

Allied Finance Adjusters Conference, Inc.



**\$1,000,000
Client Protection Bond**

**Action Auto Recovery
Long Beach, California**

Be It Known To All Persons By These Presents, that effective at 12:01 a.m. On the First day of January, 2010 to the thirty-first day of December, 2010 that Allied Finance Adjusters Conference, Inc. (AFA) does by this document, issue a self-insuring bond up to a total of \$1,000,000.00 in any bonding period to indemnify the approved forwarders of the Allied membership against those acts of Allied Members, their agents, servants, or employees as set forth herein and upon the terms and conditions of this document..

1) Who is covered:

Those persons who are entitled to be indemnified under the terms of this bond are collectively referred to as approved forwarders and fall into three categories, (1) Secured Lenders, (2) Allied, itself and (3) The individual Officers, Directors, and members of Allied.

Definitions:

- a) **Approved Forwarder:** A credit grantor who, after filing a bond card as found in the current year's directory of members of the association with the association Bond Trustee, and same must be filed each year upon the anniversary and publication of the association directory of members in good and current standing with the association and has the authority to assign accounts that are either delinquent or in default of the terms of the contract that secures the loan for repossession of certain secured property, the payment of or the contract securing said account is to be deemed in default.
- b) **Allied:** Allied Finance Adjusters Conference, Inc. may indemnify and/or reimburse itself from the funds held in trust under this bond for any losses sustained by Allied by such acts of its members as further set forth.
- c) **Officers and directors.** The officers and directors of Allied either collectively or individually may be reimbursed and/or indemnified from the funds held in trust under this bond for any individual loss sustained by said officer or director in his/her capacity by acts of Allied members other than his/her own as set forth.
- 2) Method of assignment of accounts for repossession:**
Approved forwarders shall have assigned said defaulted assignment either (1) electronically over the Allied Web site, (2) On an approved Allied form with the proper hold harmless clause as contained in the current Allied directory of approved members. Under compliance with all forwarding methods, the forwarder shall be indemnified under this bond for loss sustained by such acts of the Allied membership as set forth in the current Allied directory.
- 3) The foregoing actions which cause a loss to an approved forwarder are covered:**
- a) Loss of money, security, or property sustained by an approved forwarder up to the amount of this bond, which results directly from any fraudulent or dishonest act committed by any Allied member.
- 1) **Fraudulent or dishonest acts** are defined to mean any acts committed by an Allied member or an employee of said member with the express intent to cause the approved forwarder to sustain such loss and to obtain financial benefit for the Allied member, or his/her employees other than salary, bonus commission, or other benefits or emoluments earned in the normal course of employment, whether acting alone or in collusion with others.
- 2) **Loss due to acceptance** by an approved forwarder of an Allied member check which is dishonored upon presentation and said check being in payment of funds collected in behalf of said approved forwarder by an Allied member who is in good standing and listed in the current member directory.
- 3) Bonding conditions, limits, and conditions:**
- a) A loss is covered only if reported within 30 days of discovery or 30 days from occurrence. However, in no event will a loss be covered if reported more than 90 days after occurrence.
- b) No legal action shall be filed for a period of 120 days from the date of reporting the loss unless a formal rejection of the claim is sent in writing to the claimant prior to the expiration of the 120-day period. Thereafter suit shall be filed within one year from the reported date of loss or 120 days from the date of rejection whichever is shorter.
- c) This bond shall apply only to a loss sustained within any of the fifty (50) United States and the District of Columbia and does not apply to the Continental section of the directory.

d) This bond shall not apply to a loss that may be sustained due to war, insurrection, or revolution or to any acts or incidents thereto.

e) This bond will not apply to losses due to accounting or arithmetical errors or omissions or due to loss or destruction of books of accounts or records due to acts of God.

f) This bond shall not apply to losses incurred due to loss or surrender of moneys, securities, or any other property as a result of threat of bodily injury to a person or to cause damage to the premises of any Allied member or his/her property.

g) This bond shall not apply to a loss if the loss has to be determined by inventory or a profit and loss computation.

h) This bond shall not apply unless all remedies available to the forwarder have been exhausted and the claim has been legally adjudicated.

i) This bond shall not apply to any claims for the loss or potential loss of income all inclusive due to a loss covered by this bond, nor for damages arising from a loss covered under this bond as to costs, fines, or fees incurred by the insured in establishment of the existence of costs.

j) This bond shall not apply to loss due to nuclear radiation or radioactive contamination or to any acts or conditions relative to the foregoing.

k) In no event shall this bond be liable for any loss as to securities or properties pledged as additional collateral which secure in addition to said title and contract of said loan. Allied's liability shall in no way exceed the loan value of the subject vehicle as listed in the National Automobile Dealers Association (NADA) official used car guide for the year, month and region of the occurrence of loss or reported date of loss.

l) In the event of a payment of loss by this bond, Allied Finance Adjusters Conference, Inc. shall assume all rights of subrogation. At that time, all of the claimant's rights of recovery against a person or organization shall be deemed "settled" and the insured shall deliver any and all instruments, papers, and information to Allied and do whatever else is necessary to secure and transfer such rights to Allied. The insured shall do nothing to prejudice such rights.

m) The coverage granted herein shall in no way be adopted or adjusted directly or indirectly to the benefit of any other carrier or bailee for hire.

Duration of bond coverage:

The coverage of this bond shall be year to year from the effective date directly correlated with the annual printing of the Allied member directory of members in good standing with the association as of January 1 of the current year. Only members listed in the current Allied member directory are to be covered by this instrument.

Any and all losses or claims under this bond shall be bound by the specific provisions of this instrument or any subsequent rider in effect as of the date of occurrence or date of discovery and shall not be affected by any extensions or modifications.

