizes scheduled dates and notifies Collectors of broken agreements and places those accounts in the Collector's Priority Unit for immediate follow-up the following day   |

### NRA TELEPHONE STRATEGY





## **Skip tracing of Accounts**

The most efficient way to assess and tailor collection efforts is by managing and prioritizing accounts through advanced scoring, analytical data and services, and accurate data compilation.

NRA's skip tracing solution involves a number of systematic stages of skip tracing tasks that are carried out with sophisticated logic in a specific order. This skip tracing process continues step after step until your debtor is located or all databases that NRA subscribes to have been exhausted. This process is extremely powerful and has many milestones, checkpoints, and review cycles.

Upon placement, NRA processes all accounts to verify telephone and address information, segregating those accounts ready to be contacted from those requiring skip tracing. Accounts are run through Electronic Directory Assistance (EDA) on all accounts without a good number and National Change of Address (NCOA) on all accounts with bad addresses. Accounts automatically enter this process as telephone numbers and/or addresses are determined to be "invalid".

All accounts with balances greater than \$250.00 are automatically referred Experian to pull credit bureau reports. Files are returned to NRA within 48 hours with credit scores, updated telephone numbers and addresses. Scores provided assist us in prioritizing and intensifying our collection efforts on the accounts deemed most collectible. NRA will utilize Experian's "Triggers," which will advise us within 24 hours of specific changes to the debtor's credit profile that we request Experian monitor for us. This is an extremely powerful skip trace and account prioritization tool.

After the initial 14 days, we begin sending daily batched accounts to multiple databases on all collection accounts without contact. Batch processing selections include: verified address, phone and deceased flags, previous addresses, aliases, dates of birth, relatives, associates, Social Security number information and progressive phones. Accounts with new and verified contact information will be updated, moved into the dialer and included in the outbound calling and mailing campaigns.

*NRA uses various location methods and electronic databases to find current contact information or referred accounts having inaccurate addresses and telephone numbers. These are our primary search tools because they provide effective and efficient find rates.*

**National Change of Address (NCOA):** is a search mechanism that checks the change of address database for new address information related to your input. The search alone does not provide phone numbers.

**EDA Search:** Electronic Directory Assistance search provides access to an EDA provider who receives and processes daily updates from all telephone companies. EDA records typically contain name, address, and phone numbers just as they are displayed in printed directories. This search requires a name and city/state, or zip code and responds with up to 10 listings. A reverse phone number search allows for a phone number to be entered and responds with name and address information.

**Banko & Deceased:** All new placements are routed through the LexisNexis Banko database. Banko provides comprehensive, accurate information on the latest bankruptcy case information. Their databases are updated daily with data sources directly from the courts. Bankruptcy records include the debtor's name; address, and social security number, as well as case number and court chapter, date filed, discharged, dismissed, and converted information. LexisNexis also provided automatic account monitoring for regular updates and case management to keep updated with the latest bankruptcy notifications to limit your legal exposure to stay violations. After initial Bankruptcy scrub, accounts are processed every 30 days for updated information.



New placements are also scrubbed through LexisNexis's multi-sourced deceased database. This provided NRA with extensive coverage from various sources to update our inventory of accounts within 24 hours of notification. This process nearly eliminates complaints.

**Experian:** Offers a full suite of collection products that assist in collecting debt from early stage delinquency to monitoring skipped accounts. Experian provides credit data and locator information on a debtor, essentially giving a 360-degree snapshot of a consumer. It helps NRA score, segment and prioritize collections accounts, with an immediate return of information. With Experian, NRA can make informed decisions on how to pursue each portfolio.

- **MetroNet:** Assist collectors in deciphering which phone numbers to utilize in auto-dialer campaigns when attempting to contact hard-to-reach consumers. The system will identify probably cellular phone number for exclusion from auto-dialing campaigns.
- **File One Phone:** the feature processes searches to Experian's File One Credit database in an attempt to locate additional telephone numbers. Up to 3 unique numbers can be returned. File One Phone search occurs as a last step following a MetroNet and/or EDA attempt for a telephone number.

**Accurant:** The most widely accepted locate-and-research tool available, which provides a direct link to millions of records.

- **People Search:** locates neighbors, associates and possible relatives
- **Phones Plus:** track down phone numbers not typically available to increase your chances of finding your subject. Access over 50,000,000 non-directory assistance records, including cell phone numbers
- **People at Work:** links individuals to businesses and includes information such as business addresses, phone numbers, and possible dates of employment
- **Relavint<sup>TM</sup>:** visually links individuals with businesses, addresses, relatives and vehicles
- **Advanced Person Search:** helps find individuals when only old or fragmented data is available

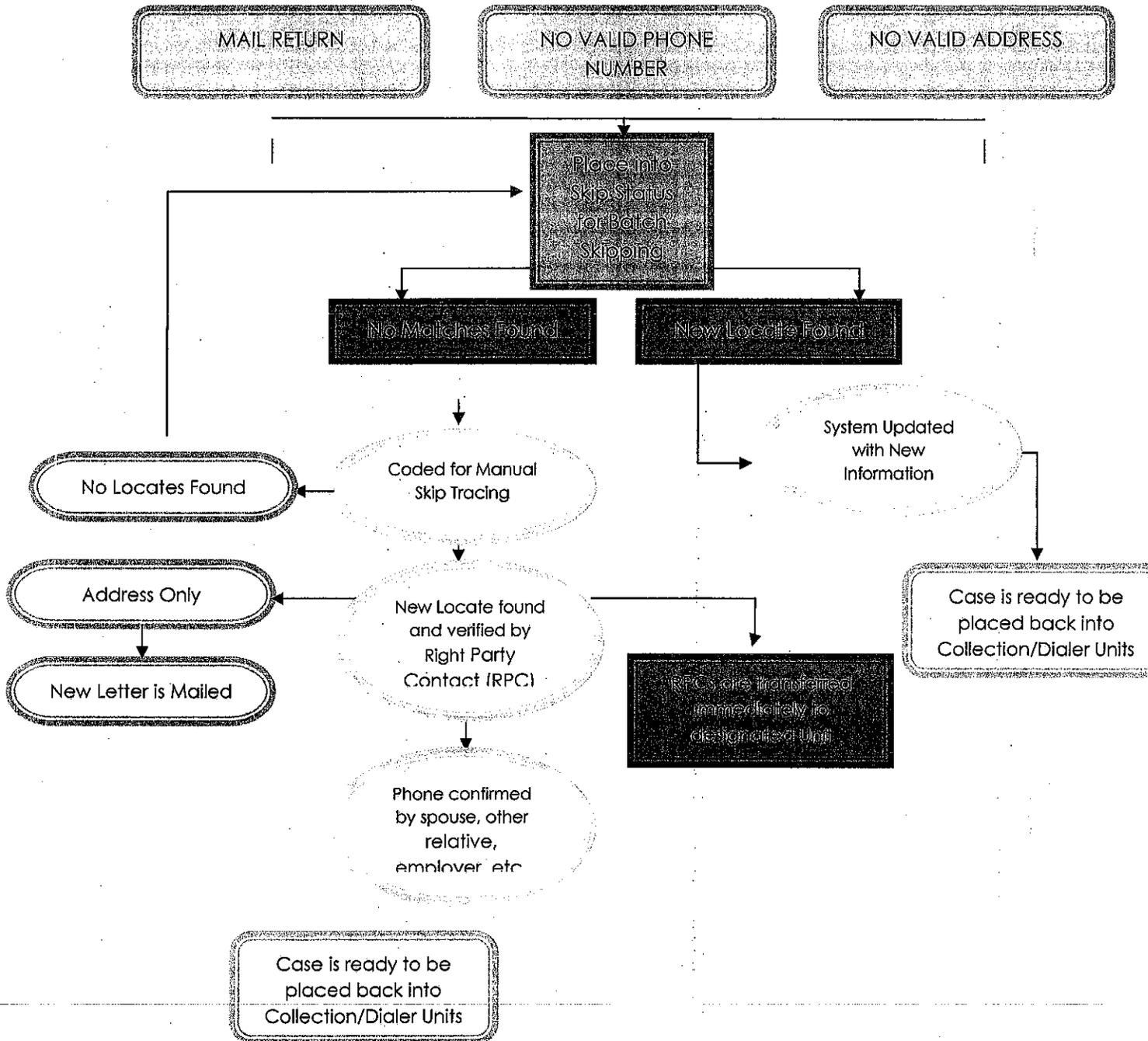
After accounts are loaded on our collection system, collectors have direct access to interactive skip tracing tools. These tools are integrated with our system through LexisNexis that permits unlimited access to these databases. LexisNexis provides access to the U.S. Postal Service National Change of Address database, which updates our accounts to improve the hit rates of our initial mailing and to immediately notify us of known mail returns.

Using Accurant, NRA attempts to locate debtor information, including aliases, addresses, relatives, neighbors, property, assets, and much more. Accurant dramatically improves our ability to find up-to-date contact information for skip accounts.

LexisNexis provides directory assistance look up, reverse electronic directly assistance look up, as well as a multitude of address sources and demographics such as income ranges and home value ranges on both an individual and geographic level. It provides advanced data linking capabilities that allows NRA to weigh data that is returned to ensure quality. NRA, working with Experian, LexisNexis, and Accurant has developed a systematic method of skip tracing that promotes the following benefits to you-the client:

- High-speed batch processing of large volumes
- Receives accurate & up-to-date information from multiple information databases
- Increases productivity and reduces cost

**NRA SKIP TRACING PROCESS**





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In addition to the above automated procedures, Collectors conduct numerous supplementary skip tracing efforts. They use multiple databases, generally unavailable to the public, to locate people whose balances are greater than \$250.00 with bad or non-existent data. Real-time connectivity to multiple information providers, coupled with our library of interactive skip tracing databases, enables us to locate more of your customers - and faster. Through the use of integrated technology with these information providers, we retrieve data that is "fresher than your morning coffee".

**Public Records:** Collectors have interactive connectivity to the largest collection of national public records available. This database allows us to search over 7,000 public record databases including corporations, business and occupational licenses, property records, business permits, limited partnerships, sales and tax licenses, UCC records, birth records, marriage records, divorce records, inmate records, and trade names.

**Secretary of State:** NRA has on-line capability with the Secretary of State in many states throughout the nation. This database expedites the location information for Corporations, Partnerships, Limited Liability Partnerships, etc. The database provides the names and addresses for the Registered Agents, Partners, Officers and Directors.

**Asset Verification:** NRA utilizes a number of sources to verify assets. Most are the same sources utilized in skip tracing such as banks, UCC searches, state motor vehicle records, Secretary of State, County Registrar of Deeds, credit bureaus, etc.

**Voter Records:** Electronic access to Voter Records is provided, where permissible by law. These databases may usually be searched by surname or maiden name. As a rule, the databases provide information on all additional registered voters living at the same address.

**Motor Vehicle Records:** Where permissible, we access Motor Vehicle Records. Searching is typically permitted by name, date of birth, driver's license number or Vehicle Registration Number. Typically, these databases provide information on all other licensed drivers residing at the same address.

**Military Personnel Locator:** To locate active and inactive military personnel we utilize numerous subscription based information providers.

**Criminal Records:** Criminal Records are available in most states. Search results provide information about the offense, aliases used, place of incarceration, admit date, and projected release date.

**License Records:** NRA uses on-line searches for licensed individuals and companies such as; real estate agents, building contractors, insurance agents, mortgage brokers, cosmetologists, etc.

**Proprietary Information:** NRA has created a library of skip tracing databases for skip tracers to access through our intranet including student directories at many colleges and universities. Most provide the student's registration information, campus location and registration date, mailing address, email address, telephone number and their parent's address and telephone number.

#### **Debtor Communications**

##### Written Communication

The number and timing of notices complement our on-going telephone collection efforts and can be customized to meet our clients' specific needs. Each account referred is scheduled a letter series upon entry into our system. NRA's initial notice is mailed within 24 hours of the accounts being loaded into our collection system. If there is a failure to respond to the first notice, a second notice will be automatically



generated on all accounts over \$250.00. Subsequent notices will be generated in thirty day intervals and regular telephone contact will occur on all accounts, regardless of balance.

NRA Collectors have the ability to request additional notices to be sent based on various circumstances. Notices are carefully composed to urge debtors to resolve their accounts. Each notice includes a return envelop and detachable coupon for the convenience of the debtor.

| NRA STANDARD LETTERS  |   |                                     |
|-----------------------|---|-------------------------------------|
| Letter                | Description   | Timeframe                           |
| Initial Notice        | Advises account has been placed for collection.             | Within 24 Hours of Account entry    |
| Subsequent Notices    | Informs of missed payment.                                  | Allows for 30 day validation notice |
| Intent to Deposit     | Advises of intent to deposit postdated check                | 10 days before deposit              |
| Repayment Plan        | Verifies agreement between NRA and debtor                   |                                     |
| Returned Check Notice | Informs of returned funds                                   |                                     |
| Reminder of Payment   | Reminds of payment date 10 days before due date             |                                     |
| Broken Promise        | Informs of missed payment within 24 hours of missed payment |                                     |
| Settlement Letter     | Proposes settlement approved by client                      |                                     |
| Legal Notice          | Demands payment when litigation is imminent                 |                                     |

**Telephone Communications**

Telephone communication with debtors is made within the timeframes established by federal regulations and correlates with individual state regulations. NRA conducts calling campaigns in the mornings, afternoons, evenings, and on weekends, that are complimented by our letter series and coincides with additional telephone efforts. The system automatically monitors time zones and schedules calls during hours permitted by the FDCPA.

In accordance with federal and state law, NRA will attempt to contact debtors every three days until contact is made. Upon making contact, NRA will obtain payment in full, establish payment arrangements in accordance with contract guidelines, or determine the case as uncollectible. Follow-up contact will continue with debtors according to the action that prompts the Collector (i.e. broken promise, skip tracing efforts has returned new information, etc.). Debtors, who refuse to pay but have the means to pay, will be contacted on a weekly basis in order to establish payment arrangements or payment in full. NRA has



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established telephone due diligence requirements to ensure that all accounts are worked to regulatory standards while allowing our collectors to reach the debtor effectively. All collector conversations are documented in the Account History screen with date, time, and identifying initials of the collector. Collectors are required to document all communication related to any account.



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# DEBTOR COMMUNICATION

## COLLECTION NOTICES AND TELEPHONE CONTACT

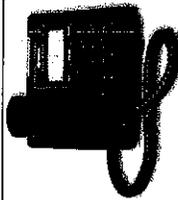
### ACTIVITY

### PROCEDURES



#### Initial Demand Notice

- CR will automatically generate the Initial Demand Letter on each account within 24 hours of (1) account entry, or (2) after locating a new debtor address through skip tracing activities.
- The initial letter states that the delinquent account has been referred to NRA for collection and urges the debtor to immediately remit the balance of the account. If a debtor is unable to pay the account in full, they are asked to contact the Collector identified in the letter to allow for an evaluation on his/her current financial situation and establish a payment schedule.
- The letter contains all required federal and state disclosures of rights and also contains a notice that the account will be scheduled for further collection procedures within 30 days from date of the letter.



#### Initial Telephone Contact

- Telephone attempts are scheduled for those accounts with good telephone numbers after the 30-day validation period has expired.
- When contact is made with a debtor, a follow-up call is placed if an agreed upon payment has not been received or if a debtor requires time to obtain funds and/or administrative resolution documentation.
- If NRA obtains a new telephone number for a debtor at any time during attempts to contact the debtor by telephone, NRA will document the new number in CR and immediately schedule calls. Our clients are also updated with all newly obtained information.
- NRA uses professionally scripted calls for initial debtor contact and follow-up conversations for responses to standard debtor inquiries and/or objections. These scripts are written to the letter of the law to ensure regulatory and legal compliance while still meeting our needs.



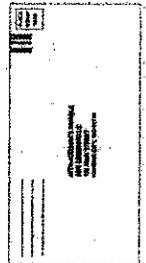
#### Subsequent Notices

- NRA's subsequent notice is schedule to be sent to debtors who have failed to respond to the Initial Demand Letter or whom NRA has been unsuccessful in contacting by telephone. Subsequent letters are typically sent in 30 day intervals.
- This notice informs debtors of the consequences of further non-payment, including litigation and/or offset.
- NRA can process high-volume letter requests on a daily basis to accommodate manual request; automated scheduling, or batch letter campaigns.
- Interest, penalties, and collection cost are also computed for all letters/notices sent to debtors reflecting the total amount due.



#### Telephone Contacts

- A second wave of telephone contacts is scheduled to all accounts with good phone numbers within seven (7) days of initial attempts.
- Attempts will be made at varying times of the day and week to contact a debtor within each designated time zone.
- Our staff is trained to assist the debtor by suggesting alternatives to resolving their debt. We do not tolerate threatening, harassing, misleading, or intimidating debtors into paying.
- Telephone calls, before and account is deemed uncollectible, will be scheduled automatically to debtors who have failed to respond to any preceding telephone calls
- As the dialer calls each scheduled number, it will record a transaction code in a debtor's Account History File indicating whether there was an answer, no answer, busy signal, or the number was out of service
- Our call recording software separately records the date, time, and length of every outbound call. In addition to providing an audit trail, recording each attempt allows NRA to maintain uniform attempt



#### Subsequent Notice

- Final notice is sent to debtors who have failed to respond to any of the preceding notifications.
- This letter urges debtors to immediately remit payment and that NRA will use all approved means to collect the debt referred to us.
- In addition to the standard letter series, our letters include a variety of notices for Payment Agreements, Payment Delinquency, and Litigation.



**Payment Arrangements**

Although Collectors will always request payment in full as the first alternative, each is thoroughly trained to suggest and effectively explain the various payment programs that are available to debtors. Payment Arrangements are established with those debtors meeting the criteria set forth by our clients and the standard collection practices of NRA. A payment schedule will be established upon determination of the debtor's ability to pay the debt and in accordance with the parameters established by the client. If a debtor is unable to pay his/her obligation(s) in full, Collectors will qualify a debtor's ability to repay his/her obligation through a series of financial questions. Payments will have no significant gaps between the date acceptable payments are received and the due date. CR notifies each Collector of any broken promises within 24 business hours of payment due date.

**Methods of Payment**

NRA places great emphasis on the importance of recovering each client portfolio. In addition to traditional methods of payment such as cash, money orders, personal checks, bank, and certified checks, we accept the following methods of debtor payment; as well as the ability to pay online at [www.nationalrecovery.com](http://www.nationalrecovery.com). All debtors will be instructed to remit payments to National Recovery Agency, unless otherwise instructed. The client will be requested to provide NRA with timely data regarding payments received, in order to update account statuses accurately.

| Western Union® Quick Collect      |                |
|-----------------------------------|----------------|
| Credit Cards (MC, Visa, Discover) | MoneyGram      |
| Bank Wire                         | Check By Phone |
| Automated Clearing House (ACH)    |                |

**Litigation Capability**

NRA uses a combination of internal and external legal staff to enforce collection when necessary. Our internal staff consists of full-time employees who are administrators with paralegal backgrounds. NRA maintains relationships with a nationwide network of attorneys and maintains capability to litigate in all 50 states. In addition, NRA has retained the services of Owens, Barcavage, & McInroy, LLC. to act as our local Attorney in pursuing litigation.

We pursue litigation only when specifically authorized by clients on a case-by-case basis. We make all reasonable efforts to collect each account prior to litigation. If a debtor remains unwilling to work out reasonable repayment of defaulted debt obligations, NRA begins an account review for possible litigation.

The criterion for litigation, which is established with client input, typically includes the following:

- Consumer has the ability to pay but refuses to cooperate, (e.g., refuses payment arrangements, breaks promises)
- Assets have been identified
- Consumer does not dispute the amount owed
- Account fits the recovery criteria

NRA judiciously initiates the legal process on accounts that meet specific criteria and are likely to result in resolution of the accounts. Once a judgment is obtained, the attorney makes a final demand for full payment.



The demand is followed by a series of enforcement proceedings that may include:

- Wage garnishment
- Bank attachment
- Debtor's examination
- Property levies
- Liens on property
- Enforcement of any other available security

NRA will ensure that all efforts to obtain voluntary payment from the debtor are exhausted before recommending litigation. Legal proceedings will commence, only after NRA provides the Law Office with written client-authorization.

Each claim referred to the Law Office is promptly evaluated in terms of jurisdiction and venue, statute of limitations, and potential post judgment remedies prior to forwarding. Clients are kept informed of all stages in the proceeding from commencement of action through Sheriff Sale of the debtor's property and/or garnishment of wages.

#### **Close and Return of Accounts**

NRA recognizes there will be instances when an account will yield no activity whereas it will be returned to the client. Through comprehensive debt collection processes, NRA makes every attempt in recovering "paid in full" accounts. In addition to this voluntary action, collection efforts will be suspended either temporarily or permanently on any account upon notification without question or explanation.

Accounts are returned when any one of the following criteria is met:

- No activity after working for a period of twelve (12) months or as contract indicates
- All reasonable collection efforts have been exhausted
- The account retention time frame prescribed by contract has expired
- All efforts to obtain new and/or updated information through skip tracing have been exhausted.

*Immediate* reasons for return of accounts include the following:

- Immediately upon request
- Notified that an account was placed in error
- According to contract specifications
- An attorney is representing the debtor
- The debtor requests that we cease and desist
- The account qualifies for Administrative Resolution
- A complaint is received from the debtor
- The debt has been disputed, and NRA's research has not resolved the dispute

Collection activity on accounts will continue until an account has been determined to be uncollectible through normal operation procedures or until an account is closed and recalled.



## Remittance Procedures

NRA has the ability to produce monthly accounting remittance statements to reflect the previous month's collections in both electronic or hard copy formats. We have the ability to accommodate both gross and net remittances on a daily, weekly, and monthly basis.

*Collection Remittance Statement:* NRA will prepare a Collection Remittance Statement containing the following minimum information:

- ~ Debtor's name
- ~ Loan account number or the debtor's social security number
- ~ Amount of money collected
- ~ Commission due for each account

*Paper Check / Invoice:* We have the ability to remit by check, which is accompanied by the Client Statement and Invoice, as required.

Information contained on the invoice consists of the date of payment, debtor name, account number, payment amount, remaining balance due, and any additional information requested. All payments processed during the invoicing period, by individual account, are listed on this report.

*Electronic Statement:* Through NRA's proprietary on-line "*Navigate*" system, clients can view and easily download their monthly statements when they become available. Clients gain access with a login ID, password and a secure site with certificate. Once logged on, all information including statements, are available through an easy to use "*point-and-click*" system.

*Electronic Funds Transfer (EFT) Program:* NRA has the ability to transfer money that is due to our clients for monthly collection via EFT. This enables you, the client, to receive the funds immediately to utilize in your day-to-day operations.

## Credit Bureau Reporting

NRA takes all steps necessary in properly identifying accounts to be reported to major reporting agencies. In accordance with F.D.C.P.A., accounts are not reported within the first 30 days of referral. We provide our collection staff with online real-time access to aid in obtaining current information on the debtor's location. Collectors have instant access to credit bureau reports to ensure that reports are obtainable in such a manner as to not interrupt their collection calls. Credit bureau requests are generated by the collection system and transmitted to the appropriate credit bureau.

Qualified accounts are currently reported twice a month to all three major credit bureaus. We will create a file on the first Friday after the 15th and the first Friday after the end of the month. Advantages of reporting to credit bureaus twice a month include:

- Debtor records are updated quicker and more frequently
- Accounts are placed on credit file quicker



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## ATTACHMENT B – REFERENCES

City of Palm Bay, FL  
120 Malabar Road SE  
Palm Bay, FL 32907  
Bonnie Gibson  
(321) 952-3405  
[gibsob@palmbayflorida.org](mailto:gibsob@palmbayflorida.org)  
June 2006 - present

Seminole County Water and Sewer, FL  
P.O. Box 958443  
Lake Mary, FL 32795  
Jackie Wilder  
(407) 665-2142  
[jwilder@seminolecountyfl.gov](mailto:jwilder@seminolecountyfl.gov)  
June 2006 – present

City of Rialto, CA  
249 S. Willow Avenue  
Rialto, CA 92376  
Sandy Maples  
(909) 820-2658  
[smaples@rialto.ca.gov](mailto:smaples@rialto.ca.gov)  
October 2008 – present

City of Sarasota FL  
1761 12<sup>th</sup> St.  
Sarasota, FL 34230  
Teresa Witkowski  
(941) 329-6121  
[teresa.witkowski@sarasotagov.com](mailto:teresa.witkowski@sarasotagov.com)  
March 2008

Brevard County  
2725 Judge Fran Jamieson Way  
Building C; Third Floor  
Suite C303  
Viera, FL 32940  
Steve Stultz  
321-617-7390  
[steve.stultz@brevardcounty.us](mailto:steve.stultz@brevardcounty.us)  
December 2008 – present

Brevard County Fire and Rescue  
1040 South Florida Avenue  
Rockledge, FL 32855  
Cindy Paulin  
(321) 633-2056  
[cindy.paulin@brevardcounty.us](mailto:cindy.paulin@brevardcounty.us)  
September 2009 – present

City of Jasper, FL  
208 West Hatley Street  
Jasper, FL 32052  
Margaret Harper  
(386) 792-1212  
[margareth@windstream.net](mailto:margareth@windstream.net)  
February 2007 - present

### RECENT AWARDS

Hernando County, FL  
City of Orlando, FL  
City of Pinnellas Park, FL

## ATTACHMENT C – FINANCIAL REFERECNES

**Integrity Bank**  
3345 Market Street  
Camp Hill, PA 17011  
John Havas : 717-920-4900

**SF & Company**  
1027 Mumma Rd.  
Wormleysburg, PA 17043  
717-761-0211

**Gunn Mowry LLC**  
P.O. Box 900  
Camp Hill, PA 17001-0900  
(717) 761-4600



## ATTACHMENT D - REPORTING CAPABILITIES

A vital part of the overall services provided by NRA, is keeping you informed of what is being accomplished in collecting accounts. We are able to add a great deal of value to the services contemplated by our client.

We can deliver standard reports in any format that is requested. Reports can be spooled in hard copy and mailed to the client, emailed as a .txt or word attachment, or converted to a .pdf file and emailed as an attachment. All reports can also be FTP'd to our clients in any output format required. NRA can also easily create custom reports to fit our client's requirements in the case where we do not have an existing standard report with the necessary information.

We utilize software to streamline and improve debt recovery business from data entry through month end processing. This software is designed to:

- Be completely scalable, one that is able to meet the desired flexibility and customization of our clients
- Accommodates all sizes, formats, and desired frequency of reports, allowing our collection system to satisfy nearly every reporting requirement
- Gives management the ability to create and structure customized reports, which assist us in the recording, checking and reporting of services performed and of adjustments to accounts, as well as serving in the control of funds
- Provides for automatic broken promise processing, payment processing, and cash posting

**Standard reports to be provided under this contract in any frequency desired. NRA currently provides electronic reporting capabilities as well as electronic access to our clients.**

**A variety of customized reports are available:**

- Acknowledgments
- Remittance Statements
- Client Inventory List
- Cancellation Report.
- History Report
- Stair Step Report
- Customized Reports
- Client Access via the Web

### *Electronic Reporting Capabilities – "Navigate"*

As part of our continued services, NRA provides an external program called "**Navigate**" that allows its clients to monitor account activity in **real-time**, through our website at [www.nationalrecovery.com](http://www.nationalrecovery.com). In addition to uploading and reviewing accounts, clients can run reports based on their individual needs, verify or upload payments, and view the history of an account within its respective account file.

Unlike dial-up and other remote access options, Navigate is completely private and secure. Clients gain access with a login ID, password and a secure site with certificate. At this point, a private communication channel is established over the secure, encrypted private network operated and maintained by our proprietary software. Once logged on, all information including reports and functionality is available through an easy to use "*point-and-click*" system.



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Client Benefits:

- Thorough training on system use either in your facility or ours
- Access is available 24 hours a day; seven days a week
- Seamless Interface with our main proprietary collection software
- Posts promises to system in real-time
- Provides total flexibility to tailor scripts to each type of call or project
- Convenient for callers to locate account information

Client Responsibilities

National Recovery Agency requires the following to begin the collection process:

- Agreed upon processes and work schedules per the *Contractual Agreement*
- Receipt of file layouts, if applicable
- Demographic data to include at a minimum: debtor name, address, phone, social security if available, dates of service, service rendered, balance of account.
- All relative client information for client "Set-Up"
- Finalization of collection notices and required reports



## ATTACHMENT E - OTHER STANDARDS USED

We understand our client's need for a customized collection program that will meet specific requirements. NRA has more than 30 years of proven experience in the implementation of successful collection projects. We have been providing similar services continuously for more than twenty years. The company currently works with more than 800 clients nationwide.

Under the direction of Steven C. Kusic, CEO, NRA has developed into a prestigious agency and is ranked in the top 15 of all collection agencies in the United States. Steve Kusic, CEO has focused on making NRA among one of the most forward-thinking agencies in the revenue-recovery industry. He provides an enormous amount of insight, dedication, and commitment to the agency's Centers of Excellence, as well as within his regional community. This dedication and commitment has been recognized by many agencies such as the American Collectors Association, (where he serves on the Ethics Committee and the "Committee of 100"), the Mid-Atlantic Collectors Association, Experian, and Graystone Bank, who appointed him on their advisory boards.

As an industry leader, we maintain memberships with a multitude of industry associations enabling NRA and its collection team to stay abreast of updates and regulations that affect collection practices. This critical knowledge can then be relayed to the client, ensuring programs are always current and compliant. NRA is an active member of the Association of Credit and Collection Professionals (ACA International).

NRA is excited about putting our resources to work for *YOU!* Our experience is unique; but there are more notable attributes that set us apart from our competition:

- **Certified Agency Assuring Quality of Services**
  - PPMS certified (ISO 9002 compatible)
  - SAS 70 Type II Certified
  - PCI – DSS Certified (Payment Card Industry-Data Security Systems)
- Entire staff is F.D.C.P.A. Trained; and appropriate **ACA – Certified** staff
- Real-time, on-line auditing capabilities with secure access
- Credit reporting to all major national bureaus

Over the years, NRA has proven its capability in successfully implementing collection programs for primary, secondary, tertiary, warehoused, and purchased debt. We have the necessary hardware and software components and skilled, knowledgeable personnel to assure our clients that we are qualified to meet your expectations. Moreover, we have demonstrated that NRA is qualified to meet the operational and management objectives of our clients. Our customized software programs are designed specifically for the collection of delinquent accounts.

Throughout our history, NRA has continued to develop innovative programs that fulfill the needs and requirements of our diverse clientele. NRA is highly automated and able to offer our clients a flexible, innovative solution for its collection needs. We are a firm capable of and experienced in managing various types of debt including, but not limited to, purchased debt, government debt, health care receivables, and utilities.

As a solutions oriented collection agency, NRA offers all collection-related services, including but not limited to, telephone and mail efforts, skip tracing, credit bureau reporting, and litigation. We vigorously and diligently pursue all referred accounts regardless of age, balance amount or location of the individual, all in accordance with applicable laws and regulations. We will work closely with each debtor providing bi-lingual staff to help them resolve their obligation with dignity.



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We leverage our highly skilled personnel, unsurpassed technology, state-of-the-art facilities, and breadth of experience in delivering services that meet your expectations. We will work with our clients to ensure the requirements for this program are effectively implemented and performed. Our resources and strategies are unparalleled in all aspects of collections and distinguish us from other vendors. We will utilize and expand on our extensive history of providing similar services and excellent compliance record that will be necessary to maximize the recovery of delinquent accounts on our client's behalf.

NRA's multiple facilities are structured to support collection programs nationwide; in all time zones, ensuring there are no issues related to the time differences. In addition, we provide toll-free numbers for contacting NRA and have a self-service website available 24/7/365 for client and debtor convenience.

Today, the organization has more than 200 full-time employees, including more than 130 collection representatives, supervisors, and managers. Additionally, NRA is supported by world-class executives, client service and support staffs who service hundreds of clients and recover millions of dollars in revenue for them.

Since all of NRA staff is internally certified for FDCPA and HIPAA compliance, our clients can be assured that the program will be handled by a dedicated team of highly trained and qualified professionals. Key personnel who will be directly involved in our client's collection project will include a minimum of 2 bilingual Collection Representatives who will be overseen by a Team Leader and Collection Manager, a Dialing Manager, the Director of Collections, a dedicated Client Service Representative; as well as back office Support Teams.

#### *Company History and Background*

National Recovery Agency, a woman-owned, privately held U.S. Limited Liability Company was established under the laws of the State of Pennsylvania and headquartered in Harrisburg, Pennsylvania. NRA Group, LLC, d/b/a National Recovery Agency (NRA) was formed in 2005, with the asset acquisition of two nationally known agencies: National Recovery Agency, Inc. founded in 1976, and Credit Plus Solutions Group, Inc., founded in 1922.

In 2005, Jill E.M. and Steven C. Kusic took over National Recovery Agency upon the partial retirement of their father, Arthur A. Kusic. The couple is leading a reinvention of the collection industry which has provided for the company's rapid growth, with revenue more than tripling since 2004. A boost came from NRA's purchase of Credit Plus Solutions Group (CPSG), Harrisburg's local credit bureau. Jill spearheaded the acquisition, which retained approximately 85% of CPSG's employees through the transition.

Over the years, Steve has been recognized as one of the Collector Advisor's *Top 25 Most Influential Collection Professionals* and as one of the *Top 50 Most Influential Collection Professionals*. In 2005, he was selected as a winner for both the "Forty under Forty" and "Young Guns" awards.

NRA holds the honor of being one of *Inc. 5000's "Fastest Growing Private Companies in America"*, for the past three years. Our firm was recognized as the Central Penn Business Journal: *"Emerging Business of the Year"* in 2007 and the winner of this award in 2008; the *Top 100 Privately Held Businesses* and the *Top 10 Women Owned Business* in 2009. NRA notably won the *"Small Business of the Year"* Harrisburg Regional Area Chamber of Commerce in 2006 and again in 2008.

Steven attributes the success of our organization to the **Vision 2012 plan**. He firmly believes that pooling the quality resources of both companies has helped create a high performing, more productive and stronger corporate entity that has ultimately benefited our clientele. Since 2005, NRA has experienced unprecedented growth, with an average of 38% revenue growth each year. Managing the success and growth is attributed to the **SMART Corporate plan**, which is the pathway to reaching the company's VISION 2012 implemented in 2006.



NRA considers itself as a **“Best in Class Service Provider”** because we understand our clients' need to contract with an experienced, professional vendor who has the ability to comply with all of the legal and regulatory requirements in collecting your money. NRA provides value-added capabilities that will support our clients in meeting its evolving and growing needs. We are committed in providing superior results, innovative ideas to enhance collections and our client's bottom line, as well as collection practices guaranteed to provide significant advantages to our client. Our ability to provide these advantages, qualifications, and experience to perform the work required are summarized in the following key points in delivering results:

- ✓ Qualifications and Superior Recovery
- ✓ Compliance with State and Federal Collection Laws and Regulations
- ✓ Quality Assurance Program
- ✓ Proprietary Automated Collection System
- ✓ Specialized Support Groups
- ✓ Investments that Achieve Recovery

The primary goal of NRA is complete dedication to our customers and clients. We are committed to providing quick and efficient customer service to both our clients and their customers. We strive to be ethical in dealing with our clients and the public because we believe that providing the best customer service is the only way to conduct business. We are dedicated to developing and maintaining of our client/agency relationships. You will benefit from the number of advantages we offer that coincides with superior customer service:

NRA recommits itself every day in providing clients and their customers with professional collection services, by continually enhancing and strategizing to implement fresh approaches to programs and client services. With each interaction, we build customer trust and loyalty.

**Office Locations**

NRA's headquarters is located in Harrisburg, Pennsylvania. Collection call centers are maintained in Harrisburg and Mechanicsburg, PA. NRA's headquarters houses all administrative departments as well as our IT Department, Legal Department, Compliance Department, and Collection Call Center. NRA proposes its Harrisburg, PA, call center to service our client's portfolio. In February 2008, NRA opened a second call center with the capacity to add another 100+ staff members with a full capacity of 200 full time employees. It serves as a redundant/back-up facility for our network security needs. These facilities offer the technological advantages of:

- High-speed predictive dialers and IVR technology
- Most technically proficient telephony equipment
- A "training bay" with state-of-the-art technology and certified trainers

**HEADQUARTERS**

National Recovery Agency  
2491 Paxton Street  
Harrisburg, PA 17111  
(800) 360-9953 / (800) 360-9953 fax

**COLLECTION CALL CENTERS:**

National Recovery Agency - Branch  
3 Crossgates Drive  
Mechanicsburg, PA 17055  
Business Office Division  
c/o Outsourcing Programs  
3 Crossgates Drive  
Mechanicsburg, PA 17055



National Recovery Agency  
2491 Paxton Street  
Harrisburg, PA 17111  
(800) 360-9953

With over 30 years of collection experience, NRA is an impressive debt management agency who is ranked 12<sup>th</sup> out of all collection agencies. As we partner with each client, our best business practices, coupled with our best people practices, enable our clients to obtain maximum netback of receivables. We make the most of state-of-the-art collections technology processes and practices to assist each client in achieving their goals while simultaneously adhering to all laws and regulations and treating debtors with utmost respect.

NRA proposes to perform the work at our Harrisburg or Mechanicsburg office, which houses staff and management that have the specialized knowledge and expertise required to efficiently and effectively collect our clients' accounts receivables.

NRA will promptly undertake and use our best efforts in the collection of all receivables, regardless of the amounts, to achieve maximum recovery of all accounts referred for collection. Our collection expertise includes the skip tracing ("scrubbing") asset location and address management activities. We have the ability, as evidenced throughout this proposal and the intent to meet all requirements listed in this request for proposal.

#### **Why Partner with NRA?**

NRA's combination of new and innovative collection programs that are guaranteed to recover debt, its nationwide collection experience for various types of debt, dedicated Collectors, well-trained and motivated staff, leading technology, and expert management will provide superior value by aiding clients with the following:

- Maximize net return in servicing delinquent receivables
- Increase cash flow and Reduce "write-offs"
- Maintain positive public image and community respect
- Control capital expenditures
- Improve customer service to citizens
- Enhance its collection ratio
- Advance the overall quality and consistency of collections
- Achieve revenue goals

#### **NRA offers the following key advantages that set us apart from its competitors:**

- More than 200 years of collective staff experience; 32 years in the providing collection services
- Superior Customer Service
- Highly trained and **certified** managers, supervisors and staff who are knowledgeable of the specific industries and the guidelines that govern those industries
- **Certified and maintains compliance with Professional Practices Management Systems (PPMS), Statement of Auditing Standards (SAS 70) Type II**
- Industry leading technology, systems and telephone systems in place for **immediate start-up** Proven successful collection approach and processes
- Proven ability to recovery from both in-state and out-of-state consumers nationwide
- Proven ability to provide customized recovery solutions to help clients effectively manage portfolios
- Financially sound and stable
- Flexibility in customizing collection processes to meet specific needs of its clients
- Ability to meet all reporting requirements and provide customized on-line or hard copy reporting
- Toll-free telephone numbers for both clients and consumers
- Responsive customer service department



National Recovery Agency  
2491 Paxton Street  
Harrisburg, PA 17111  
(800) 360-9953

***NRA can deliver the following advantages to its clients:***

**Proven Relevant Experience:** NRA has more than 30 years in providing collection services. NRA currently services more than 800 clients. We have significant experience collecting in-state and out-of state debt.

**Nationwide Coverage:** NRA is licensed, in accordance with federal and state regulations, in all states and municipalities that require licensing, enabling us to provide national coverage.

**Expert Management:** NRA will assign highly experienced key managers to lead this project. The Project Team Leaders proposed for this contract average more than 15 years of relevant debt collection experience.

These team members will be readily available to clients to address any operational concerns. In addition to regularly scheduled meetings or conference calls with a client, NRA's Contract Manager, Operations Manager, and dedicated Client Service Representative will be available via e-mail, fax, or toll-free telephone number.

**Skilled, Motivated Collectors:** Collectors have the specialized training, knowledge, and experience to effectively help its clients meet their collection objectives. NRA provides comprehensive training and development to our account representatives, supervisors, and managers.

**Regulatory Compliance and Zero Tolerance for Complaints:** NRA strictly adheres to federal, state, and local laws and regulations governing debt collection activities. Treating people with respect is a focal point of our training program. NRA tests all employees on FDCPA on a yearly basis. In addition, Collectors are also tested on NRA work standards and follow-up training is provided as needed.

**Solution-Oriented Approach:** Collectors are trained to work with consumers to identify solutions for resolving the delinquency. They utilize the most advanced location tools and resources available to quickly locate responsible parties and assess their financial resources and ability to pay.

**Reliable, Responsive Customer Service:** We employ a partnership approach in identifying, understanding and exceeding the needs of each client. This approach has enabled us to build close, long-term working relationships with our current clients and affords us with many new opportunities. *Our commitment to a strong client relationship is fundamental to NRA's success.* As part of our commitment to provide quick and efficient customer service to both our clients and their customers, NRA will maintain close personal contact with client personnel to ensure superior customer service that will provide for quick responses to concerns.

**World Class Systems:** In order to provide our clients convenience, speed, accuracy and flexibility, NRA invested in CRS (Collection Resources System). This flexible system has extensive reporting and collection functions. CRS automates all the fundamental functions of NRA's collection processes from beginning to end. More importantly, it manages the integrity of data more smoothly with collector productivity management, client status reporting and client analysis reporting. NRA utilizes CR software to streamline and improve debt recovery business from data entry through month end processing. This software is designed to be completely scalable, one that is able to meet the desired flexibility and customization for our clients.

**Professional Achievements and Certifications**

NRA has a unique set up focusing on the three critical aspects of the Accounts Receivable Management Industry – our Centers of Excellence for **Training, Compliance, and Technology**. Together these address issues such as Network Security, F.D.C.P.A. guidelines and PPMS-ISO 9002 compatible **Quality Standards**. As further evidence of NRA's ability to provide accurate collections, monitoring and reporting of debts collected,

we have obtained our Professional Practices Management Systems (PPMS) certification, which is designated by the ACA and we are **SAS 70 Type-II** audited and certified.

**Certified: Professional Practices Management System (PPMS) - ISO 9002 compatible**

- NRA achieved its PPMS certification in November of 2007. NRA voluntarily conducts internal audits for clients in accordance with PPMS standards



*PPMS is a management system based upon developing, implementing, and adhering to professional practices and policies.* The program is ISO 9002 compatible in principal. The design of the PPMS program has been engineered toward the Revenue Recovery Industry. The ACA's PPMS program includes 18 basic elements which relate to management of the business; support of the business documentation & data control; process controls, inspection & testing, identification of nonconformity; and corrective action, preventative action and continuous improvement. NRA has further expounded on these 18 basic elements by adding a 19th element; which exists as a promise from all staff members that they will promote and adhere to the company's vision and goals for the future by endorsing not only ACA's PPMS program, but NRA's **Centers of Excellence** program.

Subsequent to all elements having been documented, reviewed, and utilized, a third party audit is conducted for official certification with annual audits conducted for continuous improvement. By implementing this system, clients are assured a top notch **Quality Assurance Program**, which implements continuous improvement, while addressing issues as they are identified.

**Certified: Statement of Auditing Standards (SAS) 70 Type II Certified Agency June 2009**

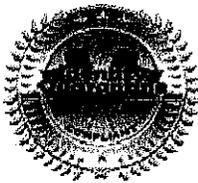


*SAS 70 is the authoritative guidance that allows service organizations to disclose their control activities and processes to their customers and their customers' auditors in a uniform reporting format.* A SAS 70 examination signifies that a service organization has had its control objectives and control activities examined by an independent accounting and auditing firm. A formal report including the auditor's opinion ("Service Auditor's Report") is issued to the service organization at the conclusion of a SAS 70 examination.

**Certified: PCI -DSS site certification by Security Metrics (Payment Card Industry-Data Security Systems)**



**Web based security services to detect and repair security vulnerabilities on multiple platforms.** SecurityMetrics, Inc. is a leading provider of Payment Card Industry (PCI) Data Security Standard (DSS) security solutions. SecurityMetrics is certified to perform PCI Scans (ASV), PCI audits (QSA), PABP software audits, penetration tests, and analysis.



Dun and Bradstreet is one of the world's leading sources of commercial information and insight on businesses, enabling companies to make decisions based on a company's financial stability. NRA is a registered with Dun and Bradstreet. **Our D&B Number is: 627967222**

NRA has completed the Red Flag Identity Theft program and is now Red Flag Compliant in accordance with the FTC Fair and Accurate Credit Transactions Act #114. This policy helps to identify, respond to and mitigate identity theft from each area of the company. All individual departments at NRA have completed a Red Flag policy and these have been combined into a corporate Red Flag Rules Compliance policy. The policy is reviewed annually.



National Recovery Agency  
2491 Paxton Street  
Harrisburg, PA 17111  
(800) 360-9953

### Professional Memberships /Associations

As an industry leader, we maintain memberships with a multitude of industry associations enabling NRA and its collection teams to stay abreast of updates and regulations that affect collection practices. This critical knowledge can then be relayed to the appropriate personnel, ensuring your programs are always current and compliant. NRA is an active member of the Association of Credit and Collection Professionals (ACA International) as well as with the following organizations and trade associations:

| Professional Memberships/Associations              |   |
|--|---|
| American Collector's Association (ACA)             | National Credit Reporting Association                         |
| National League of Cities                          | AAHAM (Keystone and Northeast Chapter)                        |
| Florida Parking Association                        | Harrisburg Regional Chamber                                   |
| PA Municipalities                                  | Direct Marketing Association (DMA)                            |
| Mid-Atlantic Collector's Association (MACA)        | Pennsylvania Credit Union Association<br>(Harrisburg Chapter) |
| * Formerly Pennsylvania Collector's<br>Association |   |
| Consumer Data Industry Association (CDIA)          | Debt Buyers Association                                       |



National Recovery Agency  
2491 Paxton Street  
Harrisburg, PA 17111  
(800) 360-9953

## ATTACHMENT F – SAMPLE LETTERS

P.O. BOX 67015  
HARRISBURG, PA 17106-7015

**NATIONAL RECOVERY AGENCY**  
**A PROFESSIONAL COLLECTION AGENCY**

RETURN SERVICE REQUESTED

(717) 540-5605  
(800) 360-4319

|                           |                             |
|---------------------------|-----------------------------|
| IN RE: COMMUNITY HOSPITAL | TOTAL AMOUNT DUE: \$1901.07 |
| ACCT#: 0300901709         | DATE OF SERVICE: 08/24/03   |

02/10/05

A71071 - 28  
John Doe  
321 Main St  
Anywhere, PA 17325

SEND TO:  
**NATIONAL RECOVERY AGENCY**  
P.O. BOX 67015  
HARRISBURG, PA 17106-7015

Dear John Doe

Your account has been forwarded to this office for collections. The balance shown above includes interest of \$.00 along with collection charges of \$.00. This is a formal demand upon you for payment of this debt. This is an important matter which needs to be resolved and requires your immediate attention.

By resolving this matter, you will make continued collection efforts unnecessary. These efforts may include calls, letters and/or reporting to the credit bureaus. Our demand for payment does not affect your right to dispute this debt.

Unless you notify this office within 30 days after receiving this notice that you dispute the validity of this debt or any portion thereof, this office will assume this debt is valid. If you notify this office in writing within 30 days from receiving this notice, this office will: obtain verification of the debt or obtain a copy of a judgment and mail you a copy of such judgment or verification. If you request this notice in writing within 30 days after receiving this notice, this office will provide you with the name and address of the original creditor if different from the current creditor.

Below is a listing of all accounts included in the total amount due listed above:

|                        |            |          |          |
|------------------------|------------|----------|----------|
| COMMUNITY HOSPITAL     | 0300933961 | 11/18/03 | \$6.36   |
| COMMUNITY HOSPITAL     | 0300930860 | 11/09/03 | \$38.79  |
| COMMUNITY HOSPITAL     | 0300941874 | 12/09/03 | \$32.24  |
| PHYSICIAN BILLING SVCS | 4496945    | 03/14/04 | \$36.74  |
| COMMUNITY HOSPITAL     | 0300950884 | 01/06/04 | \$131.72 |
| COUNTY HOSPITAL        | 112893227  | 03/17/04 | \$876.00 |
| COMMUNITY HOSPITAL     | 0300957502 | 01/29/04 | \$506.76 |
| COMMUNITY HOSPITAL     | 0300964651 | 02/12/04 | \$133.12 |
| COMMUNITY HOSPITAL     | 0300978282 | 03/18/04 | \$22.43  |
| COMMUNITY HOSPITAL     | 0300901709 | 08/24/03 | \$116.91 |

\*\*\* Additional amount not reflected above: \$00000.00

Your payment should be made directly to this office for prompt credit to your account. A twenty-dollar service charge will be added to all checks returned to us by your bank. Should you desire a receipt, a self-addressed, stamped envelope is required. For payment options please see reverse side of this notice or visit our secure website at [www.nationalrecovery.com](http://www.nationalrecovery.com). The purpose of this communication is to collect a debt and any information obtained will be used for that purpose.

Sincerely,

**NATIONAL RECOVERY AGENCY**  
This communication is from a debt collector.

\*\*\*Please contact your account representative Kimberly Gould at extension 3406 regarding this account.

NRA/ALS-28

NRA ID #: A71071

P.O. BOX 67015  
HARRISBURG, PA 17106-7015

**NATIONAL RECOVERY AGENCY**  
A PROFESSIONAL COLLECTION AGENCY

RETURN SERVICE REQUESTED

(717) 540-5605  
(800) 360-4319

|                        |                           |
|------------------------|---------------------------|
| IN RE: COUNTY HOSPITAL | AMOUNT DUE: \$2064.55     |
| ACCT#: 0000994821      | DATE OF SERVICE: 09/01/00 |

10/20/03

126345 - 32  
Jane Doe  
999 Oak St  
Anywhere, PA 17315

SEND TO:  
NATIONAL RECOVERY AGENCY  
P.O. BOX 67015  
HARRISBURG, PA 17106-7015

Dear Jane Doe,

Your account remains unpaid, which indicates that you have failed to comply with our numerous requests for payment of the amount due. Further delay in resolving this account is not acceptable.

While not intended to give you legal or financial advice, possible options available may include the following:

- Consolidation loans
- Bank, Credit Union or home equity loans
- Borrowing from family or friends

All payments should be made to this office for prompt credit to your account. A twenty-dollar service fee will be added to all checks return to us by your bank. Should you desire a receipt, a self addressed stamped envelope is required.

Please contact your account representative, Zachary Wiest at extension 3013 regarding this account. For payment options please see reverse side of this notice or visit our secure website at [www.nationalrecovery.com](http://www.nationalrecovery.com).

Below is a listing of all accounts included in the amount due:

|                 |            |          |          |
|-----------------|------------|----------|----------|
| COUNTY HOSPITAL | 0000994821 | 09/01/00 | \$734.96 |
| COUNTY HOSPITAL | 0001009465 | 08/18/00 | \$185.13 |
| COUNTY HOSPITAL | 0000995740 | 07/07/00 | \$587.82 |
| CITY HOSPITAL   | 065094039  | 01/19/01 | \$43.20  |
| COUNTY HOSPITAL | 0001103290 | 06/19/01 | \$79.00  |
| COUNTY HOSPITAL | 0001157462 | 12/11/01 | \$71.54  |
| COUNTY HOSPITAL | 0001169737 | 01/23/02 | \$61.50  |
| CITY HOSPITAL   | 7355472    | 07/02/02 | \$89.00  |
| COUNTY HOSPITAL | 0001274018 | 12/17/02 | \$142.38 |
| COUNTY HOSPITAL | 0001272941 | 12/13/02 | \$70.02  |

\*\*\* Additional amount not reflected above: \$00000.00

The purpose of this communication is to collect a debt and any information obtained will be used for that purpose.

Sincerely,

NATIONAL RECOVERY AGENCY  
This communication is from a debt collector.

NRA/ALS-32

NRA ID #: 126345

PLEASE SEE REVERSE SIDE FOR ADDITIONAL INFORMATION

P.O. BOX 67015  
HARRISBURG, PA 17106-7015

**NATIONAL RECOVERY AGENCY**  
A PROFESSIONAL COLLECTION AGENCY

RETURN SERVICE REQUESTED

(717) 540-5605  
(800) 360-4319

|                        |                           |
|------------------------|---------------------------|
| IN RE: COUNTY HOSPITAL | AMOUNT DUE: \$2064.55     |
| ACCT#: 0000994821      | DATE OF SERVICE: 09/01/00 |

05/20/05

456789 - 64  
Jane Doe  
999 Oak St  
Anywhere, PA 17315

SEND TO:  
NATIONAL RECOVERY AGENCY  
P.O. BOX 67015  
HARRISBURG, PA 17106-7015

Dear Jane Doe,

You had an arrangement with this office to resolve this debt. However, you have missed your payment and we urge you to consider the alternatives of not keeping your agreement.

To continue your arrangement, mail your payment directly to this office and contact your account representative. You may also visit our secure website at [www.nationalrecovery.com](http://www.nationalrecovery.com).

A twenty-dollar service charge will be added to all checks returned to us by your bank. Should you desire a receipt, a self-addressed, stamped envelope is required.

Below is a listing of all accounts included in the amount due:

|                 |            |          |          |
|-----------------|------------|----------|----------|
| COUNTY HOSPITAL | 0000994821 | 09/01/00 | \$734.96 |
| COUNTY HOSPITAL | 0001009465 | 08/18/00 | \$185.13 |
| COUNTY HOSPITAL | 0000995740 | 07/07/00 | \$587.82 |
| CITY HOSPITAL   | 065094039  | 01/19/01 | \$43.20  |
| COUNTY HOSPITAL | 0001103290 | 06/19/01 | \$79.00  |
| COUNTY HOSPITAL | 0001157462 | 12/11/01 | \$71.54  |
| COUNTY HOSPITAL | 0001169737 | 01/23/02 | \$61.50  |
| CITY HOSPITAL   | 7355472    | 07/02/02 | \$89.00  |
| COUNTY HOSPITAL | 0001274018 | 12/17/02 | \$142.38 |
| COUNTY HOSPITAL | 0001272941 | 12/13/02 | \$70.02  |

\*\*\* Additional amount not reflected above: \$00000.00

The purpose of this communication is to collect a debt and any information obtained will be used for that purpose.

Sincerely,

NATIONAL RECOVERY AGENCY

This communication is from a debt collector.

NRA/ALS-64

NRA ID #: 456789

PLEASE SEE REVERSE SIDE FOR ADDITIONAL INFORMATION

P.O. BOX 67015  
HARRISBURG, PA 17106-7015

**NATIONAL RECOVERY AGENCY**  
**PROFESSIONAL COLLECTION AGENCY**

RETURN SERVICE REQUESTED

(717) 540-5605  
(800) 360-4319

|                    |                           |
|--------------------|---------------------------|
| IN RE: ABC IMAGING | AMOUNT DUE: \$891.75      |
| ACCT#: 372811      | DATE OF SERVICE: 07/02/01 |

05/20/05

654321 - 66  
John Doe  
RR 1 Box 23  
Anywhere, PA 12345

SEND TO:  
NATIONAL RECOVERY AGENCY  
PO BOX 67015  
Harrisburg, PA 17106-7015

Dear John Doe,

This is to acknowledge receipt of your correspondence regarding your accounts placed with us for collection. Pursuant to your request, we are contacting you to resolve this matter.

Be advised we do not have a current telephone number at which to reach you. Contact your account representative, Rick Given at extension 3015 so we can discuss resolving this account.

Payment should be made directly to this office for prompt credit to your account. A twenty-dollar service charge will be added to all checks returned to us by your bank. Should you desire a receipt, a self-addressed, stamped envelope is required.

Below is a listing of all accounts included in the amount due:

|                 |         |          |          |
|-----------------|---------|----------|----------|
| ABC IMAGING     | 372811  | 07/02/01 | \$45.00  |
| COUNTY HOSPITAL | 3184975 | 02/11/02 | \$846.75 |

\*\*\* Additional amount not reflected above: \$00000.00

The purpose of this communication is to collect a debt any information obtained will be used for that purpose.

Sincerely,

NATIONAL RECOVERY AGENCY

This communication is from a debt collector.

NRA/ALS-66

NRA ID #: 654321

PLEASE SEE REVERSE SIDE FOR ADDITIONAL INFORMATION

P.O. BOX 67015  
HARRISBURG, PA 17106-7015

**NATIONAL RECOVERY AGENCY**  
**PROFESSIONAL COLLECTION AGENCY**

RETURN SERVICE REQUESTED

(717) 540-5605  
(800) 360-4319

|                           |                           |
|---------------------------|---------------------------|
| IN RE: ANY DOCTORS OFFICE | AMOUNT DUE: \$78.51       |
| ACCT#: 23052756           | DATE OF SERVICE: 09/12/03 |

05/02/05

321654 - 76  
John Jackson  
654 Oak Street  
Anywhere, PA 17112

SEND TO:  
**NATIONAL RECOVERY AGENCY**  
P.O. BOX 67015  
HARRISBURG, PA 17106-7015

Dear John Jackson,

Your account remains unpaid and the (30) days have passed since our initial letter was sent to you. Therefore, we are permitted under Federal Law to assume that this debt is valid.

This matter needs your immediate attention. Unless timely payment is made, this office will be forced to make a decision on what steps to take to collect this debt from you.

Please contact your account representative, Mr. Green at extension 3000 regarding this account.

Your payment should be made directly to this office for prompt credit to your account. For payment options see reverse side of this notice or visit our secure website at [www.nationalrecovery.com](http://www.nationalrecovery.com). A twenty-dollar service charge will be added to all checks returned to us by your bank. Should you desire a receipt, a self-addressed, stamped envelope is required.

Below is a listing of all accounts included in the amount due:

|                    |      |          |         |
|--------------------|------|----------|---------|
| ANY DOCTORS OFFICE | 2756 | 09/12/03 | \$78.51 |
|--------------------|------|----------|---------|

\*\*\*Additional amount not reflected above: \$00000.00

The purpose of this communication is to collect a debt and any information obtained will be used for that purpose.

Sincerely,

**NATIONAL RECOVERY AGENCY**

This communication is from a debt collector.

NRA/ALS-76

**NRA ID #:321654**

PLEASE SEE REVERSE SIDE FOR ADDITIONAL INFORMATION

P.O. BOX 67015  
HARRISBURG, PA 17106-7015

**NATIONAL RECOVERY AGENCY, INC.**  
A PROFESSIONAL COLLECTION AGENCY

RETURN SERVICE REQUESTED

(717) 540-5605  
(800) 360-4319

|                        |                           |
|------------------------|---------------------------|
| IN RE: COUNTY HOSPITAL | AMOUNT DUE: \$1575.20     |
| ACCT#: 1953216         | DATE OF SERVICE: 01/21/05 |

05/20/05

D99998 - 77  
Jane Doe  
123 American Way  
Anyplace, PA 17403-2737

SEND TO:  
NATIONAL RECOVERY AGENCY  
P.O. BOX 67015  
HARRISBURG, PA 17106-7015

Dear Jane Doe,

Your account remains unpaid and the 30 days have passed since our initial letter was sent to you. Therefore, we are permitted under Federal Law to assume that this debt is valid.

This matter needs your immediate attention. Unless timely payment is made, this office will be forced to make a decision on what steps to take to collect this debt from you, which may include reporting to the credit bureaus.

Please contact your account representative, Mr. Green at extension 3000 regarding this account.

Your payment should be made directly to this office for prompt credit to your account. For payment options see reverse side of this notice or visit our secure website at [www.nationalrecovery.com](http://www.nationalrecovery.com). A twenty-dollar service charge will be added to all checks returned to us by your bank. Should you desire a receipt, a self-addressed, stamped envelope is required.

\* Below is a listing of all accounts included in the amount due:

|                 |         |          |           |
|-----------------|---------|----------|-----------|
| COUNTY HOSPITAL | 1953216 | 01/21/05 | \$1575.20 |
|-----------------|---------|----------|-----------|

The purpose of this communication is to collect a debt and any information obtained will be used for that purpose.

Sincerely,

NATIONAL RECOVERY AGENCY  
This communication is from a debt collector.

NRA/ALS-77

NRA ID #: D99998

PLEASE SEE REVERSE SIDE FOR ADDITIONAL INFORMATION

P.O. BOX 67015  
HARRISBURG, PA 17106-7015

**NATIONAL RECOVERY AGENCY**  
**A PROFESSIONAL COLLECTION AGENCY**

RETURN SERVICE REQUESTED

(717) 540-5605  
(800) 360-4319

|                                |                              |
|--------------------------------|------------------------------|
| IN RE: ABC COMMUNITY HOSPITAL* | TOTAL AMOUNT DUE: \$761.21 * |
| ACCT#: 25010463 *              | DATE OF SERVICE: 07/18/00 *  |

02/10/05

860964 - 08  
Jane Doe  
4123 American Way  
Anywhere, PA 17517-1302

SEND TO:  
NATIONAL RECOVERY AGENCY  
P.O. BOX 67015  
HARRISBURG, PA 17106-7015

Dear Jane Doe,

Your account has been forwarded to this office for collections. The balance shown above includes interest of \$.00 along with collection charges of \$.00. This is a formal demand upon you for payment of this debt. This is an important matter, which needs to be resolved, and requires your attention.

By resolving this matter, you will make continued collection efforts unnecessary. Our demand for payment does not affect your right to dispute this debt.

Unless you notify this office within 30 days after receiving this notice that you dispute the validity of this debt or any portion thereof, this office will assume this debt is valid. If you notify this office in writing within 30 days from receiving this notice, this office will: obtain verification of the debt or obtain a copy of a judgment and mail you a copy of such judgment or verification. If you request this office in writing within 30 days after receiving this notice, this office will provide you with the name and address of the original creditor if different from the current creditor.

\* Below is a listing of all accounts included in the total amount due listed above:

|                        |           |          |          |
|------------------------|-----------|----------|----------|
| ABC COMMUNITY HOSPITAL | 20501463  | 07/18/00 | \$130.97 |
| ABC COMMUNITY HOSPITAL | 38708756  | 01/15/03 | \$154.25 |
| ABC COMMUNITY HOSPITAL | 38629754  | 12/27/02 | \$38.13  |
| ABC COMMUNITY HOSPITAL | 2618896-1 | 10/10/02 | \$115.00 |
| ABC COMMUNITY HOSPITAL | 2582651-2 | 01/07/04 | \$322.86 |

\*\*\* Additional amount not reflected above: \$00000.00

Unless you dispute this debt, your payment should be made directly to this office for prompt credit to your account. A twenty-dollar service charge will be added to all checks returned to us by your bank. Should you desire a receipt, a self-addressed, stamped envelope is required. For payment options please see reverse side of this notice or visit our secure website at [www.nationalrecovery.com](http://www.nationalrecovery.com). The purpose of this communication is to collect a debt and any information obtained will be used for that purpose.

Sincerely,

NATIONAL RECOVERY AGENCY  
This communication is from a debt collector.

\*\*\*\*Please contact your account representative Mike Chavis at extension 3014 regarding this account.

NRA/ALS-08

NRA ID #: 860964

PLEASE SEE REVERSE SIDE FOR ADDITIONAL INFORMATION

P.O. BOX 67015  
HARRISBURG, PA 17106-7015

**NATIONAL RECOVERY AGENCY**  
**PROFESSIONAL COLLECTION AGENCY**

RETURN SERVICE REQUESTED

(717) 540-5605  
(800) 360-4319

|                             |                           |
|-----------------------------|---------------------------|
| IN RE: ABC CARDIAC SERVICES | AMOUNT DUE: \$217.73      |
| ACCT#: 711819               | DATE OF SERVICE: 02/12/04 |

12/21/04

A95845 - 99  
Jane Doe  
321 White St  
Anywhere, NY 10151

SEND TO:  
NATIONAL RECOVERY AGENCY  
P.O. BOX 67015  
HARRISBURG, PA 17106-7015

**REMINDER**

Dear Jane Doe

As previously agreed, this office will electronically withdraw the sum of \$44.00 from your account on 03/03/05 and will apply this amount as a payment to one or more of the accounts listed below.

Please be sure that the funds are available for this transaction. Contact us if the funds are not available. In addition, in order to ensure that you receive all future scheduled reminders, please contact us if you have a change of address.

Below is a listing of all accounts included in the amount due:

|                      |        |          |          |
|----------------------|--------|----------|----------|
| ABC CARDIAC SERVICES | 711819 | 02/12/04 | \$217.73 |
|----------------------|--------|----------|----------|

\*\*\*\*Additional amount not reflected above : \$0000.00

The purpose of this communication is to collect a debt any information obtained will be used for that purpose.

Sincerely,

Veena Velaga  
Extension 3048

This communication is from a debt collector.

99

NRA ID #: A95845

PLEASE SEE REVERSE SIDE FOR ADDITIONAL INFORMATION



National Recovery Agency  
2491 Paxton Street  
Harrisburg, PA 17111  
(800) 360-9953

## ATTACHMENT G – SAS 70 TYPE II REPORT

**NRA Group, LLC D/B/A National Recovery Agency**

# **SAS 70 Report**

## **Type II**

**on Controls Placed in Operation  
and Tests of Operating Effectiveness**

For the Period  
January 1, 2009 through June 30, 2009



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A Responsible Revenue Recovery Company

June 30, 2009

To: Clients of NRA Group, LLC d/b/a National Recovery Agency

### **Service Auditors' Review of Collection Services**

To assist the Company (and your independent auditors) in evaluating the control environment at NRA Group, LLC d/b/a National Recovery Agency, a copy of our most recent service auditors' engagement report has been made available for your review. This is a Type II report on controls placed in operation and tests of operating effectiveness under Statement on Auditing Standards No. 70, "*Service Organizations*" and its amendments and interpretations (SAS 70).

SAS 70 is an internationally recognized auditing standard developed by the American Institute of Certified Public Accountants (AICPA). A SAS 70 audit or service auditors' examination is widely recognized, because it represents that a service organization has been through an in-depth audit of their control activities, which generally include controls over information technology and related processes. In today's global economy, service organizations or service providers must demonstrate that they have adequate controls and safeguards when they host or process data belonging to their customers. A SAS 70 examination signifies that a service organization has had its control objectives and control activities examined by an independent accounting and auditing firm.

**NRA GROUP, LLC  
D/B/A NATIONAL RECOVERY AGENCY**

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## INDEPENDENT SERVICE AUDITORS' REPORT

**NRA Group, LLC**  
**d/b/a National Recovery Agency**  
2491 Paxton Street  
Harrisburg, Pennsylvania 17111

We have examined the accompanying description of controls related to the debt collection processing system at **NRA Group, LLC d/b/a National Recovery Agency**. Our examination included procedures to obtain reasonable assurance about whether (1) the accompanying description presents fairly, in all material respects, the aspects of **NRA Group, LLC d/b/a National Recovery Agency's** controls that may be relevant to a user organization's internal control as it relates to an audit of financial statements, (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily, and (3) such controls had been placed in operation as of June 30, 2009. The control objectives were specified by **NRA Group, LLC d/b/a National Recovery Agency**. Our examination was performed in accordance with standards established by the American Institute of Certified Public Accountants and included those procedures we considered necessary in the circumstances to obtain a reasonable basis for rendering our opinion.

In our opinion, the accompanying description of the aforementioned controls presents fairly, in all material respects, the relevant aspects of **NRA Group, LLC d/b/a National Recovery Agency's** controls that had been placed in operation as of June 30, 2009. Also, in our opinion, the controls, as described, are suitably designed to provide reasonable assurance that the specified control objectives would be achieved, if the described controls were complied with satisfactorily.

In addition to the procedures we considered necessary to render our opinion as expressed in the previous paragraph, we applied tests to specific controls, as described in Section III, to obtain evidence about their effectiveness in meeting the control objectives, described in Section III, during the period from January 1, 2009 to June 30, 2009. The specific controls and the nature, timing, extent, and results of the tests are listed in Section III. This information has been provided to user organizations of **NRA Group, LLC d/b/a National Recovery Agency** and to their auditors to be taken into consideration, along with information about the internal control at user organizations, when making assessments of control risk for user organizations. In our opinion, the controls that were tested, as described in Section III, were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives specified in Section III were achieved during the period from January 1, 2009 through June 30, 2009. However, the scope of our engagement did not include tests to determine whether control objectives not listed in Section III were achieved; accordingly, we express no opinion on the achievement of control objectives not included in Section III.

The relative effectiveness and significance of specific controls at **NRA Group, LLC d/b/a National Recovery Agency** and their effect on assessments of control risk at user organizations are dependent on their interaction with the controls and other factors present at individual user organizations. We have performed no procedures to evaluate the effectiveness of controls at individual user organizations.

The description of the controls at **NRA Group, LLC d/b/a National Recovery Agency** is as of June 30, 2009, and information about tests of the operating effectiveness of specified controls covers the period from January 1, 2009 through June 30, 2009. Any projection of such information to the future is subject to the risk that, because of change, the description may no longer portray the controls in existence. The potential effectiveness of specific controls at **NRA Group, LLC d/b/a National Recovery Agency** is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that changes may alter the validity of such conclusions.

This report is intended solely for use by the management of **NRA Group, LLC d/b/a National Recovery Agency**, its customers, and the independent auditors of its customers.

*SF&Company*

Harrisburg, Pennsylvania  
July 13, 2009

**NRA GROUP, LLC  
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**SERVICE AUDITORS' ENGAGEMENT  
JANUARY 1, 2009 THROUGH JUNE 30, 2009**

**SECTION II - NRA Group, LLC d/b/a National Recovery Agency  
Description of Controls**

***OVERVIEW OF SERVICES PROVIDED***

NRA Group, LLC d/b/a National Recovery Agency (the Company) is a fully bonded collection agency and permitted to recover revenue in all fifty states. The Company's one hundred and ninety plus employees are divided into several departments: clerical/support, human resources, client services, payment processing, sales, legal, pre-collections, and collections.

NRA Group, LLC d/b/a National Recovery Agency is a member of the American Collectors Association and participates as a vendor in the American Association of Healthcare Administrators, Keystone Patient Account Management Association, PAHCOM - The Professional Association of Health Care Office Managers, and The Healthcare Financial Managers Association. NRA Group, LLC d/b/a National Recovery Agency is a fully certified approved member of the select group of collection agencies worldwide who have met the criteria for The Association of Credit Collectors Compatible Professional Practices Management System (PPMS) to ISO 9002 quality control standards for ACA International members. The Company is also PCI-DSS certified (Payment Card Industry-Data Security Systems). NRA Group, LLC d/b/a National Recovery Agency is also an accredited business by the Better Business Bureau.

NRA Group, LLC d/b/a National Recovery Agency provides collection to a wide range of clients including banking, credit cards, student loans, healthcare, utilities, townships, boroughs, cities, counties, and states. In addition to serving primary accounts for a large number of clients, NRA Group, LLC d/b/a National Recovery Agency also specializes in second placements and special projects for clients.

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***CONTROL ENVIRONMENT***

***Integrity and Ethical Values***

Senior management has established organizational values and behavioral standards. NRA Group, LLC d/b/a National Recovery Agency's Corporate Code of Conduct provides a consistent set of principles for how all employees should conduct business and perform their job functions. The Code of Conduct includes policies concerning Conflicts of Interest, Accepting/Giving Gifts, Abuse of Confidential Information, Financial Responsibility, and an Alcohol and Drug Policy. NRA Group, LLC d/b/a National Recovery Agency is a drug free business operation. NRA Group, LLC d/b/a National Recovery Agency follows the Code of Ethics established by the ACA International Association for the Collection Industry.

***Control Objectives***

1. Controls provide reasonable assurance that changes to existing applications are authorized, tested, approved, properly implemented, and documented.
2. Controls provide reasonable assurance that changes to the existing computer applications are authorized, tested, approved, properly implemented, and documented.
3. Controls are in place to assure that only employees possessing proper training are used in the collection process.
4. Controls are in place to provide reasonable assurance that all client information is protected from any unauthorized use or made available to any outside parties.
5. Controls are in place to provide reasonable assurance that the collection process is done in compliance with federal, state, and local laws.
6. Controls are in place to provide reasonable assurance that all client funds collected are recorded in a correct manner and that all funds are returned to the client in compliance with the client contract.
7. Controls are in place to provide reasonable assurance that collectors are not processing fraudulent collections.

# NRA GROUP, LLC D/B/A NATIONAL RECOVERY AGENCY

## SERVICE AUDITORS' ENGAGEMENT JANUARY 1, 2009 THROUGH JUNE 30, 2009

### Organization

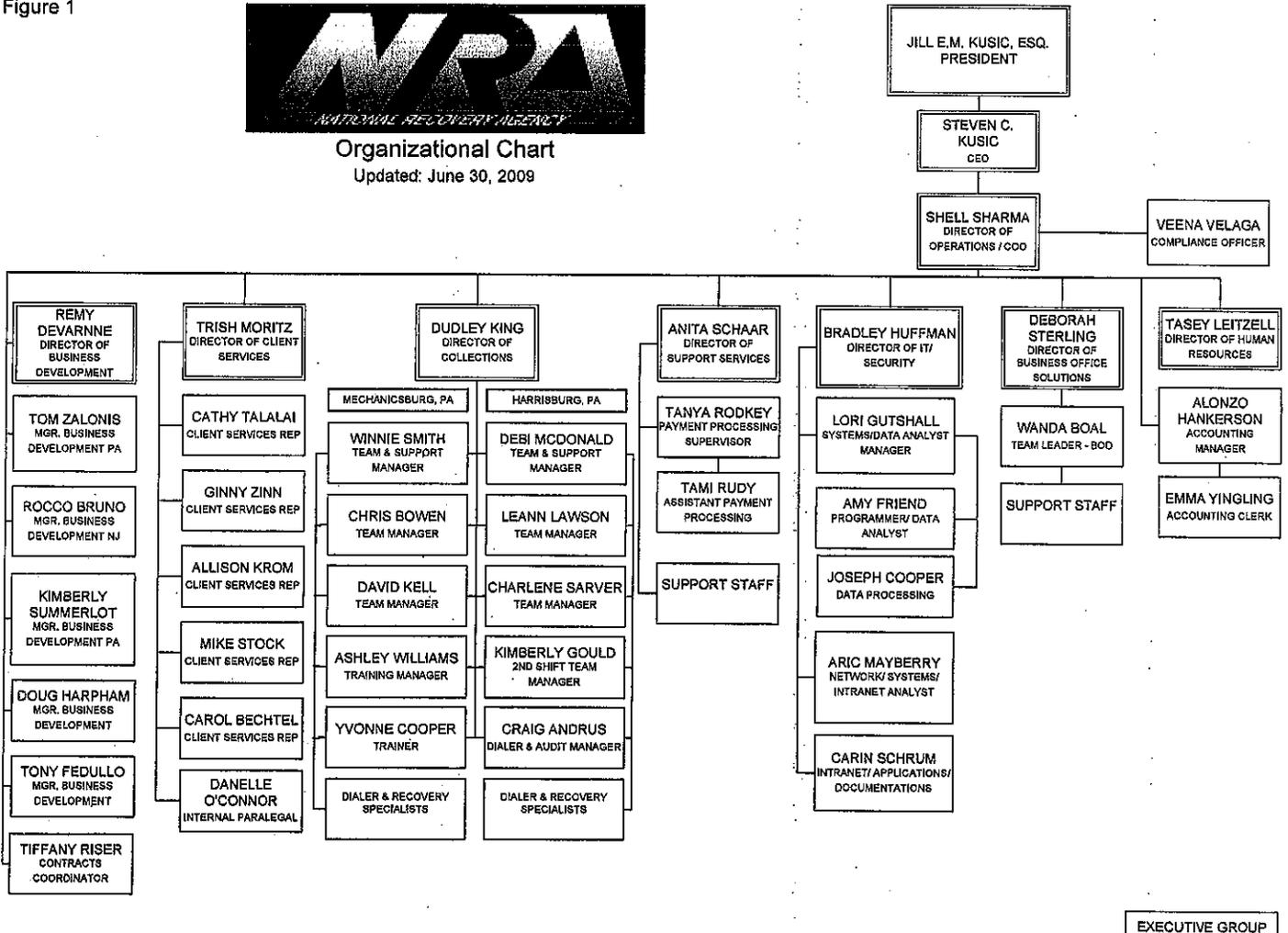
Set forth in Figure 1 (below) is the Organizational Chart for NRA Group, LLC d/b/a National Recovery Agency. The control environment at the Company originates with the President, Chief Executive Officer, and the Director of Operations / COO. Management of NRA Group, LLC d/b/a National Recovery Agency recognizes their responsibility for establishing, communicating, and monitoring controls, policies, and procedures.

All activities are conducted in accordance with written policies and procedures guides that are audited annually by the Professional Practices Management System (PPMS™). These guides are continually maintained by the Compliance Officer. All deviations from the policies and procedures guides are logged and addressed for non-conformance. Appropriate revisions will be made to the guides to ensure the deviation will not recur.

Figure 1



**Organizational Chart**  
Updated: June 30, 2009



**NRA GROUP, LLC  
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***Management Control***

The Company has a formal management information and reporting system that enables management to monitor key control and performance measurements. Management has adopted the Professional Practices Management System (PPMS™) as sponsored by ACA International. This unique professional practices manual applies to all activities and personnel within NRA Group, LLC d/b/a National Recovery Agency. The purpose of adopting these practices is to describe and document the Management System currently in place at the Company. It is the central source of policies, procedures, and responsibilities that in turn authorize and govern creation of procedures and work instructions. The requirements and procedures addressed in the plan are intended to meet the requirements of ACA International's PPMS, NRA Group, LLC d/b/a National Recovery Agency's Strategic Management and Revenue Targets Corporate Plan, Vision 2012, and client requirements.

Adherence to the Company's controls is monitored through a self-assessment program, PPMS™. The Compliance Officer oversees adherence to PPMS™ controls. The management system is designed so that information pertaining to the management flows in a two-way direction. Performance measurement and the internal audit information are initialed by department managers and internal auditors and are forwarded to the Director of Operations / COO. Upon completion of the review, results of the review are communicated back to department managers and all personnel. The assessment program has been designed specifically to evaluate compliance with the Company's policies. The audit process is a systematic and independent examination to determine whether management activities and related results comply with planned arrangements. The audit is also concerned with whether management activities are implemented and are suitable to achieve objectives.

***Controls Related to Personnel***

NRA Group, LLC d/b/a National Recovery Agency has established formal hiring practices to ensure that new employees are qualified to perform their job responsibilities. All applicants must complete a written application for employment and will then be interviewed by the appropriate employees of the Company. References and previous employers are contacted to verify employment history. All applicants must submit to a criminal background check prior to being hired. During January 2009, applicants must also submit to pre-employment drug testing and random drug testing will continue during their employment. NRA Group, LLC d/b/a National Recovery Agency is a drug free business operation.

Training of personnel is accomplished through training meetings. All training meetings are mandatory and are conducted following a predetermined agenda by the Training Facilitator or other appointed staff. Newly hired employees will go through a two-week training process that will walk them through all aspects of the job. Records of training activities are maintained in the employee's training records.

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***Controls Related to Personnel (Continued)***

Training is taken very seriously and conducted throughout the employee's tenure at NRA Group, LLC d/b/a National Recovery Agency. Employees are made aware of any new information through weekly meetings held by management. The Company also has mandatory training classes once a week for a month based on a three-month rotation. Training classes are never larger than six attendees. This allows the Company to give the attention that each individual needs.

Formal performance reviews are conducted on a periodic basis. Employees are evaluated on objective criteria based upon performance. If an employee is not performing up to the standards of the Company, the employee and their director will have a meeting and discuss items to help the employee improve their performance. Team managers are also held responsible for any team member that might be under performing. Team managers will assist the employees on a day to day basis to help them understand the collectors' functions and ultimately reach the standards set by the Company based on the employee's experience level.

***Other Considerations***

NRA Group, LLC d/b/a National Recovery Agency's controls are documented in the Professional Practices Management System Manual. The manual is organized in eighteen general categories, which establish the policies and procedures for the Company. The PPMS™ manual is organized by the management function and sets forth the Company's controls, laws, and regulations to which the Company is subject and the compliance responsibilities of specific activities within the Company.

NRA Group, LLC d/b/a National Recovery Agency has a formal Conflict of Interest Policy that establishes rules of conduct for employees. Employees are prohibited from sharing any client information with any other party. All employees are also required to know the Fair Debt Collection Practices Act as well as other applicable governmental regulations. Also, all collectors are required to sign the ACA recommended Collectors Pledge to ensure that the collectors remain professional at all times when dealing with consumers.

***Internal Management Audits***

NRA Group, LLC d/b/a National Recovery Agency conducts internal audits through the Dialer and Audit Manager. The Dialer and Audit Manager will conduct audits on debtor accounts, collector notes, and the handling of accounts. The findings are submitted to the Compliance Officer and the findings are addressed by the Director of Operations / COO. The internal audit program is designed to evaluate compliance with the Company's controls and the laws and regulations to which the Company is subject. The program also addresses the soundness and adequacy of accounting, operating, and administrative controls.

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***RISK ASSESSMENT***

A Company's risk assessment process includes the identification, analysis, and management of risks relevant to the preparation of its financial statements and to user organizations. Risk management has been incorporated throughout its processes at NRA Group, LLC d/b/a National Recovery Agency. Prevention and examination are critical factors to controlling *Areas of Risk* - FDCPA (Fair Debt Collections Practices Act), FCRA (Fair Credit Reporting Act), GLBA (Gramm-Leach-Bliley Act), TCPA (Telephone Consumer Protection Act), HIPAA (Health Insurance Portability and Accountability Act), and SMCRA (Service Members Civil Relief Act).

There is further breakdown of these, such as FDCPA - Areas of Risk as it relates to Consumer, Third Parties, Date of Delinquency, Data Furnishers, Identity Theft, Bankruptcy, Privacy, Safeguards, Predictive Dialers, Facsimile Requirements, Prerecorded Messages, and Caller ID:

- a. Communications
- b. Disputes
- c. False Threats and Misrepresentations
- d. Unfair Practices

State Compliance - Areas of Risk: License and Registration, Bond Requirements, Communication Requirements/Restrictions, and Trust Account Requirements - the Training Manager and the Compliance Officer's functions are identifying entities for the Risk Management of the above-mentioned areas of risk unique to the collection industry. Having Collection Floor Managers and Trainers on hand, helps reduce the risk of violations and the chance of exposing the Company to risk. NRA Group, LLC d/b/a National Recovery Agency has an extensive training program and a special actual live interaction training agenda to help learn the vital factors of risk reduction.

***Disaster Recovery Plan***

Another component of risk assessment is the risk that damages to the facilities would disrupt NRA Group, LLC d/b/a National Recovery Agency's operations. To help minimize these risks, the Company has a Disaster Recovery Plan (DRA). The purpose of the DRA is to ensure the continued operations of the Company through organized planning. The goal of the disaster recovery is to be fully operational within five days. The Company has an outlined plan on how to recover all data from backup storage media, arrange an alternate site if needed, and a policy on how to contact all employees to recommence working. The Company opened its satellite center during February 2008 in Mechanicsburg, Pennsylvania. This facility will ultimately become a redundant site for NRA Group, LLC d/b/a National Recovery Agency's main operations on Paxton Street, Harrisburg, Pennsylvania. The satellite center has a separate interactive voice response system (IVR), dialer agents, and calls are handled independently at both locations.

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***FUNCTIONS REQUIRING MONITORING***

- Customer Service
- Business Support/Data Entry
- Information Systems
- Operations/Accounting
- Collections
- Human Resources
- Sales
- Training

Reviewing the above functions via Non-Conformities/Root Cause Analysis and Corrective Action Plans help ongoing monitoring by recording the above issues in the PPMS designed formats and forms. The Compliance Officer then documents these elements on the Trend Analysis Forms. The Trend Analysis Forms cover seventeen different areas of the business function. This method of formatting data then leads to Internal Audit Findings reviewed by the Director of Operations. The findings are discussed with the Executive Group at NRA Group, LLC d/b/a National Recovery Agency. These are absolute measures to benefit from; they are required for the ongoing annual review process of certification requirements for ACA's PPMS.

The entire ISO 9002 Compatible ACA PPMS Program is based on the logic of monitoring the operational aspects of the business entity. The Policies and Procedures, Work Instructions, and Forms are a proven method of monitoring and to experience recertification.

Another great monitoring resource is call recording. NRA Group, LLC d/b/a National Recovery Agency implemented this December 18, 2007. The call recorder sits on the incoming and outgoing telephone lines. Every call is recorded and stored. Even the automatic-dialer calls are recorded. Management has the ability to search by collector, time of day, phone number, and other various credentials. This will reduce any customer complaints and will also be an extremely effective tool in the training process for the Company's employees.

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***INFORMATION AND COMMUNICATION***

***Description of Computerized Information Systems***

NRA Group, LLC d/b/a National Recovery Agency will follow a layered security approach in the world of complex networks comprised of powerful servers or mainframes, desktops, and mobile devices. The objective is controlling access to these networks. Information security is critical in the world of HIPAA. Finding dependable solutions for security management, and airtight incident response procedures is the Company's ultimate goal with regards to their information technology system.

The current security best practices recommend a layered approach that provides in depth defense against any potential security breaches. It is recommended to explain the hackers "work factor" in the layered approach. Technically speaking, it is defined as the effort required for an intruder to compromise one or more of the security measures, which in turn allows the network to be successfully breached. This leads to a high and low work factor. A high work factor is difficult to break into compared to a low work factor. If the hacker determines that your network is a high work factor, which is the benefit of the layered approach, they are likely to move on and seek other networks that are secured. The network diagram for the Harrisburg, Pennsylvania location is shown on Page 13 (Figure 2) and the network diagram for the Mechanicsburg, Pennsylvania location is shown on Page 14 (Figure 3).

NRA Group, LLC d/b/a National Recovery Agency's approach is defined in five key layers of the information network.

1. ***Perimeter*** - This is the gateway to the network from the external world. Typically firewall, anti-viruses, VPN, and intrusion detection/prevention systems are placed at this critical point in the network.
2. ***Network*** - The infrastructure (switches, routers, hubs, and wires) that creates the connection of one device to another. At this layer, traffic can be monitored and inspected to ensure no harmful data is on the wire. There is one main network switch/router that all network traffic flows through. If this device fails the entire network would go offline. Please note the other considerations with regards to the TSI agreement. There are no wireless access points on the Company's network. The Company installed a 20MB Ethernet line to connect the Mechanicsburg, Pennsylvania location to the Harrisburg, Pennsylvania location. This allows the Company to have the real-time, back-ups devices running without any hesitation.
3. ***Host*** - The computers on the network. Checking for security holes on each machine is imperative. Critical machines are monitored for any abnormalities (using host-based detection technologies). All critical servers are equipped with a redundant power supply. If the first power supply would fail this simply switches to the next power supply so the server can continue uninterrupted operations.

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***Description of Computerized Information Systems (Continued)***

4. ***Applications*** - This is more of a software flaw, and in this case, NRA Group, LLC d/b/a National Recovery Agency will depend heavily on CR Software Systems Packaged software security measures. Use of application shields and vulnerability scans is the obligation redirected to CRS. CRS must now contact the Company before they connect to their software for any changes. The Company will monitor their access so they know exactly what is happening to their system.

Passwords are on a ninety-day rotation with an automatic renewal by the user. The same password cannot be used more than four times and the password must use at least three of the following four items; upper case, lower case, numeric, and special characters.

5. ***Data*** - This is the actual information stored on the network. Policies at this layer employ tight access control and encryption. NRA Group, LLC d/b/a National Recovery Agency has taken major steps for access and control. All data in the Company is stored as encrypted files.

In the Harrisburg, Pennsylvania location, keypad entry has been installed in the general area; also there is keypad entry on the computer room. Cameras have been installed in the office to record all activities. Access has been restricted to a handful of department heads in the Company. Email encryption will be implemented. A virus scan and spam blocker also add to the defenses for potential exposure.

In the Mechanicsburg, Pennsylvania location, efforts have been made to mirror the Harrisburg location. There is keypad entry for the general area and the computer room.

Workstation computers cannot have anything saved to them. Workstations cannot save anything to the file server. Email is restricted. Collectors are only allowed to receive emails. Any employee that has the ability to send and receive email externally must run through an email server that will save a copy of every single email sent and received.

All of the Company's laptops have been removed of all data. When the laptops leave the Company's office, the employees will use the laptops to log into the Company's servers. This is accomplished through a secure VPN connection.

The RIM Blackberry devices are being operated through the Company's Blackberry Enterprise Server. This will allow the IT staff to disable any device in the event a Blackberry may get misplaced or stolen. Just like all of the computers at NRA Group, LLC d/b/a National Recovery Agency, the RIM Blackberry devices will lock the user out of the Blackberry after ten minutes of inactivity. After that period of time, a six (6) character/digit password will need to be entered to regain access.

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*Other Considerations*

NRA Group, LLC d/b/a National Recovery Agency has an agreement with Technology Services Inc. (TSI). If anything would happen to the Company's network, TSI will replace the part immediately twenty-four hours a day, seven days a week. This would cause any downtime from a device failure to be very minimal and ensure the Company could continue operations. TSI will also troubleshoot problems from a remote location. The Company will grant monitored access to their system when needed.

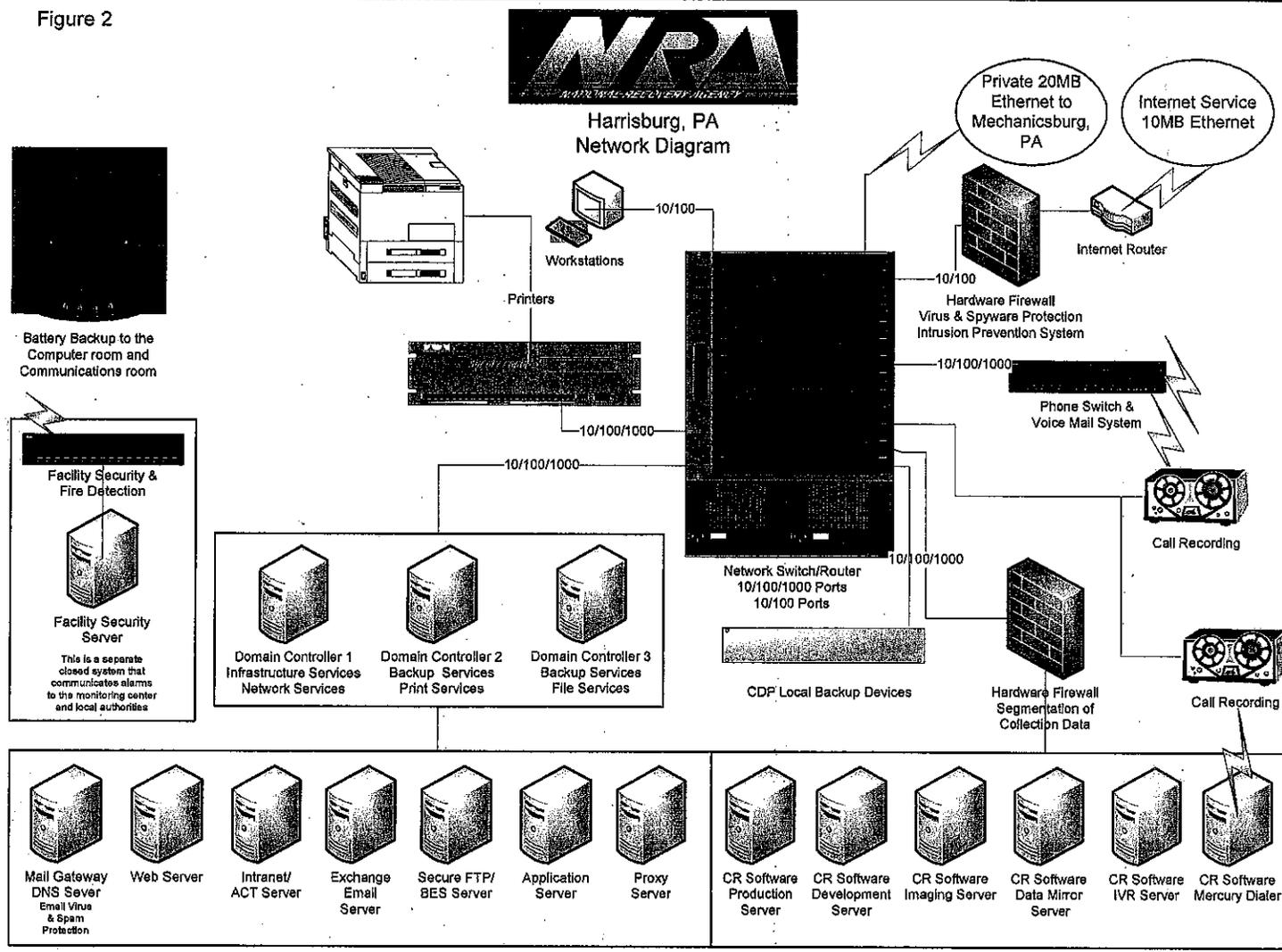
A separate company maintains the phone switch. Whenever the phone technician needs access to the phone system, the phone technician will be provided with a temporary login and password that will expire at the end of the day. The technician's access is closely monitored.

NRA Group, LLC d/b/a National Recovery Agency has an internet website that offers information and functionality via the Client Login to clients who wish to access their account. Access to this section of the site is through a secured environment at [www.nationalrecovery.com](http://www.nationalrecovery.com). The Internet based functionality is provided through a secure session established between the user (i.e. the client) and NRA Group, LLC d/b/a National Recovery Agency. In addition to the secure session and FTP site security, other controls within this environment include: (1) authentication and authorization of the user before any data is transmitted, (2) restriction and monitoring of requests coming from users through firewall processes, and (3) encryption of all internal and external data transmissions to protect the privacy of the information.

# NRA GROUP, LLC D/B/A NATIONAL RECOVERY AGENCY

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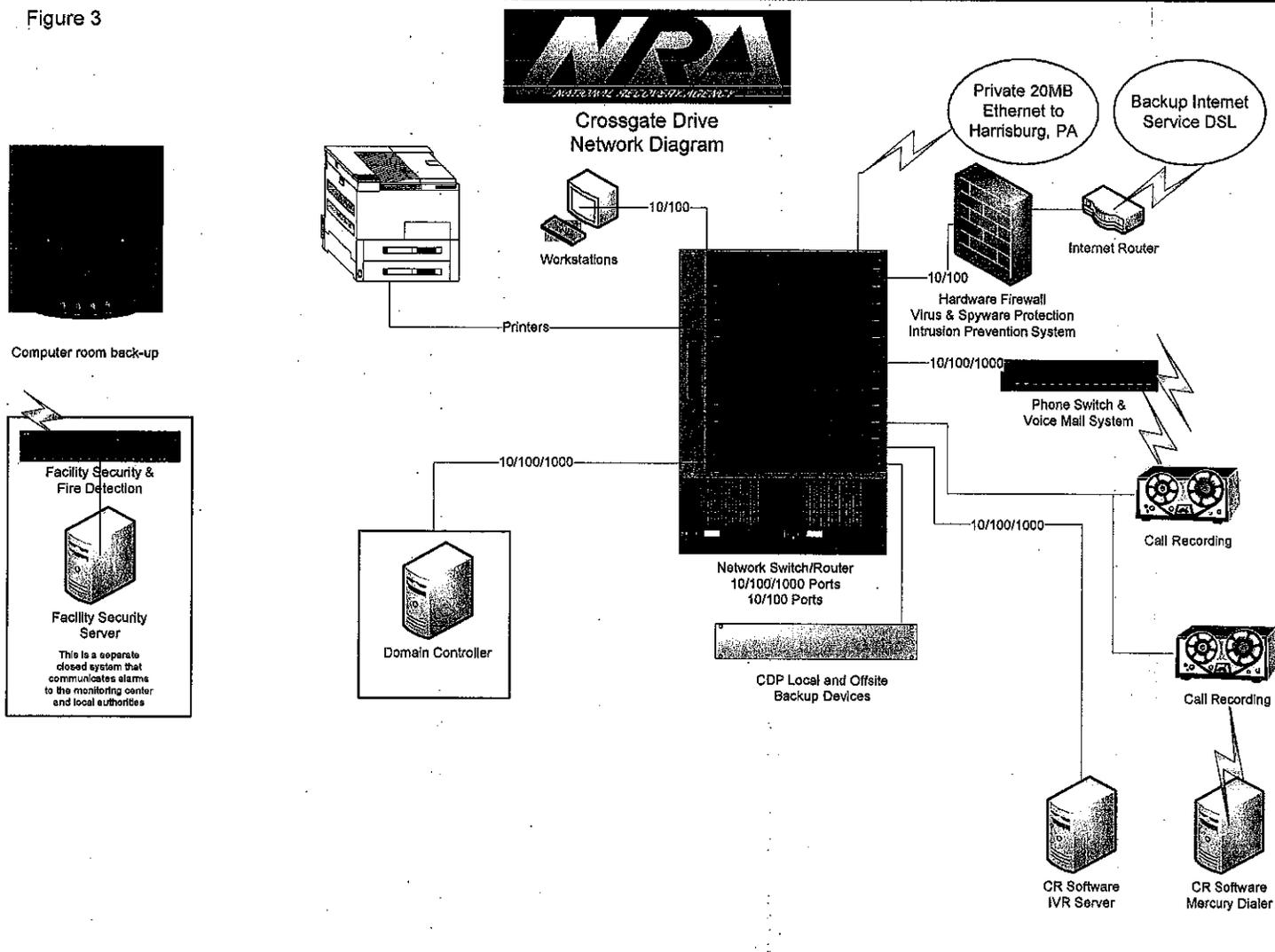
Figure 2



**NRA GROUP, LLC  
D/B/A NATIONAL RECOVERY AGENCY**

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Figure 3



**NRA GROUP, LLC  
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***Description of Payment Processing***

Payment Processing Supervisor - Tayna Rodkey

Payment Processing Assistant - Tammi Rudy

Accounting Manager - Alonzo Hankerson

Director of IT and Security - Brad Huffman

Director of Support Services - Anita Schaar

Director Human Resources - Tasey Leitzell

Director of Operations / COO - Shell Sharma

Refer to Figure 4 and Figure 5 for a visual representation of the collection system.

1. All mail is taken to the payment processing center. Payment processing is in a secure area in the building that only certain individuals have the code for the combination lock.
2. The Payment Processing Assistant then sorts and opens all mail and enters all payment amounts into an Excel Spreadsheet that is stored and password protected. The number of checks is also counted.
3. After all payments are entered into the Excel Spreadsheet, it is then auto summed, and payments and totals are then given to the Payment Processing Clerks for posting and also double check the work of the payment processing assistant.
4. Once all checks are posted, the Payment Processing Clerk then prints a Cash Journal and takes any payments they were unable to post (i.e. client money, etc.) and subtracts it from the total that the Payment Processing Assistant has given. The Cash Journal then will be checked to insure it balances.
5. Once the Cash Journal is balanced, all payments that were not posted are given back to the Payment Processing Assistant, who will verify why each payment cannot be processed.
6. The Payment Processing Assistant then takes the payments that are not posted and then puts them back into an Excel Spreadsheet with the amount of the payment, the reason it was not posted, to whom it was given to, and what was done with the payment. It is then re-auto summed and should match the Cash Journal.

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***Description of Payment Processing (Continued)***

7. The Excel Spreadsheet and all backup documentation are given to another member of the Payment Processing Department to be double-checked for accuracy. The reviewer will sign off on a slip of paper stated that everything is valid and accurate.
8. All payments are then given to the Payment Processing Supervisor, who then runs the payments through the Check 21 process, which automatically deposits the payments to the bank. The Payment Processing Supervisor then reconciles that all totals from the Cash Journal, Excel Spreadsheet, and Printout Form Check 21 all balance. Once all checks have been run through the Check 21 process the total number of checks is compared to the count of checks from the opening of the mail. If there is a discrepancy everyone will search for the missing check until it is found.
9. The bank then e-mails the Accounting Manager of the total amounts deposited.
10. All payments that are not posted are then photocopied and placed with a printout of the Excel Spreadsheet and given to the Data Entry Supervisor for reconciliation.
11. The Data Entry Supervisor then takes all Cash Journals, all payments, and all Excel Spreadsheets and verifies that all payments were posted to the proper accounts by verifying the names and amounts of the payments and then verifies all balances with all Cash Journals and Excel Spreadsheets.
12. The Data Entry Supervisor will then take all payments that were posted incorrectly and write up the corrections to be posted to the proper accounts.
13. Once all payments are verified and a correction made, the Data Entry Supervisor then scans all the Cash Journals and Excel Spreadsheets into the scanner.
14. The Accounting Manager then takes the e-mails from the bank to reconcile the statement from the bank at the end of the month.

***Other Considerations***

Checks and credit card payments can be made over the telephone to the Company's collectors. The process for these payments are very similar, with the exception that checks will have about (5) five business days before the money clears into the Company's account. For a visual representation of check payments by telephone (Please See Page 19 - Figure 5). The process gets started when a person pays their debt over the telephone by a check. The Collector will enter the information into the CR system. From this point, the process goes in two separate directions.

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***Other Considerations (Continued)***

The hard copy of the payment details arrives at the Company and is routed to the Payment Processing Supervisor. On the collections side of the payment, the Manager will verify the data is accurate. Then the Director of Support Services will generate a system report listing all accounts that were paid by a check by telephone payment. This report gets emailed to the Payment Processing Supervisor. From here Payment Processing will compare the data again for accuracy and completeness. Once this step is completed, a report is then emailed to the Director of Operations and the Accounting Manager. The Accounting Manager will then use this information to balance the Trust Account.

Western Union and Money Gram checks are accepted at NRA Group, LLC d/b/a National Recovery Agency. These payments are electronically transferred into the Company's Trust Account. The Payment Processing Supervisor will get a report off of their Website to help to reconcile the Trust Account.

***Description of Client Accounting***

The client accounting is maintained by the Client Service Department. Client accounting provides reports to the clients of NRA Group, LLC d/b/a National Recovery Agency. All of the reports are made available daily to clients on the Company's internet site. This allows the client to understand exactly how the collection process is going. A listing of the reports made available is as follows:

- a. Acknowledgement Reports
- b. Inventory Reports
- c. Performance Analysis Reports
- d. Monthly Payment Activity Reports
- e. Close Out Reports
- f. Skip Tracing
- g. Credit Bureau Reporting
- h. Electronic Funds Transfer

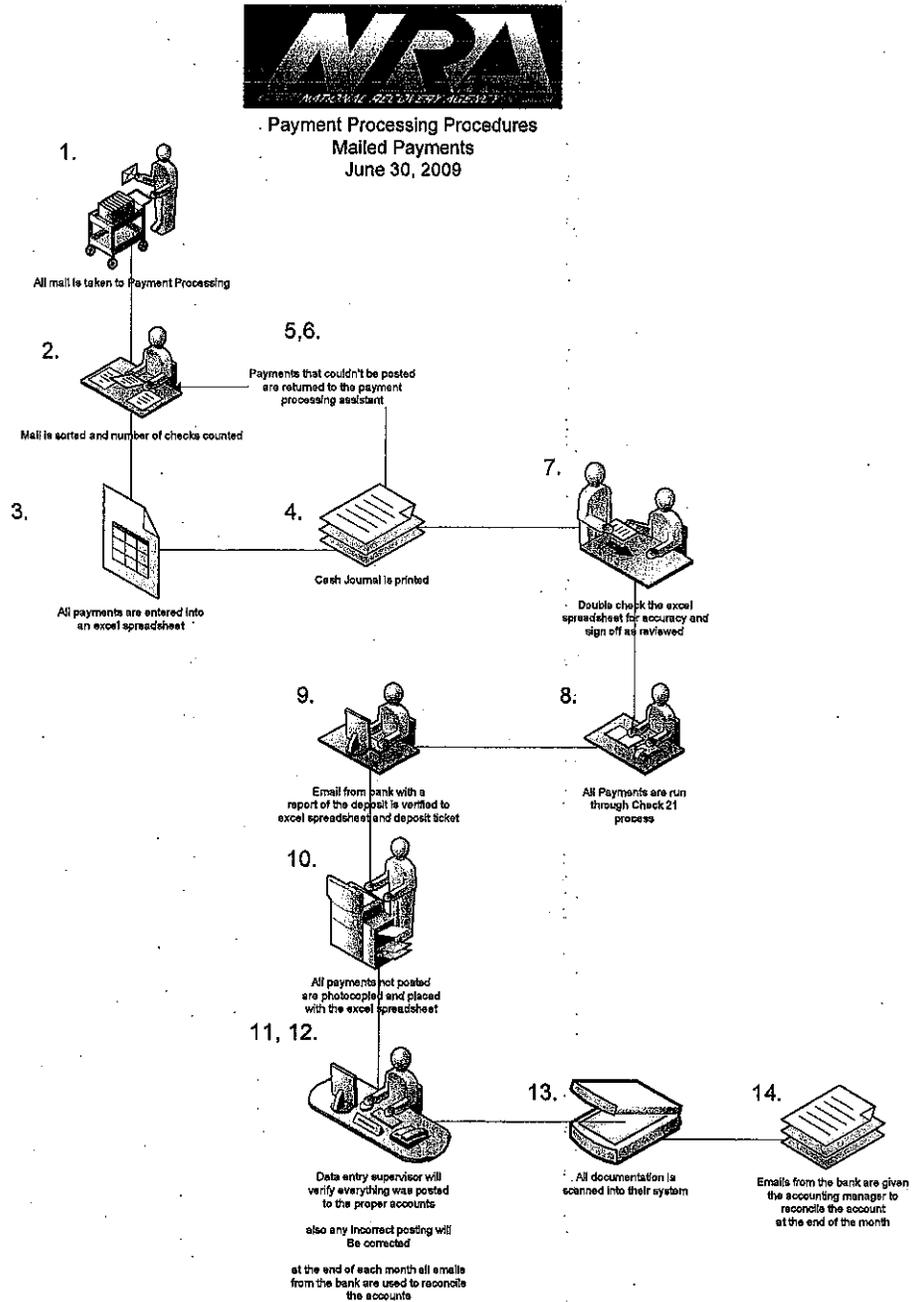
***Description of Client Services***

The client services are responsible for maintaining the relationship with the client. Also, all contracts and amendments are maintained with client services. They are the point of contact for the client to help service their account and to help with any questions that may arise.

**NRA GROUP, LLC  
D/B/A NATIONAL RECOVERY AGENCY**

**SERVICE AUDITORS' ENGAGEMENT  
JANUARY 1, 2009 THROUGH JUNE 30, 2009**

Figure 4



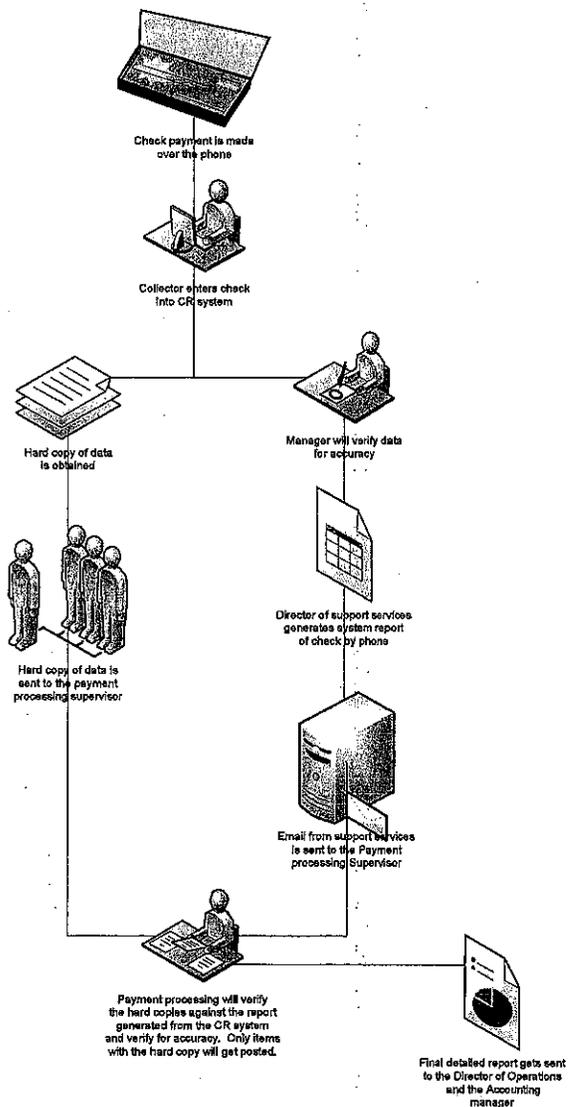
**NRA GROUP, LLC  
D/B/A NATIONAL RECOVERY AGENCY**

**SERVICE AUDITORS' ENGAGEMENT  
JANUARY 1, 2009 THROUGH JUNE 30, 2009**

Figure 5



**Payment Processing Procedures  
Check by Phone  
June 30, 2008**



**NRA GROUP, LLC  
D/B/A NATIONAL RECOVERY AGENCY**

**SERVICE AUDITORS' ENGAGEMENT  
JANUARY 1, 2009 THROUGH JUNE 30, 2009**

**SECTION III - Information Provided by the Service Auditors**

*Purpose*

This report is intended to provide users of NRA Group, LLC d/b/a National Recovery Agency services with information about the controls at NRA Group, LLC d/b/a National Recovery Agency that may affect the processing of user organizations' transactions and also provided users with information about the operating effectiveness of the controls that were tested. This report, when combined with an understanding and assessment of the internal controls at user organizations, is intended to assist user auditors in planning the audit of user organizations' financial statements and in assessing control risk for assertions in user financial statements that may be affected by the controls at NRA Group, LLC d/b/a National Recovery Agency.

*Control Environment Components*

The control environment represents the collective effect of various components in establishing, enhancing, or expanding the effectiveness of specific controls. In addition to tests of the operating effectiveness of the controls in the following tables of this report, our procedures also included tests of, or consideration of, the relevant components of NRA Group, LLC d/b/a National Recovery Agency control environment including:

- NRA Group, LLC d/b/a National Recovery Agency's Organizational Structure and the segregation of duties;
- Management Oversight;
- External Regulations and Supervision;
- Human Resources' Policies and Practices; and
- Internal Compliance Monitoring.

**NRA GROUP, LLC  
D/B/A NATIONAL RECOVERY AGENCY**

**SERVICE AUDITORS' ENGAGEMENT  
JANUARY 1, 2009 THROUGH JUNE 30, 2009**

***Objectives, Controls, and Tests of Operating Effectiveness***

NRA Group, LLC d/b/a National Recovery Agency has specified its objectives and identified its controls to achieve those objectives during the period from January 1, 2009 through June 30, 2009.

SF&Company has determined the nature, timing, and extent of testing to be performed to obtain evidence about the effectiveness of NRA Group, LLC d/b/a National Recovery Agency's controls in meeting the objectives during the period from January 1, 2009 through June 30, 2009. The procedures performed to test operating effectiveness are listed next to each of NRA Group, LLC d/b/a National Recovery Agency's respective objectives and controls. Test results for each objective are listed next to the procedures performed.

Test procedures performed in connection with determining the operating effectiveness of controls are described below:

| <b><u>Test Procedure</u></b> | <b><u>Description</u></b>  |
|------------------------------|--|
| <b>Inspection</b>            | Read documents and reports that contain an indication of performance of the control. This includes, among other things, reading documents and reports to determine that policies and procedures, as outlined in the PPMST <sup>TM</sup> manual, are being followed, examining customer contracts to ensure the terms of the contract are properly followed and controlled, and examining reconciliations to determine that outstanding items are properly monitored, controlled, and resolved. |
| <b>Reperformance</b>         | Independently performed relevant control. This includes, among other things, comparing reconciliations to proper source balance, assessing the reasonableness of reconciling items, and recalculating mathematical solutions.  |
| <b>Observation</b>           | Witnessed the utilization of controls by organizational personnel. This includes, among other things, viewing the functionality of system applications, automated controls, and witnessing the interactions between collectors and debtors.  |
| <b>Inquiry</b>               | Interviewed appropriate NRA Group, LLC d/b/a National Recovery Agency's personnel about the relevant control descriptions, processes, and procedures.  |

**NRA GROUP, LLC  
D/B/A NATIONAL RECOVERY AGENCY**

**SERVICE AUDITORS' ENGAGEMENT  
JANUARY 1, 2009 THROUGH JUNE 30, 2009**

***Payment Processing***

***Control Objective:*** Controls over client payment processing provide reasonable assurance that the payments entering NRA Group, LLC d/b/a National Recovery Agency are credited to the appropriate accounts. In addition, controls provide reasonable assurance that payments entering NRA Group, LLC d/b/a National Recovery Agency are accurately and completely inputted into their payment processing system.

|     | <b>Controls Specified by NRA Group, LLC</b>   | <b>Tests Performed by SF&amp;Company</b>  | <b>Results</b>   |
|-----|---|---|--|
| 1.1 | Payment Processing Assistant sorts all mail and enters all payment amounts into an Excel Spreadsheet on a daily basis. This Excel Spreadsheet is password protected.  | Verified the Excel Spreadsheet was in a location on the file server that only the Payment Processing employees could access. Also verified that there were checks entered and totaled. Verified the Excel Spreadsheet was password protected. | No relevant exceptions noted.  |
| 1.2 | Another member of Payment Processing verifies all data entered into the Excel Spreadsheet and signs off on a routing slip that the Excel Spreadsheet and checks have been reviewed and agree to the original count. | For a selection of deposits, recalculated the excel spreadsheet total.<br><br>Verified the Excel Spreadsheet was reviewed and the reviewer signed off on the routing slip.  | No relevant exceptions noted.  |
| 1.3 | Checks get posted into the payment processing system and a Cash Journal is printed. The Cash Journal is verified against the Excel Spreadsheet.   | Observed that the Cash Journal is printed and reconciled to the Excel Spreadsheet.  | For one of the 30 days selected the reconciliation had a variance of \$1 and contained a sign-off on the routing slip.<br><br><i>Management's response: Effective immediately, the Director of Support Services will review the final reconciliations and the routing sheet as the final inspection point for the deposit process.</i> |
| 1.4 | Payments are processed through the Check 21 process. The receipt of the Check 21 process is reconciled against the Cash Journal and the Excel Spreadsheet.  | Observed the receipt from a transaction of the Check 21 process and verified that it agrees to the Cash Journal and the Excel Spreadsheet.  | No relevant exceptions noted.  |

**NRA GROUP, LLC  
D/B/A NATIONAL RECOVERY AGENCY**

**SERVICE AUDITORS' ENGAGEMENT  
JANUARY 1, 2009 THROUGH JUNE 30, 2009**

**Compliance Process**

**Control Objective:** Controls over compliance to adhere to federal, state, and the Company's policies.

|     | <b>Controls Specified by NRA Group, LLC</b>   | <b>Tests Performed by SF&amp;Company</b>   | <b>Results</b>                |
|-----|---|--|-------------------------------|
| 2.1 | The trend analysis form is maintained on a daily basis. This form tracks any major nonconformance as described in the PPMS manual.                    | Observed the PPMS™ manual and the logging of nonconformance.                               | No relevant exceptions noted. |
| 2.2 | The internal audit evaluation is an investigation appointed to a group of individuals or certified auditors to evaluate a process within the Company. | Observed the internal audit reports and the new policies as a result of the investigation. | No relevant exceptions noted. |

**Training Process**

**Control Objective:** Controls provide reasonable assurance that all employees are fully trained and know all the applicable federal, state, and the Company's regulations that govern the collections industry.

|     | <b>Controls Specified by NRA Group, LLC</b>   | <b>Tests Performed by SF&amp;Company</b>   | <b>Results</b>                |
|-----|---|--|-------------------------------|
| 3.1 | All employees will attend a two-week training class held onsite. This class will walk the employee through their entire job function and all of the federal, state, and the Company's policies and procedures. Each employee will have a training sheet and be required to sign-in on all training sessions attended. | Verified training records for employees. Observed employee's files that had all the training sessions that they have attended. | No relevant exceptions noted. |
| 3.2 | All employees are required to take a test once a year and pass with an 85.0 percent or better on the federal and state laws for collections.  | Through inspection of employee training files, verified that all employees have taken and passed the test in the current year. | No relevant exceptions noted. |

**NRA GROUP, LLC  
D/B/A NATIONAL RECOVERY AGENCY**

**SERVICE AUDITORS' ENGAGEMENT  
JANUARY 1, 2009 THROUGH JUNE 30, 2009**

**Organization and Administration**

**Control Objective:** Controls provide reasonable assurance that the Organizational Structure of NRA Group, LLC d/b/a National Recovery Agency provides segregation of functions within the information systems department and between information systems and user departments so that no person has incompatible duties that permit the possibility of material errors or irregularities.

|     | <b>Controls Specified by NRA Group, LLC</b>  | <b>Tests Performed by SF&amp;Company</b>  | <b>Results</b>  |
|-----|--|---|---|
| 4.1 | <p>The Organizational Structure of NRA Group, LLC d/b/a National Recovery Agency provides segregation of duties between:</p> <ul style="list-style-type: none"> <li>• Computer Operations</li> <li>• Application Programming</li> <li>• Information Security</li> <li>• Infrastructure (e.g., Database Support, web infrastructure)</li> <li>• User Departments</li> </ul> | <p>Through inspection of the Organizational Structure and through inquiry and observation, determined that appropriate segregation of duties existed within the information systems department.</p> <p>Through inspection of the Organizational Structure and through inquiry and observation, determined that appropriate segregation of duties existed between the information systems department and user departments.</p> | <p>No relevant exceptions noted.</p> <p>No relevant exceptions noted.</p> |

**Physical Access Restrictions**

**Control Objective:** Controls provide reasonable assurance that physical access to the data centers and other sensitive areas is restricted to authorized individuals.

|     | <b>Controls Specified by NRA Group, LLC</b>  | <b>Tests Performed by SF&amp;Company</b>  | <b>Results</b>  |
|-----|--|---|---|
| 5.1 | <p>To restrict access to its facilities, NRA Group, LLC d/b/a National Recovery Agency uses electro-mechanical locks, controlled by card key systems. These locks have been installed on building entrances.</p> | <p>Observed the functioning of the card key system to gain entrance into the building in both Harrisburg, and Mechanicsburg, Pennsylvania locations.</p>  | <p>No relevant exceptions noted.</p>  |
| 5.2 | <p>To restrict access to sensitive areas of the building, the main area is maintained by combination lock.</p>   | <p>Observed the functioning of the combination lock to gain access to the payment processing room, computer room, and the security system in Harrisburg, Pennsylvania. Also verified the use of a combination lock to gain access to the computer and communication room in the Mechanicsburg, Pennsylvania location.</p> | <p>It would be recommended to upgrade the combination lock to the electro-mechanical locks so that access is controlled from a user-authenticating system rather than manual combination of the lock.</p> |

**NRA GROUP, LLC  
D/B/A NATIONAL RECOVERY AGENCY**

**SERVICE AUDITORS' ENGAGEMENT  
JANUARY 1, 2009 THROUGH JUNE 30, 2009**

**Computer Security Controls**

**Control Objective:** Controls are in place to ensure only employees and authorized users are the individuals allowed onto the Company's network and information technology resources. These controls do not include the use of secondary controls. These are controls that are built into the software that the Company uses in their normal course of business. An example of a secondary control would include a password to log into a software package.

|     | <b>Controls Specified by NRA Group, LLC</b>   | <b>Tests Performed by SF&amp;Company</b>  | <b>Results</b>  |
|-----|---|---|---|
| 6.1 | The computer will lock the user out of the system after (10) ten minutes of inactivity.   | Observed the functioning of the timed lockout of the system.  | No relevant exceptions noted.   |
| 6.2 | The Company's owned RIM Blackberry devices will lock the user out of the Blackberry after (10) ten minutes of inactivity.   | Observed the functioning of the timed lockout of the Blackberry.  | No relevant exceptions noted.   |
| 6.3 | The Company allows different access to the file server and programs based on the positions at the Company.  | Observed the different accesses allowed by the Company by asking employees to show their access to the file server and their programs. Collectors have no access to the file server and limited to the collection program, while the IT director has full access. | No relevant exceptions noted.   |
| 6.4 | The Company does not allow collectors the ability to save any files to their computer.  | Asked a collector to save a file to the computer to verify that they do not have that ability.  | Collectors had access to burn files to a CD on their computers.<br><br><i>Management's response: Effective February 18, 2009, all collectors' computers will not have access to the CD drive and will not have the ability to burn files to a CD.</i> |
| 6.5 | All laptop computers do not have any sensitive information stored on the laptop. In order to do client work on a laptop, the user must log into the servers via a VPN connection back to the Company's servers. | Verified a laptop that was in the Harrisburg, Pennsylvania office that it did not have any sensitive information on it and that it could log into the servers via VPN connection.   | No relevant exceptions noted.   |

**NRA GROUP, LLC  
D/B/A NATIONAL RECOVERY AGENCY**

**SERVICE AUDITORS' ENGAGEMENT  
JANUARY 1, 2009 THROUGH JUNE 30, 2009**

**Client Services**

**Control Objective:** Client services maintain the relationship with the clients and will develop contracts to the client's specifications.

|     | <b>Controls Specified by NRA Group, LLC</b>   | <b>Tests Performed by SF&amp;Company</b>  | <b>Results</b>                |
|-----|---|---|-------------------------------|
| 7.1 | Client services will maintain the contracts and have a valid contract for all clients the Company does business with. | Pulled one client file at random and verified there is a current contract that outlines the services the Company is to perform.                                   | No relevant exceptions noted. |
| 7.2 | Client services works with payment processing to ensure that the terms and conditions are being carried out.          | Pulled a client file at random and found the terms and conditions of the contract and went to payment processing to determine if the contract was being followed. | No relevant exceptions noted. |



National Recovery Agency  
2491 Paxton Street  
Harrisburg, PA 17111  
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## ATTACHMENT H – AUDITED FINANCIALS

**NRA GROUP, LLC**

**FINANCIAL STATEMENTS**  
With Supplementary Information

YEARS ENDED DECEMBER 31, 2008 AND 2007

**NRA GROUP, LLC**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**NRA Group, LLC**  
2491 Paxton Street  
Harrisburg, Pennsylvania 17111

We have audited the accompanying Balance Sheets of **NRA Group, LLC** as of December 31, 2008 and 2007, and the related Statements of Income and Members' Equity, and Cash Flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **NRA Group, LLC** as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Harrisburg, Pennsylvania  
March 27, 2009

# NRA GROUP, LLC

## BALANCE SHEETS

|   | <u>December 31,</u> |                     |
|---|---------------------|---------------------|
|   | <u>2008</u>         | <u>2007</u>         |
| <b>ASSETS</b>   |                     |                     |
| <b>CURRENT ASSETS</b>   |                     |                     |
| Cash - Operating  | \$ 175,063          | \$ 40,772           |
| Accounts Receivable - Net of Allowance for Doubtful Accounts<br>of \$11,542 and \$0 for 2008 and 2007 | 1,074,491           | 733,939             |
| Investments   | 37,547              | 36,578              |
| Prepaid Expenses  | 14,878              | 23,966              |
| <b>TOTAL CURRENT ASSETS</b>   | <u>1,301,979</u>    | <u>835,255</u>      |
| <b>PROPERTY AND EQUIPMENT - At Cost,</b><br>Less Accumulated Depreciation                             | 606,986             | 588,913             |
| <b>OTHER ASSETS</b>   |                     |                     |
| Start-Up Costs  | 60,487              | 0                   |
| Cash Surrender Value of Officers' Life Insurance  | 14,891              | 12,535              |
| <b>TOTAL OTHER ASSETS</b>   | <u>75,378</u>       | <u>12,535</u>       |
| <b>TOTAL ASSETS</b>   | <u>\$ 1,984,343</u> | <u>\$ 1,436,703</u> |
| <b>LIABILITIES AND MEMBERS' EQUITY</b>  |                     |                     |
| <b>CURRENT LIABILITIES</b>  |                     |                     |
| Line of Credit  | \$ 495,504          | \$ 496,678          |
| Accounts Payable - Trust Accounts   | 0                   | 63,024              |
| Accounts Payable - Trade  | 765,363             | 443,416             |
| Accrued Payroll and Payroll Taxes   | 161,792             | 174,796             |
| <b>TOTAL CURRENT LIABILITIES</b>  | <u>1,422,659</u>    | <u>1,177,914</u>    |
| <b>MEMBERS' EQUITY</b>  | <u>561,684</u>      | <u>258,789</u>      |
| <b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>  | <u>\$ 1,984,343</u> | <u>\$ 1,436,703</u> |

See independent auditors' report and accompanying notes.

# NRA GROUP, LLC

## STATEMENTS OF INCOME AND MEMBERS' EQUITY

|  | Year Ended<br>December 31, 2008 |                | Year Ended<br>December 31, 2007 |                |
|--|---------------------------------|----------------|---------------------------------|----------------|
|  | Amount                          | % of<br>Income | Amount                          | % of<br>Income |
|  | <b>GROSS COLLECTIONS</b>        | \$ 31,993,026  | 424.5                           | \$ 27,116,365  |
| <b>NET TO CLIENTS</b>  | (24,456,646)                    | (324.5)        | (21,837,324)                    | (413.7)        |
| <b>COMMISSION INCOME</b>   | 7,536,380                       | 100.0          | 5,279,041                       | 100.0          |
| <b>DIRECT EXPENSES</b>   | 3,729,959                       | 49.6           | 2,732,334                       | 51.8           |
| <b>GROSS PROFIT</b>  | 3,806,421                       | 50.4           | 2,546,707                       | 48.2           |
| <b>OPERATING EXPENSES</b>  | 3,511,765                       | 46.6           | 2,538,049                       | 48.0           |
| <b>INCOME BEFORE<br/>    DEPRECIATION AND<br/>    INTEREST EXPENSE</b> | 294,656                         | 3.8            | 8,658                           | 0.2            |
| <b>DEPRECIATION</b>  | 150,570                         | 2.0            | 127,782                         | 2.4            |
| <b>INTEREST EXPENSE</b>  | 30,089                          | 0.4            | 36,777                          | 0.7            |
| <b>PROFIT (LOSS) BEFORE<br/>    OTHER INCOME</b>                       | 113,997                         | 1.4            | (155,901)                       | (2.9)          |
| <b>OTHER INCOME</b>  | 1,664                           | 0.0            | 9,881                           | 0.2            |
| <b>PROFIT (LOSS) BEFORE<br/>    COST OF ACQUISITION</b>                | 115,661                         | 1.4            | (146,020)                       | (2.7)          |
| <b>COST OF ACQUISITION</b>   | (111,800)                       | (1.5)          | (190,814)                       | (3.6)          |
| <b>NET INCOME (LOSS)</b>   | <u>\$ 3,861</u>                 | <u>(0.1)</u>   | <u>\$ (336,834)</u>             | <u>(6.3)</u>   |
| <b>MEMBERS' EQUITY</b>   |                                 |                |                                 |                |
| Beginning Balance  | \$ 258,789                      |                | \$ 449,021                      |                |
| Members' Contributions   | 299,034                         |                | 146,602                         |                |
| Net Income (Loss)  | 3,861                           |                | (336,834)                       |                |
| <b>ENDING BALANCE</b>  | <u>\$ 561,684</u>               |                | <u>\$ 258,789</u>               |                |

See independent auditors' report and accompanying notes.

# NRA GROUP, LLC

## STATEMENTS OF CASH FLOWS

|  | Years Ended<br>December 31, |              |
|--|-----------------------------|--------------|
|  | 2008                        | 2007         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                             |              |
| Net Income (Loss)  | \$ 3,861                    | \$ (336,834) |
| <b>Adjustments to Reconcile Net Loss to Net Cash<br/>Provided (Used) by Operating Activities</b> |                             |              |
| Depreciation   | 150,570                     | 127,782      |
| <b>(Increase) Decrease in</b>  |                             |              |
| Accounts Receivable  | (340,552)                   | (164,534)    |
| Prepaid Expenses   | 9,088                       | (16,086)     |
| <b>Increase (Decrease) in</b>  |                             |              |
| Accounts Payable - Trust Accounts  | (63,024)                    | 145,205      |
| Accounts Payable - Trade   | 321,947                     | 104,524      |
| Accrued Payroll and Payroll Taxes  | (13,004)                    | 67,952       |
| <b>NET CASH PROVIDED (USED) BY OPERATING<br/>ACTIVITIES</b>                                      | 68,886                      | (71,991)     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                             |              |
| Changes in Cash Surrender Value of Officers' Life Insurance                                      | (2,356)                     | 9,862        |
| Changes in Investments   | (969)                       | (6,578)      |
| Changes in Due to Kusic Financial Services   | 0                           | (101,190)    |
| Members' Contributions   | 299,034                     | 146,602      |
| Purchase for Joint Venture   | (60,487)                    | 0            |
| Purchases of Fixed Assets  | (168,643)                   | (173,374)    |
| <b>NET CASH PROVIDED (USED) BY INVESTING<br/>ACTIVITIES</b>                                      | 66,579                      | (124,678)    |
| <b>CASH FLOWS PROVIDED (USED) BY FINANCING<br/>ACTIVITIES</b>                                    |                             |              |
| Changes in Line of Credit  | (1,174)                     | 138,729      |
| <b>NET INCREASE (DECREASE) IN CASH</b>   | 134,291                     | (57,940)     |
| <b>CASH - BEGINNING</b>  | 40,772                      | 98,712       |
| <b>CASH - ENDING</b>   | \$ 175,063                  | \$ 40,772    |
| <b>SUPPLEMENTAL DISCLOSURES</b>  |                             |              |
| Interest Paid  | \$ 30,089                   | \$ 36,777    |

See independent auditors' report and accompanying notes.

# NRA GROUP, LLC

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2008 AND 2007

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

NRA Group, LLC (Founded 2005) d/b/a National Recovery Agency, was created with the acquisition of Credit Plus Solutions Group (Founded 1922) and National Recovery Agency, Inc. (Founded 1976). NRA Group, LLC started its formal operation on January 1, 2006. NRA Group, LLC is a revenue recovery agency assisting companies with their accounts receivable process. NRA Group, LLC has received a SAS 70 (Statement of Auditing Standards) Certification. The Company was certified for Professional Practices Management System by the American Collectors Association International. The Company is Payment Card Industry – Data Security System certified.

NRA Group, LLC created a technology department in 2006, which included five employees. Services, once provided exclusively by outside vendors as a complete package, are now performed internally. Such services include programming, software development, installation services, upgrades, and network security. These services are expensed as incurred.

#### Accounting Method and Revenue Recognition

The financial statements are prepared using the accrual method of accounting. The Company recognizes income upon the collection of customer billings.

#### Cash and Cash Equivalents

Cash and cash equivalents are defined as cash and investments, which have maturities of less than three months.

#### Accounts Receivable and Bad Debt

The Company established an allowance for uncollectible accounts receivable based on historical collection experience and management's evaluation of collectibility of outstanding accounts receivable.

#### Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the accelerated method of accounting over the estimated useful lives of the assets.

#### Income Taxes

The Company has elected taxation as a limited liability company for federal and state income tax purposes. Consequently, tax liabilities are the responsibility of the members. Therefore, no income tax provision is reflected in the financial statements.

The Company's policy is to make periodic distributions to the members in amounts sufficient to reimburse the members for estimated tax liabilities from the members' proportionate share of taxable income of the Company.

# NRA GROUP, LLC

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2008 AND 2007

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### Compensated Balances

The Company does not accrue compensated balances because they cannot be reasonably estimated.

#### Advertising

Advertising is expensed as incurred. Advertising costs for the years ended December 31, 2008 and 2007 were \$9,111 and \$8,429, respectively.

#### Recently Issued Accounting Standards

#### Uncertain Tax Positions

During June 2006, the FASB released FASB Interpretation FIN No. 48, entitled "*Accounting for Uncertainty in Income Taxes.*" FIN 48 interprets the guidance in FASB Statement of Financial Accounting Standards (SFAS) No. 109, entitled "*Accounting for Income Taxes.*" When FIN 48 is implemented, reporting entities utilize different recognition thresholds and measurement requirements when compared to prior technical literature. On December 30, 2008, the FASB Staff issued FASB Staff Position (FSP) FIN 48-3, entitled "*Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises.*" As deferred by the guidance in FSP FIN 48-3, the Company is not required to implement the provisions of FIN 48 until fiscal years beginning after December 15, 2008. As such, the Company has not implemented those provisions in the 2008 financial statements.

Since the provisions of FIN 48 have not been implemented in accounting for uncertain tax positions, the Company continues to utilize its prior policy of accounting for these positions, following the guidance in SFAS No. 5, entitled "*Accounting for Contingencies.*" Disclosure is not required of a loss contingency involving an unasserted claim or assessment when there has been no manifestation by a potential claimant of an awareness of a possible claim or assessment, unless it is considered probable that a claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable. Using that guidance, as of December 31, 2008, the Company has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

# NRA GROUP, LLC

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2008 AND 2007

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During September 2006, the FASB issued FASB Statement No. 157, "*Fair Value Measurement*." Statement No. 157 defines fair value, establishes a framework for the measurement of fair value, and enhances disclosures about fair value measurements. Statement No. 157 does not require any new fair value measures and became effective for fair value measures already required or permitted by other standards for fiscal years beginning after November 15, 2007. The Company adopted Statement No. 157 beginning on January 1, 2008. Statement No. 157 is required to be applied prospectively, except for certain financial instruments. Any transition adjustment will be recognized as an adjustment to opening retained earnings in the year of adoption. The adoption of Statement No. 157 did not have a significant impact on the Company's 2008 financial statements.

During December 2007, the FASB issued FASB Statement No. 141R, "*Business Combinations*" and FASB Statement No. 160, "*Noncontrolling Interests in Consolidated Financial Statements*" - an amendment to ARB No. 51. Statements No. 141R and No. 160 require most identifiable assets, liabilities, noncontrolling interests, and goodwill acquired in a business combination to be recorded at "full fair value" and require noncontrolling interests (previously referred to as minority interests) to be reported as a component of equity, which changes the accounting for transactions with noncontrolling interest holders. Both Statements became effective for periods beginning on or after December 15, 2008, and earlier adoption was prohibited. Statement No. 141R is applied to business combinations occurring after the effective date. Statement No. 160 is applied prospectively to all noncontrolling interests, including any that arose before the effective date. The adoption of Statements No. 141R and No. 160 had no impact on the Company's 2008 financial statements.

### 2. CONCENTRATION OF CREDIT RISKS

The Company's cash balance(s) in financial institutions, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. Such balances are insured by the FDIC up to \$250,000, through December 31, 2009. The Company has not experienced any losses and believes it is not exposed to any significant credit risk.

The Company has established trust accounts under contractual arrangements with several of the Company's customers. The arrangements require that deposits, on behalf of customers, be deposited into a separate trust account so as to avoid commingling of various customers' funds. Disbursements on these accounts are restricted to remittances to the customers, except for that portion of the accounts representing the Company's commissions not yet transferred.

## NRA GROUP, LLC

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2008 AND 2007

#### 3. ACCOUNTS RECEIVABLE

Accounts receivable are as follows at December 31:

|                                       | 2008         | 2007       |
|---------------------------------------|--------------|------------|
| Accounts Receivable                   | \$ 1,086,033 | \$ 733,939 |
| Less: Allowance for Doubtful Accounts | (11,542)     | 0          |
| Total Accounts Receivable             | \$ 1,074,491 | \$ 733,939 |

#### 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

|                                | Useful Lives | 2008       | 2007       |
|--------------------------------|--------------|------------|------------|
| Equipment                      | 5 - 7 Years  | \$ 703,625 | \$ 588,704 |
| Software                       | 3 Years      | 224,504    | 170,781    |
| Vehicles                       | 5 Years      | 16,090     | 16,090     |
| Total Property and Equipment   |              | 944,219    | 775,575    |
| Less: Accumulated Depreciation |              | (337,233)  | (186,662)  |
| Net Book Value                 |              | \$ 606,986 | \$ 588,913 |

Depreciation for the years ended December 31, 2008 and 2007 was \$150,570 and \$127,782, respectively.

#### 5. LINE OF CREDIT

The Company has an available \$500,000 line of credit. Interest is payable monthly at 0.50 of 1.0 percent over Integrity Bank's prime rate. Deposits at the bank and all equipment owned by the Company collateralize the line of credit. The majority member also guarantees the line of credit. The line of credit is renewable annually by the bank. The outstanding balance on the line of credit was \$495,504 at December 31, 2008.

#### 6. COMMITMENT AND CONTINGENCY

The Company leased office space at two locations under net leases from a partnership, Kusic Capital Group VIII, in which the minority member is a partner. The lease at the Paxton location is for a five-year term ending February 28, 2011. The lease provides for a base monthly rent in the amount of \$9,500. The lease at the Crossgates location provides for a base monthly rent in the amount of \$8,667. Rent expense for both locations was \$211,283 for the year ended December 31, 2008.

## NRA GROUP, LLC

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2008 AND 2007

#### 7. PENSION PLAN

The Company maintains a 401(k) profit sharing plan, which covers full time and part time employees who meet certain age and service requirements. The Company's contributions to the plan are at the discretion of the members. During the year ended December 31, 2008, the Company made no contributions to the plan.

#### 8. RELATED PARTY TRANSACTIONS

##### Rent

The Company rents office space from a related partnership (See Note 6).

#### 9. COMMITMENTS FOR FUTURE COLLECTIONS

The Company receives commitments for future collections by obtaining post dated checks and establishing electronic transfers to the company for a term not to exceed five years. The Company has received commitments in the amount of \$7,544,324 for the year ended December 31, 2008. The following is a schedule for the minimum collections over the next five years:

|       |                     |
|-------|---------------------|
| 2009  | \$ 3,783,431        |
| 2010  | 1,840,065           |
| 2011  | 963,902             |
| 2012  | 568,348             |
| 2013  | 388,578             |
| Total | <u>\$ 7,544,324</u> |

**SUPPLEMENTARY INFORMATION**



1027 Mumma Road  
Wormleysburg, PA 17043  
T 717.761.0211  
F 717.975.9750

1423 N. Atherton Street  
State College, PA 16803  
T 814.238.8474  
F 814.234.3523

96 S. George Street, Suite 350  
York, PA 17401  
T 717.843.0040  
F 717.843.0075

info@sfc-cpa.com  
www.sfc-cpa.com

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION**

To the Board of Directors  
**NRA Group, LLC**  
2491 Paxton Street  
Harrisburg, Pennsylvania 17111

Our report on our audits of the basic financial statements of **NRA Group, LLC** appears on Page 1. The audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules to Statements of Income and Members' Equity for the years ended December 31, 2008 and 2007 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion on the supplementary information.

Harrisburg, Pennsylvania  
March 27, 2009

## NRA GROUP, LLC

### SCHEDULES TO STATEMENTS OF INCOME AND MEMBERS' EQUITY

|                                     | Year Ended<br>December 31, 2008 |                | Year Ended<br>December 31, 2007 |                |
|-------------------------------------|---------------------------------|----------------|---------------------------------|----------------|
|                                     | Amount                          | % of<br>Income | Amount                          | % of<br>Income |
| <b>DIRECT EXPENSES</b>              |                                 |                |                                 |                |
| Credit Bureau Expenses              | \$ 19,315                       | 0.3            | \$ 16,909                       | 0.3            |
| Credit Card Fees                    | 160,168                         | 2.1            | 99,548                          | 1.9            |
| Outsourcing                         | 20,157                          | 0.3            | 80,462                          | 1.5            |
| Postage                             | 1,134,273                       | 15.1           | 592,536                         | 11.2           |
| Salary - Bonus                      | 364,902                         | 4.8            | 319,984                         | 6.1            |
| Salary - Collections                | 164,859                         | 2.2            | 59,925                          | 1.1            |
| Salary - Collector                  | 1,551,909                       | 20.6           | 1,242,097                       | 23.5           |
| Salary - Training Manager           | 27,834                          | 0.4            | 24,091                          | 0.5            |
| Telephone - Long Distance           | 270,601                         | 3.6            | 273,389                         | 5.3            |
| Telephone Expense                   | 15,941                          | 0.2            | 23,393                          | 0.4            |
| <b>TOTAL OPERATING<br/>EXPENSES</b> | <u>\$ 3,729,959</u>             | <u>49.6</u>    | <u>\$ 2,732,334</u>             | <u>51.8</u>    |

See independent auditors' report on supplementary information.

## NRA GROUP, LLC

### SCHEDULES TO STATEMENTS OF INCOME AND MEMBERS' EQUITY

|                                     | Year Ended<br>December 31, 2008 |                | Year Ended<br>December 31, 2007 |                |
|-------------------------------------|---------------------------------|----------------|---------------------------------|----------------|
|                                     | Amount                          | % of<br>Income | Amount                          | % of<br>Income |
| <b>OPERATING EXPENSES</b>           |                                 |                |                                 |                |
| Advertising                         | \$ 9,111                        | 0.1            | \$ 8,429                        | 0.2            |
| Bank Service Charges                | 3,001                           | 0.0            | 5,124                           | 0.1            |
| Bad Debt                            | 15,419                          | 0.2            | 0                               | 0.0            |
| Cleaning                            | 14,957                          | 0.2            | 14,241                          | 0.3            |
| Computer Expense                    | 130,543                         | 1.7            | 100,687                         | 1.9            |
| Contributions                       | 3,765                           | 0.0            | 2,776                           | 0.1            |
| Court Costs                         | 12,048                          | 0.2            | 12,717                          | 0.2            |
| Dues and Subscriptions              | 17,888                          | 0.2            | 11,226                          | 0.2            |
| Education Expense                   | 29,110                          | 0.4            | 15,784                          | 0.3            |
| Equipment Rental                    | 65,760                          | 0.9            | 28,143                          | 0.5            |
| Gifts                               | 15,797                          | 0.2            | 11,557                          | 0.2            |
| Insurance                           | 395,084                         | 5.2            | 301,689                         | 5.7            |
| Licenses and Permits                | 25,880                          | 0.3            | 15,278                          | 0.3            |
| Meals and Entertainment             | 39,040                          | 0.5            | 60,441                          | 1.1            |
| Office Expenses                     | 47,372                          | 0.6            | 33,993                          | 0.6            |
| Officers' Life Insurance            | (2,356)                         | 0.0            | 9,862                           | 0.2            |
| Payroll Taxes                       | 343,075                         | 4.6            | 259,137                         | 4.9            |
| Professional Fees - Other           | 72,914                          | 1.0            | 126,457                         | 2.4            |
| Recruiting/Temporary Help           | 90,953                          | 1.2            | 2,626                           | 0.0            |
| Rent                                | 211,283                         | 2.8            | 114,000                         | 2.2            |
| Repairs and Maintenance             | 35,456                          | 0.5            | 33,750                          | 0.6            |
| Retirement Plan Administrative Fees | 1,905                           | 0.0            | 1,710                           | 0.0            |
| Salaries                            | 1,555,824                       | 20.7           | 1,195,439                       | 22.7           |
| Skiptracing                         | 233,283                         | 3.0            | 73,395                          | 1.3            |
| Stationary and Printing             | 33,619                          | 0.3            | 20,183                          | 0.3            |
| Taxes - Other                       | 11,038                          | 0.1            | 4,908                           | 0.1            |
| Telephone Expense                   | 28,028                          | 0.4            | 20,243                          | 0.4            |
| Vehicle Expense                     | 9,703                           | 0.1            | 0                               | 0.0            |
| Travel                              | 52,703                          | 0.7            | 49,912                          | 0.9            |
| Vehicle Equipment Lease             | 9,562                           | 0.1            | 4,342                           | 0.1            |
| <b>TOTAL OPERATING EXPENSES</b>     | <b>\$ 3,511,765</b>             | <b>46.6</b>    | <b>\$ 2,538,049</b>             | <b>48.0</b>    |

See independent auditors' report on supplementary information.



National Recovery Agency  
2491 Paxton Street  
Harrisburg, PA 17111  
(800) 360-9953

## ATTACHMENT I – INSURANCE AND BONDING



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
12/16/2009

|   |  |   |        |
|---|--|---|--------|
| PRODUCER (717) 761-4600 FAX: (717) 761-6159<br>Gunn Mowery, LLC<br>P O Box 900<br>Camp Hill PA 17001-0900 |  | THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. |        |
| INSURED<br>NRA Group, LLC, DBA: National Recovery Agency<br>2491 Paxton Street<br>Harrisburg PA 17111     |  | INSURERS AFFORDING COVERAGE   | NAIC # |
|   |  | INSURER A: Ohio Casualty  | 24198  |
|   |  | INSURER B:  |        |
|   |  | INSURER C:  |        |
|   |  | INSURER D:  |        |
|   |  | INSURER E:  |        |

### COVERAGES

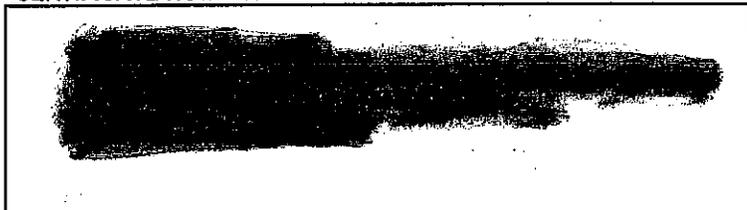
THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR ADD'L LTR | INSRD | TYPE OF INSURANCE  | POLICY NUMBER  | POLICY EFFECTIVE DATE (MM/DD/YYYY) | POLICY EXPIRATION DATE (MM/DD/YYYY) | LIMITS   |
|----------------|-------|--|--|------------------------------------|-------------------------------------|--|
| A              |       | <b>GENERAL LIABILITY</b><br><input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY<br><input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR<br>GEN'L AGGREGATE LIMIT APPLIES PER:<br><input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC  | CBP1894511   | 10/23/2009                         | 10/23/2010                          | EACH OCCURRENCE \$ 1,000,000<br>DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000<br>MED EXP (Any one person) \$ 5,000<br>PERSONAL & ADV INJURY \$<br>GENERAL AGGREGATE \$ 2,000,000<br>PRODUCTS - COMP/OP AGG \$ 2,000,000<br>Hired/NonOwned Autos 1,000,000 |
| A              |       | <b>AUTOMOBILE LIABILITY</b><br><input type="checkbox"/> ANY AUTO<br><input type="checkbox"/> ALL OWNED AUTOS<br><input type="checkbox"/> SCHEDULED AUTOS<br><input checked="" type="checkbox"/> HIRED AUTOS<br><input checked="" type="checkbox"/> NON-OWNED AUTOS<br><input checked="" type="checkbox"/> Comprehensive<br><input checked="" type="checkbox"/> Collision | BA 1894509<br><br>\$100 deductible<br>\$500 deductible | 10/23/2009                         | 10/23/2009                          | COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000<br>BODILY INJURY (Per person) \$<br>BODILY INJURY (Per accident) \$<br>PROPERTY DAMAGE (Per accident) \$<br>AUTO ONLY - EA ACCIDENT \$<br>OTHER THAN AUTO ONLY: EA ACC \$<br>AGG \$                             |
|                |       | <b>GARAGE LIABILITY</b><br><input type="checkbox"/> ANY AUTO   |  |                                    |                                     |  |
| A              |       | <b>EXCESS / UMBRELLA LIABILITY</b><br><input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE<br>DEDUCTIBLE<br><input checked="" type="checkbox"/> RETENTION \$ 10,000  | CU 8721691   | 10/23/2009                         | 10/23/2010                          | EACH OCCURRENCE \$ 2,000,000<br>AGGREGATE \$<br>\$<br>\$<br>\$   |
| A              |       | <b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b><br>ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/><br>If yes, describe under SPECIAL PROVISIONS below  | WC1894508  | 10/23/2009                         | 10/23/2010                          | WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER <input type="checkbox"/><br>E.L. EACH ACCIDENT \$ 500,000<br>E.L. DISEASE - EA EMPLOYEE \$ 500,000<br>E.L. DISEASE - POLICY LIMIT \$ 500,000  |
|                |       | OTHER  |  |                                    |                                     |  |

### DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate Holder is additional insured for annual agreement for collection services: IFB10-0007A

### CERTIFICATE HOLDER



### CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Mercine Heisse/MHEISS

ACORD 25 (2009/01)  
INS025 (200901)

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# ACCORD CERTIFICATE OF INSURANCE

ISSUE DATE: 12/16/2009 # 3077406

**PRODUCER**

Aon Risk Services Central, Inc.  
8300 Norman Center Drive, Suite 1000  
Minneapolis, MN 55437

**THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.**

**COMPANIES AFFORDING COVERAGE**

|                |   |  |
|----------------|---|--|
| COMPANY LETTER | A | St. Paul Fire & Marine Insurance Company |
| COMPANY LETTER | B |  |
| COMPANY LETTER | C |  |
| COMPANY LETTER | D |  |
| COMPANY LETTER | E |  |

**INSURED**

NRA GROUP, LLC  
NRA GROUP, LLC DBA NATIONAL RECOVERY AGENCY  
NRA GROUP, LLC DBA DIVERSIFIED BILLING SERVICES  
2491 PAXTON ST.  
HARRISBURG, PA 17111

**COVERAGES**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| CO<br>LT<br>R | TYPE OF INSURANCE   | POLICY NUMBER | Policy Effective Date (MM/DD/YY) | Policy Expiration Date (MM/DD/YY) | LIMITS   |
|---------------|---|---------------|----------------------------------|-----------------------------------|--|
|               | <b>GENERAL LIABILITY</b><br><input type="checkbox"/> COMMERCIAL GENERAL LIABILITY<br><input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR.<br><input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT.<br><input type="checkbox"/>  |               |                                  |                                   | GENERAL AGGREGATE \$<br>PRODUCTS-COMP/OP AGG. \$<br>PERSONAL & ADV. INJURY \$<br>EACH OCCURRENCE \$<br>FIRE DAMAGE (Any one fire) \$<br>MED. EXPENSE (Any one person) \$ |
|               | <b>AUTOMOBILE LIABILITY</b><br><input type="checkbox"/> ANY AUTO<br><input type="checkbox"/> ALL OWNED AUTOS<br><input type="checkbox"/> SCHEDULED AUTOS<br><input type="checkbox"/> HIRED AUTOS<br><input type="checkbox"/> NON-OWNED AUTOS<br><input type="checkbox"/> GARAGE LIABILITY |               |                                  |                                   | COMBINED SINGLE LIMIT \$<br>BODILY INJURY (Per person) \$<br>BODILY INJURY (Per accident) \$<br>PROPERTY DAMAGE \$   |
|               | <b>EXCESS LIABILITY</b><br><input type="checkbox"/> UMBRELLA FORM<br><input type="checkbox"/> OTHER THAN UMBRELLA FORM  |               |                                  |                                   | EACH OCCURRENCE \$<br>AGGREGATE \$   |
|               | <b>WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY</b>   |               |                                  |                                   | <input type="checkbox"/> STATUTORY LIMITS<br>EACH ACCIDENT \$<br>DISEASE—POLICY LIMIT \$<br>DISEASE—EACH EMPLOYEE \$   |
|               | <b>OTHER</b><br>ERRORS & OMISSIONS LIABILITY INCLUDING PERSONAL INJURY  | 506JB8092     | 2/1/2009                         | 2/1/2010                          | \$2,000,000 Per Claim & Aggregate Per Year<br>Includes:  |

**DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL TERMS**

CITY OF ORLANDO, PURCHASING & MATERIALS MGMT. DIVISION shall be deemed an Insured but only as respect to their being a Client or Customer of the Insured Organization, in accordance with Policy terms and conditions.

**CERTIFICATE HOLDER**

[REDACTED]

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

**AUTHORIZED REPRESENTATIVE**

*[Signature]*

# Blanket Client Bond

Bond Number: 277854300 ECB

KNOW ALL MEN BY THESE PRESENTS, that NEA GROUP, LLC DBA NATIONAL RECOVERY AGENCY located at 2491 PAXTON STREET, HARRISBURG, PA 17111 as Principal and the TRAVELERS CASUALTY & SURETY COMPANY OF AMERICA, a CONNECTICUT corporation, as Surety, are held and firmly bound unto any person, partnership, association or corporation, including other ACA INTERNATIONAL members, doing business with the above-named Principal, as Oblige, for the sum of FIFTY THOUSAND DOLLARS AND NO/100 (\$50,000) who may have been injured or damaged by an act or omission of the Principal as defined by this bond.

WHEREAS, the above bound Principal is a collection agency, and desirous of making bond coverage available in states where no statutory bond is required or as an excess to those states with a requirement:

NOW THEREFORE, the condition of this obligation is such that if the above bound Principal shall account for and remit monies due to the Oblige, this obligation shall be void, otherwise to remain in full force and effect.

PROVIDED, HOWEVER, that this bond is executed upon the following conditions and limitations:

1. The liability to the Surety shall not exceed the penal sum of this bond as listed above.
2. If Oblige is entitled to the benefit of any other valid or enforceable insurance or bond, then this bond shall be in excess to those coverages. Discovery of injury or damage by an obligee shall render void, future coverage under this bond to that specific obligee.
3. This bond shall not be used as a guarantee to fulfill any contract between Principal and Oblige wherein Principal is required by contract to post a surety bond.
4. Any claims on this bond must be submitted, by registered mail, to TRAVELERS CASUALTY & SURETY COMPANY OF AMERICA, Surety Bond Department, ONE TOWER SQUARE, HARTFORD, CT 06183. All claims must be filed within one (1) year of the expiration date of this bond. The Surety is not responsible for claims occurring after the expiration of this bond.
5. Any suit under this bond must take place in a United States court within one year of the expiration date of this bond.
6. In the event there is a recovery of all or a portion of the loss by the Oblige, the Surety shall be reimbursed the amount recovered.
7. In no event shall the obligation of the Surety hereunder exceed in the aggregate, the amount herein stated, regardless of the number of years the bond remains in force, the number of annual premium payments made or the number of claimants or claims made.
8. It is also understood and agreed, that if the surety shall so elect, this bond may be cancelled at any time prior to the expiration date by serving written notice to the Principal.

THIS BOND IS EFFECTIVE ON: JANUARY 01, 2010

AND EXPIRES AT MIDNIGHT (EST) ON: DECEMBER 31, 2010

ISSUE DATE: NOVEMBER 11, 2009

TRAVELERS CASUALTY & SURETY COMPANY OF AMERICA



Attorney-in-fact

(Seal)



National Recovery Agency  
2491 Paxton Street  
Harrisburg, PA 17111  
(800) 360-9953

## ATTACHMENT J – LICENCES AND PERMITS

**FLORIDA****OFFICE OF FINANCIAL REGULATION**

**THE LICENSEE IDENTIFIED BELOW IS AUTHORIZED TO CONDUCT  
BUSINESS AS INDICATED BY THE LICENSE TYPE.**

|                                      |                            |
|--------------------------------------|----------------------------|
| <b>LICENSE TYPE:</b>                 | Consumer Collection Agency |
| <b>LICENSE NAME:</b>                 | NRA GROUP LLC              |
| <b>DBA NAME:</b>                     | NATIONAL RECOVERY AGENCY   |
| <b>ORIGINAL DATE OF<br/>LICENSE:</b> | 9/18/2006                  |
| <b>LICENSE NUMBER:</b>               | CCA0900429                 |
| <b>LICENSE EXPIRATION DATE:</b>      | 12/31/2010                 |
| <b>LICENSE MAIN ADDRESS:</b>         |                            |
| <b>STREET:</b>                       | 2491 PAXTON STREET         |
| <b>CITY:</b>                         | HARRISBURG                 |
| <b>STATE:</b>                        | PA                         |
| <b>ZIP CODE:</b>                     | 17111                      |



## ATTACHMENT K – TRAINING

### *Training*

NRA differs from most other collection firms in the extra time and resources we have devoted to training and developing our staff. NRA' training methodology teaches our Collectors the proper collection techniques and procedures from the start:

- Instruction and regular testing on all federal and state government collection laws are mandatory.
- Each new hire is assigned to a collection team comprised of seasoned Collectors who oversee and work with the new hire to ensure proper collection techniques are followed and performance goals are met.
- Intensive, formal classroom training and testing is required for all collection personnel. Training is provided for all new hires as well as for experienced staff on a regular basis. NRA' Employee Training Manual is utilized during classroom training and contains the collection and regulatory compliance instructions delivered to all NRA personnel.
- Customer contract-specific training is developed and provided for all staff assigned to work specific contracts.

*Some of the features and benefits of our custom training approach include:*

- A full-time, on-site training staff that is dedicated to developing, delivering, and evaluating training effectiveness.
- Documented quality processes to ensure all collection activities are performed according to the laws and regulations governing delinquent accounts receivables collections and NRA's internal policies.
- Shadowing: Collectors shadow seasoned Collectors and roll play among each other.
- Telephone Techniques: Collectors learn to deal with difficult debtors without compromising the company or FDCPA laws as well as overcoming stalls and objections.
- Corrective action through follow-on training when a complaint is received to prevent future complaints.

Our collection staff learns through a combination of reading, listening, and hands-on training through sample accounts loaded in the CR system. NRA's corporate trainer manages the coaching activities of new employees in our training room, where they receive group instruction on the policies, procedures and performance standards specified by each client. NRA requires all employees to be knowledgeable of federal regulations including the Fair Debt Collections Privacy Act (FDCPA).

Under the corporate trainer's guidance, Collectors and support staff receive comprehensive training, testing, and continuous follow-up on all aspects of FDCPA and other regulations affecting bad debt collections. In addition, all Collectors are tested in Professional Telephone Collector Techniques (PTCT), Fair Debt Collections Privacy Act (FDCPA), and Healthcare Insurance Portability Accountability Act (HIPAA).



## **Four Phase Training Program**

Training is implemented in the four phases described in the following narrative. Once newly hired Collectors are thoroughly trained, they will be placed with experienced Collectors. The seasoned Collectors will ensure that the new Collectors meet NRA's quality standards for conduct and performance.

### *Phase 1: Collectors Skills Training*

All Collectors are initially trained in classroom groups of up to 12 persons to immediately provide them with a team environment in which to learn. NRA's instructors are experts on our proven collection techniques and are up-to-date on the ever-changing collection laws and regulations. Training is delivered through interactive classroom instruction and discussion, automated training tools (including the automated collection system), security awareness, professionally scripted presentations, role-playing practice sessions. Self-study, self-paced tutorials, and instructional materials are provided for reference once classroom instruction has been completed.

Collectors begin their training by learning the NRA collection approach. Core curriculum for this phase includes, but is not limited to: the psychology of debtors, payment negotiations, skip tracing, and administrative resolution of accounts. Collectors are tested throughout the training process to ensure a thorough understanding of all concepts and practices.

Collectors are instructed on skip tracing resources and procedures as one of the first skill sets necessary to begin collections. Collectors learn the importance of finding people while they are practicing their communications skills. Skip tracing training involves learning how to ask questions, using available integrated skip tracing data sources, and being persistent and resourceful. Specific instruction is given on time frames for skip tracing and contacts (telephone calls, letters, and payment negotiations) with debtors.

During payment negotiations training, Collectors are instructed to always request payment of the full amount first; however, they are also taught that many debtors are unable to pay their obligations in full and, therefore, may need to resolve their delinquent obligation(s) through installment payment programs. Collectors are taught how to:

- Obtain financial information from debtors and entering that information into the on-line Financial Statement Form
- Verify financial statement data
- Use amortization payment options
- Negotiate down payments
- Establish installment or income contingent payments

### *Ways to Motivate Payment*

- Good credit rating
- Honesty and reputation for fair play
- Freedom from worry
- Show appreciation (arrangements for debtor were made as a favor)
- Added costs – we recommend legal action be taken if we cannot obtain satisfactory arrangements
- We encourage debtor to seek family help or other avenues to obtain money to pay accounts



Along with the constant presence of the assigned Team Leader and Collection Manager, our office is equipped with a telephone-monitoring device for the training of new collectors to insure collectors never:

- Become argumentative with debtors
- Speak in a loud or derogatory manner
- Threaten a debtor
- Harass or call more frequently than specified by company policy

All calls are recorded for quality control purposes and are available for review by our clients.

#### *Phase 2: Compliance Training*

New hires and existing personnel assigned to work accounts will be trained on applicable contract requirements. New hires are also trained on all state and federal laws and regulations governing the collection of debt. This training will consist of classroom-type reading and testing which includes, but not be limited to, the following:

- Fair Debt Collection Practices Act (15 U.S.C. § 1692)
- The Privacy Act of 1974 (5 U.S.C. § 552a)
- The Health Insurance Portability and Accountability Act (Public Law 104-191)
- Gramm-Leach-Bliley Act of 2000, Financial Privacy Rule (PL 106102) Fair Credit Reporting Act (15 U.S.C. § 1687)
- Fair Credit Reporting Act (FCRA) 15 U.S.C. §1681 et seq.
- Federal Communications Act Section 203 and 223 governing proper telephone usage in pursuing the collection of debts
- The Bankruptcy Code, as amended (11 U.S.C. § 101 et seq.)
- Section 13 of the Debt Collection Act of 1982, as amended (PL 97365)
- Telephone Consumer Protection Act (TCPA)
- Title IV of the Higher Education Act of 1965; as amended (34 CRF 668.25)
- Immigration Reform and Control Act of 1986 (IRCA)
- Drug Free Workplace
- State and local provisions governing the licensing, bonding, and regulating of collection services
- Postal Service Regulations governing proper use of the mail in pursuing collections

New collectors are introduced to the Fair Debt Collections Practices Act (FDCPA) on Day 1 of our three phase training course. In-depth discussion of the FDCPA and its importance continue throughout the training period, and thorough training on all other pertinent laws and regulations is conducted for new hires and is reviewed periodically with all collection personnel.

All collection employees are required to acknowledge that they have been trained on legal requirements and that NRA will be monitoring their telephone calls from time to time for quality control purposes and compliance with all applicable laws.

- NRA believes it is important for all employees to be knowledgeable of what is their legal responsibility. Therefore, all employees are trained and tested on F.D.C.P.A.
- Personnel will be trained on the special rules and policies that apply to particular agencies covered by this contract before being assigned accounts, and regular review will follow throughout the contract period.
- NRA collectors endure continuous training and will be fully cognizant of the such laws that govern collections

#### *Phase 3: Regular Testing*



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Newly hired Collectors are tested at the end of each training module to affirm their understanding, comprehension, and application of the course information. Test results are then reviewed and, if necessary, additional training is scheduled. Each new hire is tested on the FDCPA and must pass the test before he/she may begin telephone collection attempts. This is a pass/fail test; a new hire who does not receive a passing grade of at least 90% the first time must attend additional training.

Seasoned collection staff and support staff as well as executives and managers receive in-depth training regarding the Fair Debt collection Practices Act (FDCPA), state laws, and other applicable regulations. They are required to pass annual compliance tests with a minimum score of 85%. If an experienced employee fails the test, he/she may be required to attend additional training. We revise the FDCPA test regularly and incorporate any updates to the laws and regulations that apply to collection agencies. The results of all FDCPA tests are recorded and maintained in a Collector's personnel file.

#### *Phase 4: Continuous Training*

At NRA, training is not limited to just initial or trainee-type training. In our continuous training program, we monitor and critique individual skill levels for all Collectors to identify areas needing improvement. Ongoing training consists of classroom training, seminars, team meetings, priority memoranda, and/or one-on-one training. This training includes updates to laws and regulations, changes to the contract, and ongoing skills development.

Continuous training will focus on salesmanship, enthusiasm, motivation, negotiation skills, and individual productivity indicators that will lead to superior results and minimize negative reactions from debtors. Additional training may also be scheduled with specific personnel to correct any identified deficiencies. NRA's emphasis on customer service, multiple payment options and negotiations, and the handling of difficult situations will also be reviewed and reinforced during continuous training.

By creating an environment of continuous learning that supports career growth and advancement, NRA attracts and retains qualified personnel and leaders who possess the specialized knowledge and skills necessary to deliver outstanding performance and service to our clients.



## Collector Training Outline

### INITIAL TRAINING - DAY 1

#### I. ORIENTATION:

- A. Trainees complete all Human Resource forms.
- B. Ice Breaker - Let trainees introduce themselves.
- C. Employment Opportunity:
  - 1. What is expected of you - i.e. 40 hour, 8.5 core hours, etc.
  - 2. What you (employee) can expect.
  - 3. Benefits and bonus programs.
  - 4. Dress code, parking, personal calls, no cell phones/beepers on the collection floor, eating at your desk, etc.
  - 5. Sexual harassment, debts, absenteeism, who to report to when reporting off work.

#### II. INTRODUCTION / OVERVIEW:

- A. What "COLLECTIONS" is and why it is necessary.
- B. View video entitled "Keys to Successful Collection".
- C. Discussion of video.

#### III. "PROFESSIONAL COLLECTOR'S TECHNIQUES":

- A. Your primary goal.
  - 1. Commission - how we get paid.
  - 2. The collector / client relationship.
  - 3. The cost of collecting.
- B. What makes a good collector.
- C. Causes of delinquency.
- D. Motivating the debtor.
- E. Salesmanship
  - 1. The importance of PIF.
  - 2. The sales approach to collecting.



**IV. FAIR DEBT COLLECTION PRACTICES ACT - OVERVIEW:**

- A. Collecting under the FDCPA
- B. Video entitled "Playing Fair".
- C. Discussion after each video segment.

**V. STEPS TO SUCCESSFUL COLLECTIONS:**

- A. Anatomy of a call - (use easel).
- B. Examples of collection calls - using these steps.
- C. Role play - let trainees try introductions.
- D. Sources of \$
- E. Telephone techniques
- F. Stalls, objections and clichés
- G. Common collection problems

**VI. URGENCY:**

- A. Auto pays / post dated checks - use "auto-pay" memo.
- B. Western Union Quick Collect - use training manual.

**VII. DEMONSTRATION OF SEVERAL COLLECTION CALLS:**

- A. Overview of computer screen.
- B. Make several calls demonstrating steps.

**VIII. ASSIGN EACH TRAINEE TO A COLLECTOR:**

- A. Observe Only - Take notes on delivery, urgency, talking of excuses for discussion tomorrow.



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## INITIAL TRAINING - DAY 2

### I. REVIEW AND DISCUSSION:

- A. Discuss their observations of collectors from day 1.
- B. Review the steps to collection.
- C. Review the FDCPA.
- D. View a video entitled "The Psychology of Collections".
- E. Discussion of video.

### II. COMPUTER TRAINING:

- A. Status codes/ 1-2-3-4 files.
- B. Quick Keys.
- C. Action / Result keys.
- D. Overview of computer:
  - 1. Log in.
  - 2. Various menus.
  - 3. Debtor information screen.
- E. Demonstrate collection calls, utilizing the computer.

### III. EXTENSIVE INDIVIDUAL COMPUTER TRAINING:

- A. Each trainee will train at a computer and bring up accounts by:
  - 1. ID numbers.
  - 2. Last name.
  - 3. Enter various menus.
  - 4. Review screen information.
  - 5. Review remarks.
  - 6. Use of quick keys.



7. Use of action/result keys to document comments.
8. Updating information.
9. Entering various questions.

**IV. REVIEW AND ROLE PLAY:**

- A. Review FDCPA highlights.
- B. Review steps to collection call.
- C. Review computer.

**V. COLLECTION CALLS:**

- A. Each trainee will attempt collection call (utilizing conference comp/phone)
- B. Calls will be evaluated and critiqued by other trainees/trainer.

**VI. CONTINUE WITH COLLECTION CALLS:**

- A. Trainer will make the determination if collectors will be placed on the main floor under supervision to make collection calls, or will sit with a seasoned collector and take notes.

**INITIAL TRAINING - DAY 3**

**I. REVIEW AND DISCUSSION:**

- A. Previous days collection calls, or of assigned collector's techniques.
- B. Review of all previous training.
- C. Questions.

**II. FLOOR COLLECTIONS:**

- A. Trainees to be grouped together under supervision of trainer.

**INITIAL TRAINING - DAY 4**

Monday morning each new employee will take a test in reference to the FDCPA & HIPAA. Both of these Acts are very important in making sure you as a collector, know the laws we in the collection industry are govern by. New employees must pass the test with a minimum of an 85% before he/she will be assigned their own desk, as a collector.



## Compliance Training

At NRA, we take compliance very seriously. We refuse to put our clients at risk for any reason. With this in mind, we have adopted an effective no-tolerance training policy for everyone in the company. Veena Velaga, Compliance Officer will be available to provide training to the Xcel on compliance matters and updates to legislation that affect collections.

- All new employees are required to go through a two-week training program, which includes system and collection training, but has a main focus on compliance
- Compliance is trained on FDCPA, HIPAA, and THE GRAHAM LEACH BLILEY ACT
- All employees take a 6-hour CD-ROM interactive F.D.C.P.A. training and test program administered by the ACA
- A trainer reviews each question and answer with them
- Total time is approximately 8 hours
- The following day, new employees take a written F.D.C.P.A. test administered by the ACA
- Again, the trainer reviews all questions and answers with the employee
- Our trainer attends all FDCPA compliance classes held by the ACA
- Our trainer attends all ACA classes on HIPAA and GLBA
- After each class he updates the entire staff of any and all new issues and laws
- Every 6 months, the ACA updates their testing
- The entire office is tested each time there are updates in the testing program

All company employees must sign and approve a document attesting to the fact that they have been trained in, and fully understand all of the above acts and regulations.

### *Steps to ensure Compliance after training:*

- Dedicated Manager of Compliance
- Remote Monitoring, Live floor monitoring, recorded monitoring
- QA Tape Recording of Telephone Collections
- Random Audits
- Independent Audits
- FDCPA, HIPAA, and State Specific Testing
- Formal Compliance Tracking Log and Review Procedure.
- ACA Approved Materials and Curriculum
- Management Development Program
- Skills Development Reporting and Ongoing Training Program
- World-Class Recruiting and Screening Program

## Management Training

NRA regularly conducts training courses and seminars to enhance the leadership and managerial skills of our managers and supervisors. These classes are led by senior members of NRA or by outside consultants and are offered to managers and supervisors in our support departments as well as those in collections.

NRA considers tangible and intangible career incentives to be important to the retention and development of our employees. These incentives include, but are not limited to, a promote-from-within policy and a track record of offering employees the opportunity to advance within our rapidly growing company.



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### Skip tracing Training

NRA continually seeks to update and increase efficiency of our skip tracing efforts in order to maximize collections. Since skip tracing is a critical function of the collection process, managers spend a significant amount of time preparing their staff for the skip tracing effort. Collectors are trained on different techniques of investigation. During training, collectors are taught how to use the various skip tracing tools, as well as how to gather information from the Internet and third-party sources.

Through researching, evaluating, networking with industry peers and testing of new skip tracing resources, NRA stays current of the newest technology available. As new skip tracing tools are identified, NRA's management introduces them to the collection floor and agents are trained on how to use the tools to their greatest advantage.



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## ATTACHMENT L – KEY PERSONNEL RESUMES

### **Steven C. Kusic, Chief Executive Officer**

As CEO, Steve's main responsibility is to provide overall leadership, enhance the organization's mission and guide the staff to promote NRA's quality, growth and client service. Today, as the corporation's visionary leader, NRA has experienced unprecedented success. NRA from a regional company has moved to the National scene of high performing Revenue Recovery Company's with the support of latest Technology & capacity at its disposal. Beginning his collection career more than 23 years ago, Steve has a very strong background and understanding of collection procedures and techniques, along with his knowledge of the various collection laws that govern government collections and regulatory compliance. He has significant experience and expertise in collection operations, call center activity, quality control and assurance, and the implementation of collection and government contracts.



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| <p><b>Steven C. Kusic</b></p> <p><i>Chief Executive Officer</i></p> <p>Steve has over 20 years experience in the collection agency and has structured what he as learned and has helped to reinvent the collection industry and NRA processes into what we see today. He provides the overall leadership and guidance to NRA staff and promotes NRA's quality growth and is the corporations' visionary leader who has brought unprecedented success to NRA.</p> <p>Throughout his career Steve has earned numerous awards and recognition for his outstanding achievements in the collection industry. He has completed several FDCPA Collector Certifications and Compliance Training Programs and is a member of ACA International and its prestigious "Committee of 100", whose membership is comprised of the leaders of the top 100 agencies in the United States.</p> <p>Steve obtained his a B.S. in Accounting from Rider University and his M.B.A. Taxation through Drexel University.</p> | <p><b>Contact Information</b></p> <p>Steven C. Kusic</p> <p>2491 Paxton Street</p> <p>Harrisburg, PA 17111</p> <p>Work: (717) 540-7636</p> <p>(800) 360-9953 x 3053</p> <p>Fax: (800) 360-9954</p> <p>Email: <a href="mailto:skusic@nationalrecovery.com">skusic@nationalrecovery.com</a></p> <p><b>Associations and Board Appointments</b></p> <ul style="list-style-type: none"><li>• American Collectors Association – Ethics Board</li><li>• American Collectors Association – Committee of 100</li><li>• Pennsylvania Collectors Association – Board Member, 2005-Present</li><li>• Mid-Atlantic Collectors Association – Board of Directors 2008/09 (Formerly PA Collectors Association)</li><li>• Appointed to the Graystone Bank's Capital Region Board, 2006</li><li>• Experian Advisory Board, 2009-2010</li></ul> <p><b>Awards and Recognitions</b></p> <ul style="list-style-type: none"><li>• Collector Advisor's Top 50 Most Influential Collection Professionals, 2006</li><li>• Winner: Young Guns Award, 2005 (Kaulkin Media) Collection Industry.com</li><li>• Winner: Central Pennsylvania "Forty under Forty" Award. 2005</li><li>• Collector Advisor's Top 25 Most Influential Professionals, 2005</li><li>• Top 50 Fastest Growing Companies in Central PA 2008 - Central Penn Business Journal</li><li>• INC 5000 'Fastest Growing Companies in America' 2007 &amp; 2008</li><li>• 'Emerging Business' finalist 2007 Central Penn Business Journal</li><li>• Harrisburg Chamber of Commerce small Business of the Year 12/23/2006</li></ul> |
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**Shell Sharma, Director of Operations, COO**

Shell develops and oversees collection techniques employed by all departments to ensure optimum performance. He is responsible for the continued development and maintenance of knowledge with regards to federal regulations, state statutes, bankruptcy laws, FDCPA and all other applicable laws and regulations governing agency activities. Shell ensures company policies, procedures and strategies are followed and goals are met. He is authorized to act and negotiate on behalf of NRA and will have an active, daily, hands-on role in evaluating the progress and quality of the tasks and deliverables completed by all functional areas

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| <p><b>Shell Sharma</b></p> <p><i>Director of Operations, COO</i></p> <p>Shell has extensive experience in quality customer service and client relations. Served as CFO and COO for Hospitals and Healthcare systems for 20 years. For the past 9 years, his management expertise has been focused in the Revenue Cycle Management - Accounts Receivable Management - Outsourcing Industry. Until January 2004 Executive Vice President and Chief of Healthcare &amp; Account Group: of multi-billion check verification and guarantee company (ranked in the top ten by The Nielsen Report). Shell is a key player in NRA's phenomenal growth in recent years. He reports directly to the President-CEO.</p> | <p><b>Contact Information</b></p> <p>Shell Sharma<br/>2491 Paxton Street<br/>Harrisburg, PA 17111<br/>Work: (717) 540-7636<br/>(800) 360-9953 x 3058<br/>Fax: (800) 360-9954<br/>Email:<br/>ssharma@nationalrecovery.com</p> <p><b>Certifications:</b></p> <ul style="list-style-type: none"><li>• Fair Debt Collection Practices Act</li><li>• HIPAA Certification</li></ul> |
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**Trish Moritz, Director of Client Services**

Trish manages all aspects of NRA's Client Service department and ensures 100% satisfaction with all of our clients. She ascertains timely and accurate communication with clients from all departments within NRA as agreed upon through contractual commitments. Trish leads NRA's client service initiatives by identifying new processes and procedures for collection programs and services to our clients.



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| <p><b>Trish Moritz</b></p> <p><i>Director of Client Services</i></p> <p>Having more than 15 years collection experience with NRA, Trish serves as the Director of Client Services. She will be the primary contact for any client service-related matter in the absence of your assigned Client Service Representative. Her knowledge and dedication will be instrumental in balancing resolution of client issues while maintaining long-standing client relationships.</p> | <p><b>Contact Information</b></p> <p>Trish Moritz<br/>2491 Paxton Street<br/>Harrisburg, PA 17111<br/>Work: (717) 540-7636<br/>(800) 360-9953 x 3052<br/>Fax: (800) 360-9954<br/>Email: <a href="mailto:tmoritz@nationalrecovery.com">tmoritz@nationalrecovery.com</a></p> <p><b>Certifications:</b></p> <ul style="list-style-type: none"><li>• Fair Debt Collection Practices Act</li><li>• HIPAA Certification</li><li>• PPMS Foundation Training</li></ul> |
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**Cathy Talalai, Client Service Representative**

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| <p><b>Cathy Talalai</b></p> <p><i>Client Service Representative</i></p> <p>Having more than 15 years of customer service experience and more than 8 years as a client service representative with NRA. Her knowledge of the government industry and her bright personality is crucial to maintaining long-standing client relationships. Cathy is also the client service representative for the State of New Mexico, State of Arkansas, State of Pennsylvania, El Paso County, City of Sarasota, Sarasota County Government, Collierville Municipal Court, City of Rialto, and St. Charles County Corrections and has recently been appointed to handle Brevard County and Gwinnett County contracts.</p> | <p><b>Contact Information</b></p> <p>Cathy Talalai<br/>2491 Paxton Street<br/>Harrisburg, PA 17111<br/>Work: (717) 540-7636<br/>(800) 360-9953 x 3063<br/>Fax: (800) 360-9954<br/>Email: <a href="mailto:ctalalai@nationalrecovery.com">ctalalai@nationalrecovery.com</a></p> <p><b>Certifications:</b></p> <ul style="list-style-type: none"><li>• Fair Debt Collection Practices Act</li></ul> |
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|  | <ul style="list-style-type: none"><li>• HIPAA Compliance</li></ul> |
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**Stevenson Pierre, *Director of Collections***

**PROJECT MANAGER**

Stevenson is responsible for the day-to-day management of NRA's recovery operations. He supervises subordinate managers and trains them on managing units according to both NRA and client expectations. He is responsible for all operational functions ensuring portfolio growth and profitability goals. As the assigned **Project Manager**, Stevenson communicates with each department supporting NRA's contracts to ensure timely completion of project deliverables, including data processing, trust accounting, training, technical services, human resources, customer service, regulatory compliance and reporting. He is directly responsible for managing all contract time lines and deliverables, operational functions, staffing, and overall contract performance.



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**Stevenson Pierre**

*Director of Collections*

Stevenson has more than 20 years of experience in the management of delinquent and defaulted debt portfolios. His experience includes 15 years in collection management. Stevenson has proven success in growing a business, increasing profits and providing strategic assistance to other areas within an organization to develop a cohesively managed business. He has been employed as a Collection Manager since 2001. In 2009, he joined NRA as the Director of Collections for both the Harrisburg and Mechanicsburg offices.

**Contact Information**

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**Certifications:**

- Fair Debt Collection Practices Act
- HIPAA Compliance
- Collection Techniques



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Email: [bhuffman@nationalrecovery.com](mailto:bhuffman@nationalrecovery.com)

Project Management Certificates

SkillPath Seminars, Harrisburg, Pennsylvania

Managing Multiple Projects, Objectives, and Deadlines, October 1997

ETC w/ CareerTrack Seminar, Harrisburg, Pennsylvania

How to Lead a Team, July 1997

Fred Pryor Seminars, Harrisburg, Pennsylvania

Management Problems of the Technical Person in a Leadership Role, August 1996

Certificates of Completion

- Business Communication Systems, Beltsville, Maryland
- Definity Communications Systems Generic 3 Upgrade Administration, August 1996
- BC1401A Definity Communications Systems G3V2 ACD, March 1994
- BC1402A Definity Communications Systems G3V2 BCMS, March 1994
- BC1403A Definity Communications Systems G3V2 Vector Design, March 1994
- Definity Audix System Administration, September 1993
- Definity Communications Systems Generic 3i Administration, August 1993
- Divine, Inc./ Melita International, Atlanta, Georgia
- CIM 1015 V50 Understanding Conversations Operations, November 2002
- CE 1007 Magellan Application Builder Training, April 1998
- CE 1005 System Administrator Training, April 1998
- TELEMATE Software, Philadelphia, Pennsylvania
- TELEMATE Call Accounting Training Seminar, June 1995
- Professional Telephone Collectors' Techniques Seminar, April 2007
- ACA Foundational Training on Professional Practices Management System, March 2007
- Fair Debt Collection Practices Act Certification Exam, January 2007
- Fair Debt Collection Practices Act Seminar, January 2007
- HIPAA Training/Compliance Program, June 2006



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**Elizabeth Rose, Esquire, Corporate Counsel**

Ms Rose will be directly responsible for all aspects of NRA's legal process. She will review, recommend, and track all account and related legal matters. She is ultimately responsible for analyzing and recommending accounts for litigation and communicating with the appropriate state attorneys to litigate on non-paying accounts. In addition, Ms Rose will oversee the compliance department to ensure timely and accurate filing for licenses, bonds, etc. As Corporate Counsel, she will guide and represent NRA in reference to litigation.

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| <p><b>Elizabeth Rose</b></p> <p><i>Corporate Counsel</i></p> <p>Elizabeth L. Rose, Esq. received her B.A. in Government from Cornell University and J.D. from Boston College Law School where she served as co-President of the Women's Law Center. Elizabeth was admitted to practice law in New York in 2005 and Pennsylvania in 2009. She previously was an associate at an AMLaw 100 law firm in Manhattan where she practiced in the areas of corporate restructuring and creditors' rights litigation, with an emphasis on the representation of secured and unsecured creditors, bank groups, bondholders, creditors' committees, shareholders and other parties in Chapter 11 bankruptcy cases. Elizabeth has significant experience litigating issues involving plan confirmation, lender liability, financing and cash collateral disputes, contested 363 sales, fraudulent transfers, preferences, equitable subordination, recharacterization, substantive consolidation, breach of fiduciary duty and similar disputes. She also served as a law clerk to the Hon. James M. Peck in the United States Bankruptcy Court for the Southern District of New York. Originally from Harrisburg, she recently returned to the area and is currently a member of the American Bankruptcy Institute, New York Bar Association, Pennsylvania Bar Association and Dauphin County Bar Association. Ms Rose is responsible for all aspects of NRA's legal processes.</p> | <p><b>Contact Information</b></p> <p>Elizabeth Rose, Esquire<br/>       2491 Paxton Street<br/>       Harrisburg, PA 17111</p> <p>Work: (717) 540-7636<br/>       (800) 360-9953 x 3310<br/>       Fax: (800) 360-9954<br/>       Email: <a href="mailto:erose@nationalrecovery.com">erose@nationalrecovery.com</a></p> |
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**Danelle O'Connor, Internal Compliance Officer**

Under the direction of our Corporation Counsel, Danelle provides guidance and makes recommendations to executive and management staff on policy, processes and procedures to improve productivity as it relates to compliance, contractual obligations, federal and state laws. She provides direction and acts as



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a liaison with all client auditors to ensure that consistent and accurate information is conveyed and to ensure that NRA's interests are protected. In addition, she is responsible for all company licensing, bonding, certifications for the company and insurance maintenance.

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| <p><b>Danelle O'Connor</b><br/><i>Internal Compliance Officer</i></p> <p>In 2008, Danelle was hired as part of NRA's management team. She is responsible for all aspects of preparing delinquent collection accounts to be referred for litigation. This position requires a very detailed oriented, organized individual to maintain and track referred accounts. Ms O'Connor's past experience includes her employment as a paralegal for the past eight years with the Law Office of Charles E. Hall, JR. As part of her duties, she assisted with accounting processes and payroll, handled contracts relating to corporate mergers and acquisitions. Danelle is an instrumental part of NRA's legal forwarded process.</p> | <p><b>Contact Information</b></p> <p>Danelle O'Connor<br/>2491 Paxton Street<br/>Harrisburg, PA 17111</p> <p>Work: (717) 540-7636<br/>(800) 360-9953 x 3087<br/>Fax: (800) 360-9954<br/>Email: <a href="mailto:doconnor@nationalrecovery.com">doconnor@nationalrecovery.com</a></p> <p><b>Training &amp; Certifications:</b></p> <ul style="list-style-type: none"><li>• Fair Debt Collection Practices Act</li><li>• HIPAA Compliance</li></ul> |
|---|--|



National Recovery Agency  
2491 Paxton Street  
Harrisburg, PA 17111  
(800) 360-9953

## ATTACHMENT M – ESTIMATED LIQUADATION

National Recovery anticipates liquidation at the levels that current City's agencies are projecting. As NRA become more familiar with the City's accounts, NRA would estimate liquation increases of 1-2% above the current agency liquidation over the course of the contract.



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**ATTACHMENT N – EXECUTED ADDENDUM(s)**



City of Fort Lauderdale • Procurement Services Department  
 100 N. Andrews Avenue, #619 • Fort Lauderdale, Florida 33301  
 954-828-5933 FAX 954-828-5576  
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**ADDENDUM NO. 1**

RFP 105-10457  
 Delinquent Account Collection Services

ISSUED: April 22, 2010

1) PART II – RFP SCHEDULE is being revised to read as follows:

|   |          |
|---|----------|
| Release RFP   | 04/14/10 |
| Last Date of Receipt of Questions of a<br>Material nature | 04/28/10 |
| Addendum Release (if required)                            | 04/29/10 |
| PROPOSAL DUE (prior to 2:00pm EST)                        | 05/11/10 |

2) PART I – INTRODUCTION/INFORMATION, ITEM 07, CONTRACT PERIOD, first sentence is being revised to read:

“The initial contract term shall commence on August 1, 2010 or date of award by the City, whichever is later, and shall be for a three-year period.”

**All other terms, conditions, and specifications remain unchanged.**

**This Addendum No. 1 SHOULD be submitted with your RFP Proposal, (RFP 105-10425)**

Michael Walker, CPPB  
 Procurement and Contracts Manager

Company Name: \_\_\_\_\_  
 \_\_\_\_\_ (please print)

Comment [t1]: National Recovery Agency

Comment [t2]: Toney Redullo

Authorized Contractors  
 Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Comment [t3]: 5/10/2010