



**\$1,000,000.00**  
NATIONAL FINANCE ADJUSTERS, INC.  
**CLIENT SECURITY  
INDEMNITY AGREEMENT**  
GRANTED TO OUR MEMBER IN GOOD STANDING

**BRET COLLINS – WEST COAST RECOVERY SRV. OF UTAH**

KNOW ALL MEN BY THESE PRESENTS, that effective at 12:01 A.M. on the 1st day of July 2010, through the 30th day of June 2011, subject to further renewal, that NATIONAL FINANCE ADJUSTERS, INC., (hereinafter referred to as N.F.A.) does by this instrument enter into an agreement to indemnify up to a maximum of \$1,000,000.00 in any period, the client of the N.F.A. membership against those acts of the N.F.A. members, and their employees as set forth below and upon the terms and conditions of this agreement.

BE IT FURTHER KNOWN, that effective 12:01 A.M. on the 1st day of April, 1993, N.F.A. has in full force and effect a One Million Dollar Employee Dishonesty Insurance Policy with a self-funded deductible for the payment of any claim or claims which may arise under the terms of this agreement.

N.F.A., in consideration of the member (as named on this Certificate), paying his periodic dues and charges as due and agreeing by being accepted to membership, to reimburse N.F.A., their successors and assigns, all sums paid by, or on behalf of, N.F.A., including costs and reasonable attorney's fees, arising out of a claim against said member; said N.F.A. hereby agrees to pay on the member's behalf any direct loss sustained by the client through any fraudulent or dishonest act committed by the member or an employee of said member - subject to the following:

#### **WHO IS COVERED**

Those persons who are entitled to be indemnified under this Agreement may be classified into one of three classes: (1) Clients (2) the N.F.A. itself, and (3) the individual Officers and Directors of N.F.A.

Client is defined as a credit grantor who has assigned to an N.F.A. member in good standing an account for repossession of certain collateral against which said Client holds a secured interest, and under the terms of the contract, there exists a condition of default. The Client shall have executed on behalf of the N.F.A. member the standard Form of Confirmation Letter with Hold Harmless clause as contained in the N.F.A. Directory. The Client shall be indemnified under this Agreement for loss sustained by such acts of the N.F.A. member as hereinafter set forth upon compliance with the requirements set forth in this agreement.

N.F.A. may reimburse or indemnify itself from any funds held as a deductible for any loss sustained by N.F.A. by such acts of its members as hereinafter set forth.

The individual Officers and Directors of N.F.A. may be reimbursed or indemnified from any funds held as a deductible for any individual loss sustained by said Officer or Director in his said capacity by act of the N.F.A. member other than his or their own, as hereinafter set forth.

#### **WHAT ACTIONS ARE COVERED**

The following actions, causing loss to the Client, are covered:

1. Loss of money, securities or other property sustained by the client, up to the amount of this Agreement, resulting directly from one or more fraudulent or dishonest acts committed by any member of N.F.A. or an employee of said member, resulting from an assignment by the client of a repossession to said member.

Dishonest or fraudulent acts are defined to mean such acts committed by an N.F.A. member or an employee of said member, with the manifest intent to cause N.F.A., its members in good standing and/or the client to sustain such loss and obtain financial benefit to or for the member or his employee other than the salary, bonus, commission or other benefit earned in the normal course of employment, whether acting alone or in collusion with others.

2. Loss due to acceptance by a client of an N.F.A. member's check which is dishonored upon presentation, said check being in payment of funds collected on behalf of said Client by the N.F.A. member.

#### **CONDITIONS, LIMITATIONS AND EXCLUSIONS**

1. Not later than 45 days after discovery by the client of any loss or any fact or allegation which could give rise to a loss, the client must give to N.F.A. notice of such fact or allegations and within 90 days after such discovery, shall file with N.F.A. an itemized proof of loss sworn to and shall produce in support thereof all records, books, vouchers and other evidence and an agreement to assign, set over and transfer any cause of action, against the member to N.F.A. with the understanding that upon receipt of payment by N.F.A. to the client that said client will assist as witness or otherwise to aid N.F.A. in pursuit of subrogation rights against the member: it not being the intent by N.F.A. to spread the risk among its members. Claim for loss shall be recognized if notice is given in accordance with the time period as set forth above. However, no claim for loss shall be recognized if such notice is not given within six months of the date of repossession by the member or sale of the chattel by the member.

2. No suit for recovery under the terms of this agreement shall be filed for a period of six months from the date of reporting loss unless formal notice of rejection of claim be given to the client prior to the expiration of such period thereafter but shall be filed within one year from the date of reporting loss or six months from the date of rejection of claim, whichever is shorter.

3. This agreement shall apply only to loss sustained within the United States of America, U. S. Virgin Islands, Puerto Rico, Canal Zone, or Canada.

4. This agreement shall not apply to loss due to accounting or arithmetical error or omission or to loss or destruction of books of accounts or records.

5. This agreement shall not apply to loss sustained by an act of God or due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident thereto.

6. This agreement shall not apply to loss due to surrender of money or other chattels as a result of a threat to do bodily harm to any person or to cause damage to the premises of any N.F.A. member or their employee.

7. This agreement shall not apply to a loss, in whole or in part, the proof of which, either as to its factual existence or as to its amount, is dependent upon an inventory computation or a profit and loss computation.

8. This agreement shall not apply to any claim for loss of potential income, including but not limited to interest and dividends not realized by the Client because of a loss covered in the agreement, nor for any damages other than direct



compensatory damages arising from a loss covered under the agreement, nor for the costs, fees, or other expenses incurred by the Client in establishing the amount or existence of costs.

9. This agreement shall not apply to loss due to nuclear reaction, nuclear radiation or radioactive contamination or to any act or incident or condition relative to the foregoing.

10. The following definitions shall apply:

a. Money is defined as currency, coins and bank notes.

b. Chattels is defined as the subject matter of the assignment and as listed on the Clients Security Agreement as submitted to the member.

c. Securities is defined as all negotiable and non-negotiable instruments or contracts representing either money or other property.

11. In no event shall N.F.A.'s liability under this section exceed the Loan Value of the vehicle as contained in the National Automotive Dealer's Association (NADA) Official Used Car Trade-In Guide, both for the month and region of repossession in which loss occurred, or reported if date of occurrence cannot be determined.

12. In the event of any payment under this agreement N.F.A. shall be subrogated to all the Client's rights of recovery therefore against any person or organization and the Client shall execute and deliver instruments and papers and do whatsoever else is necessary to secure such rights. The Client shall do nothing after the loss to prejudice such rights.

13. The coverage afforded by this agreement shall not inure directly, or indirectly to the benefit of any carrier or other bailee for hire.

14. In no event shall N.F.A. be liable for securities more than the actual cash value thereof at the close of business on the day the loss was discovered, nor as respects other property for more than the actual cash value thereof on the day the loss was discovered, the cost of replacing or repairing the property, which ever is less; provided, however, the actual cash value of such other properties held by the Client as a pledge, or as collateral for an advance or loan shall be deemed not to exceed the value of the property as determined and recorded by the client when making the advance or loan, nor, in the absence of such record, the unpaid portion of the advance or loan plus accrued interest hereon at legal rates.

#### LIMITS OF LIABILITY

1. The amount of indemnity of each member of N.F.A. is the amount stated opposite the name of such member or the title of such position in the schedule, on the obverse side hereof. If the amount of indemnity on any such member for separate period be for different amounts, the maximum liability for all defaults of such member shall not exceed the largest amount of indemnity in force thereon in any period in which default shall have occurred and the indemnity for one period shall not be available for defaults occurring in any other period, the termination date as set forth on the obverse side thereof.

2. The limit of N.F.A.'s liability shall not be cumulative from year to year, or from period to period.

3. The liability of N.F.A. for any member located at more than one office at one time or at different times, shall not ex-

ceed the largest amount of indemnity specified for any member, nor shall the liability of N.F.A. exceed the amount of indemnity in effect on such member when the fraudulent or dishonest act or acts of such member shall have occurred.

4. Membership in N.F.A. is limited to only an individual. However, this agreement covers not only that member, but also that member's employees, or, if the member is doing business as a corporation, then coverage shall also extend to all officers and directors of that corporation.

#### STATUTORY TIME LIMITATION

If any limitation herein giving notice, filing proof of loss, or bringing suit is prohibited or made void by any law controlling the construction hereof, such limitations shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

#### DURATION OF COVERAGE

Unless stated otherwise on the face of this instrument, the coverage afforded shall be for one year from its effective date as noted upon the obverse side, but may be expanded, modified, or otherwise revised on one or more occasions by subsequent action of the Board of Directors of N.F.A.; in which instance, it shall not be necessary to rewrite the entire instrument unless requested, but extensions or modifications may be affected by endorsements.

All losses or claims under this instrument shall be bound by the provisions of the instrument or any subsequent rider in effect only as of the date of loss or date of discovery if date of loss cannot be ascertained and shall not be affected by any subsequent extension or modification thereafter.

IN WITNESS WHEREOF the National Finance Adjusters, Inc. has caused this agreement to be executed by its Secretary-Treasurer at

Baltimore, Maryland

on this 1st day of July, 2010

  
Secretary - Treasurer