



REQUEST FOR PROPOSAL

FOR

NATIONAL COLLECTION AGENCY SERVICES

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Canada



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1 SECTION 1 GENERAL INFORMATION

1.1 Overview of Section 1

The purpose of this section is to provide general information about CMHC and this Request for Proposal.

1.2 Introduction and Scope

The Canada Mortgage and Housing Corporation (CMHC) wishes to enter into contracts with up to a maximum of three (3) service providers (hereafter referred to as “collection agency/agencies” or “agency/agencies” or the “proponent(s)”) for the purpose of collecting monies owed to CMHC in accordance with CMHC objectives, guidelines and expectations. The Agreement shall have an initial term of two (2) years, and may be renewed at CMHC’s discretion for two (2) additional one year terms following the initial term, not to exceed a cumulative total of four (4) years. It is anticipated that the value of this contract will range from \$1,3M – 1.5M annually.

The objective of this document is to outline the framework under which CMHC intends to manage its ongoing relationship with collection agencies in order to solicit proposals from agencies who are best positioned to be effective and efficient business partners.

Canada Mortgage and Housing Corporation shall not be obligated in any manner to any proponent whatsoever until a written Agreement has been duly executed relating to a qualified, approved proposal.

More detailed specifications can be found in Section 3, “Statement of Work”.

1.3 CMHC Background

CMHC is the Government of Canada’s National Housing Agency, with a mandate to help Canadians gain access to a wide choice of quality, affordable homes. It is a Crown corporation, with a Board of Directors, reporting to Parliament through the Minister of Employment and Social Development and Minister for Multiculturalism, and Minister responsible for Canada Mortgage and Housing Corporation, the Honourable Jason Kenney.

CMHC has approximately nineteen hundred (1,900) people located at its National Office in Ottawa, and at various Business Centres throughout Canada. The Business Centre areas are divided into five (5) regions: Atlantic; Quebec; Ontario; British Columbia; and Prairies & Territories.

1.4 Purpose of Request for Proposal

CMHC uses a Request for Proposal (RFP) to describe its requirements, ask suppliers for their proposed solutions, describe the criteria which will be used in evaluating proposals and selecting a lead proponent(s), and outline the terms and conditions under which the successful proponent(s)

will operate or supply goods and/or services. In an RFP process, proposals and proponents are evaluated in terms of ability to satisfy the stated requirements, while providing “Best Value” to CMHC in terms of price.

1.5 Schedule of Events

The following schedule summarizes significant target events for the RFP process. The dates may be changed by CMHC at its sole discretion and shall not become conditions of any contract which may be entered into by CMHC and the selected proponent.

| Date | Activities |
|----------------------|--|
| June 16, 2014 | Request for Proposal issued |
| July 11, 2014 | Submission of Questions Deadline |
| July 18, 2014 | Submission Deadline |
| September, 2014 | Evaluation and Selection of lead proponents |
| October 31, 2014 | Finalize contract with lead proponents |
| November 1, 2014 | Announcement of successful proponents |
| By December 30, 2014 | Debriefing to unsuccessful proponents as requested |

1.6 Mandatory Requirements

Throughout this RFP, certain requirements are identified as mandatory. A mandatory requirement is a minimum standard that a proposal must meet in order to be considered for further evaluation. Mandatory is defined as having substantial compliance as assessed by CMHC in its sole and absolute discretion.

Mandatory requirements are identified in:

- Section 2 - Submission Instructions
- Section 4 - Proposal Requirements
- Section 6 - Proposed Contract, and
- Appendix A - The Certificate of Submission.

Caution: Proposals which fail, in the sole discretion of CMHC, to meet any mandatory requirement will be eliminated from further consideration in the evaluation process. However, CMHC reserves the right to waive any mandatory requirements if it deems fit and appropriate to meet the interests of and provide best value to CMHC. This clause should be interpreted solely for the benefit of CMHC and not for the benefit of the Proponents.

1.7 Proponent Feedback

CMHC aims to continuously improve its bid documents and procedures. CMHC welcomes input regarding proponent experience in responding to its RFPs, whether as a compliment or suggestion for future RFPs. Proponents may submit comments labelled as ***Proponent Feedback RFP #201000428*** to the name and address provided in Section 2.4.

As CMHC does not wish to be perceived as influenced by such feedback in the award decision, proponents are requested to submit their feedback after the contract award has been announced.

Any proponent who notes a material flaw in the RFP that could affect the outcome should report it as specified in Section 2.4

1.8 Income Tax Reporting Requirement

As a federal Crown Corporation, CMHC is obliged under the Income Tax Act and Regulations to report payments made by the Corporation to suppliers of goods and/or services by using a T1204 supplementary slip. CMHC must therefore obtain the necessary information from suppliers (including the Contractor's social insurance number and/or corporate identification number) in order to allow it to complete the T1204 supplementary slip. The Lead Proponent(s) will be required to complete and sign a Supplier - Direct Deposit and Tax Information Form (CMHC/SCHL 3085) prior to execution of this Agreement.

2 SECTION 2 SUBMISSION INSTRUCTIONS

2.1 Overview of Section 2

The purpose of Section 2 is to inform the proponent about CMHC's procedures and rules pertaining to this RFP process.

Proponents are advised that CMHC has provided as Appendix C a Mandatory Compliance Checklist for your benefit to complete prior to submission. This is to assist you in ensuring that you comply with all Mandatory criteria as non-compliance will result in disqualification.

2.2 Certificate of Submission Mandatory

The Certificate of Submission, Appendix A, summarizes some of the mandatory requirements set out in the RFP. It is a mandatory requirement that a proposal include a Certificate of Submission (or an accurate reproduction) signed by the proponent. Refer to Section 1.6 Mandatory Requirements.

Proponents must submit a signed Certificate of Submission as part of their proposal. Should a proponent not include the signed Certificate of Submission the proponent will be notified by CMHC and given forty-eight (48) hours in which to meet this requirement.

2.3 Delivery Instructions and Deadline

Timely and correct delivery of proposals to the exact specified proposal delivery address is the sole responsibility of the proponent. All risks and consequences of incorrect delivery of proposals are the responsibility of the proponent. CMHC will not assume or have transferred to it those responsibilities. All registered times will be in accordance with the time CMHC computer servers receive the submission, not the time the proposal was sent by the proponent.*

*** Please be advised that E-BID has a size limitation 10 MB. It is advisable and recommended that proponents submit their proposal in multiple smaller files.**

It is recommended that the Proponent send an e-mail as soon as possible after the EBID proposal has been sent, notifying the contact person named in Section 2.4 Inquiries, that a proposal has been submitted to EBID, including the company name and e-mail address, with the date and time the submission was sent.

Upon receipt of proposals, an automated confirmation will be issued to the sender's e-mail address. It is strongly recommended that proponents follow up with the inquiries person named in Section 2.4 should they not receive said confirmation within 30 minutes of submission.

*** Please be advised that electronic transmissions may not necessarily be immediate and can experience lengthy delivery delays. Proponents should ensure that sufficient delivery time is allowed for proposals to be received.**

Address for Delivery

Proposals, including all supporting documentation, are to be sent electronically to the following e-mail address:

EBID@cmhc-schl.gc.ca

The subject line of the transmission must state: RFP, file # 201401766

Method of Sending

Proposals are to be submitted through e-bid. PROPOSAL NO. 201401766 Proposals sent by facsimile machine or e-mail will not be accepted.

Submission Deadline

Mandatory

Your proposal must be **received** at the exact location as specified above on or before the submission deadline set as:

2:00 p.m. EDT (local Ottawa time) on July 18, 2014

Proposals arriving late will be automatically rejected, and the sender will be so notified by e-mail.

2.4 Inquiries

All questions regarding this RFP must be sent by e-mail or facsimile to the following:

Monika Morrison, Senior Advisor, Procurement

Fax: (613) 740-5421

E-Mail: mmorriso@cmhc-schl.gc.ca

Information given verbally by any person within CMHC shall not be binding upon CMHC. Proponents must have written confirmation from CMHC for any changes, alterations, etc., concerning this RFP. CMHC cannot guarantee a reply to inquiries received less than **seven (7) calendar days** prior to the closing date.

All written questions submitted which in the opinion of CMHC affect all proponents, will be answered by CMHC in writing and distributed to all proponents by pdf, e-mail or GETS. All identification related to the inquiry will be removed in the response. Any questions of a proprietary nature must be clearly marked. CMHC will determine, at its sole discretion, whether it will respond to the question.

In the event that it becomes necessary to revise any part of the RFP as a result of any inquiry or for any other reason, an addendum to this RFP will be provided to each proponent to whom CMHC has issued this RFP by pdf, e-mail or GETS.

2.5 Communication

During proposal evaluations, CMHC reserves the right to contact or meet with any individual proponent in order to obtain clarification of its submission or to gain insight into the quality and scope of relevant services. A proponent will not be allowed to add, change or delete any information during this process. CMHC is in no way obliged to meet with any or all proponents for this purpose.

2.6 Proponent Contact

The proponent shall name a person in their proposal to act as a primary contact for CMHC during the evaluation period. A secondary contact should also be provided for backup purposes.

2.7 Offering Period

Mandatory

All responses must provide that the terms of the response including the pricing proposal, shall remain valid and binding until such time a a contract is signed with the proponent.

2.8 Changes to Submission

Changes to the submitted proposal can be made, if required, provided they are received as an addendum to, or clarification of, previously submitted proposal, or as a complete new proposal to cancel and supersede the earlier proposal. The addendum, clarification, or new proposal must be submitted as per the delivery instructions outlined in Section 2.3, be clearly marked “**REVISION**”, and be received no later than the submission deadline. In addition, the revised bid must include a description of the degree to which the contents are in substitution for the earlier proposal.

2.9 Multiple Proposals

Vendors interested in submitting more than one proposal may do so, providing that each proposal stands alone and independently complies with the instructions, conditions and specifications of this Request for Proposal.

2.10 Acceptable Alternative

An alternative to any portion of a proposal may be submitted and must be in a separate addendum to the proposal.

An acceptable alternative is one which CMHC considers satisfactory in meeting a mandatory requirement. CMHC at its sole discretion will determine if a proposed alternative meets the intent of the original mandatory requirement.

2.11 Liability for Errors

While CMHC has made considerable efforts to ensure an accurate representation of information in this RFP, the information contained in this RFP is supplied solely as a guideline for

proponents. The information is not guaranteed or warranted to be accurate by CMHC, nor is it necessarily comprehensive or exhaustive. Nothing in this RFP is intended to relieve proponents from forming their own opinions and conclusions in respect of the matters addressed in this RFP.

2.12 Verification of Proponent's Response

The proponent authorizes CMHC to conduct such investigation as it deems appropriate to verify the contents of the proponent's response.

2.13 Ownership of Responses

All responses and related materials become the property of CMHC and will not be returned. CMHC will not reimburse the proponent for any work related to, or materials supplied in the preparation of the RFP response.

All information regarding the terms and conditions, financial and/or technical aspects of the proponent's proposal, which, in their opinion, are of a proprietary or confidential nature, must be clearly marked "**PROPRIETARY**" or "**CONFIDENTIAL**" at **each item** or at the **top of each page**. Proponents' documents and information so marked will be treated accordingly by CMHC. Notwithstanding the foregoing, proponents are advised that as a Crown corporation, CMHC is subject to the federal legislation with respect to access to information and privacy. Information submitted by third parties will be protected or may be required to be disclosed in specific circumstances pursuant to the federal legislation.

2.14 Proprietary Information

Information contained in this RFP is to be considered "Proprietary Information" and the proponent is not to disclose this information to any party other than the proponent's employees or agents participating in the response to this RFP.

2.15 Corporation Identification

The proponent agrees not to make any use whatsoever of CMHC's name, logo or initials, including public advertisement, without the express written consent of CMHC.

2.16 Declaration re: Gratuities

In submitting its proposal, the proponent certifies that no representative for the proponent has offered or given a gratuity (e.g. an entertainment or gift) to any CMHC employee, Board member or Governor-in-Council appointee; and intended, by the gratuity, to obtain a contract or favourable treatment under a contract.

2.17 Conflict of Interest

(a) The proponent and its principals, employees and agents shall avoid any conflict of interest during this RFP process and the term of any contact emanating from this RFP and shall

immediately declare any existing, potential or apparent conflict and shall, upon direction of CMHC, take steps to eliminate any conflict or perception that a conflict of interest exists.

- (b) The proponent must not provide any services to any third party in circumstances that might reasonably give rise to a conflict of interest, including a conflict between the proponent's duties to that third party and the proponent's duties to CMHC.
- (c) In the event that a conflict of interest, real or perceived, cannot be resolved to the satisfaction of CMHC, CMHC shall have the right to immediately discontinue negotiation with the proponent or terminate any contract emanating from this RFP. All portions of the Work under the contract which have been completed at the date of termination shall be forwarded to CMHC and CMHC shall be liable for payment to the proponent of an amount which, in the sole opinion of CMHC, constitutes reasonable payment for the partial performance of the proponent's obligations under the contract. Upon such payment, CMHC shall have no further obligation of any nature or kind to the proponent.
- (d) Any former public office holder must be in compliance with the post-employment provisions of the Conflict of Interest and Post-Employment Code for Public Office Holders (2006) in order to derive a direct benefit from any contract which may arise from this request for proposal.

2.18 Declaration re: Bid Rigging and Collusion

In submitting its proposal, the proponent certifies that:

- (a) prices as submitted in its proposal have been arrived at independently from those of any other proponent;
- (b) the prices as submitted have not been knowingly disclosed by the proponent, and will not knowingly be disclosed by the proponent prior to award, directly or indirectly, to any other proponent or competitor; and
- (c) no attempt has been made, nor will be made, to induce any other person to submit, or not to submit, a proposal, for the purpose of restricting competition.

2.19 Joint Venture Responses

Joint venture proposals should adequately represent and communicate the proposed participation and responsibilities of each company in the joint venture, and must provide a description of the proposed joint venture business arrangement which would be entered into by all parties upon receipt of a contract. The description must list the companies involved, indicate how long the business arrangement has been in existence, indicate the service(s) each respective party would be providing and describe the proposed participation and responsibility of each party.

The proponent shall designate one of the partners as the contact person through whom any communication between the proponent and CMHC will be channelled during the RFP process.

Joint venture responses must be accompanied by a signed Certification of Submission from each participating company. Refer to Section 2.2.

2.20 Intellectual Property Rights

All material, reports and other work product produced under this (RFP and any contract arising from this RFP) will be the sole property of CMHC. The Contractor represents and warrants to CMHC that the Contractor is the only person who has or will have moral rights in the material created by the Contractor and supplied under this Agreement and the Contractor hereby waives in favour of CMHC all of the

Contractor's moral rights in the material, as provided for in the law of copyright. Upon the material coming into existence, the Contractor agrees to execute any document requested by CMHC acknowledging CMHC's ownership of the material and work product and the waiver of the Contractor's moral rights therein.

2.21 Non-Disclosure of CMHC Information

Under this section, "CMHC Information" refers to any and all information which is managed, accessed, collected, used, disclosed, retained, received, created or disposed of in order to fulfil the requirements of the Contract, however obtained. Without limiting the generality of the foregoing, CMHC Information includes data held in any type of electronic format and information provided directly, indirectly or through third parties to the proponent, any subcontractor, reseller, agent or any other person engaged to perform the Work under the contract.

The proponent acknowledges and understands that all CMHC Information is subject to Canadian laws on privacy and access to information under which CMHC is bound; that CMHC considers CMHC information to be under its custody and control at all times and that CMHC Information must remain in Canada unless otherwise authorized by CMHC.

Where disclosure of CMHC Information is required pursuant to a lawful requirement or for the purposes of complying with a subpoena or warrant lawfully issued or lawfully made by a court, person or body, the proponent shall notify CMHC promptly after discovering the potential of disclosure of the CMHC Information so that CMHC has the opportunity to seek a protective order or other appropriate remedy.

The proponent also agrees that in the event that disclosure of CMHC Information is required by a valid and applicable law, it shall, in co-operation with CMHC, do all things possible to prevent access to CMHC Information including but not limited to taking appropriate legal action against disclosure, providing information and other assistance in order for CMHC to take appropriate legal action against disclosure and ensuring that disclosure is strictly limited to the information lawfully requested.

In the case of an unauthorized breach of CMHC information, the proponent shall advise CMHC of such breach immediately upon discovery and will cooperate with CMHC to mitigate the effects of any such breach.

3 SECTION 3 STATEMENT OF WORK

3.1 Overview of Section 3

This section of the RFP is intended to provide the prospective proponent with the information necessary to develop a competitive proposal. The Statement of Work is a complete description of the tasks to be done, results to be achieved and/or the goods to be supplied

3.2 Mandatory Requirements

A mandatory requirement is a minimum standard that a proposal must meet in order to be considered for further evaluation.

Any mandatory requirements associated with the Statement of Work are clearly identified in Section 4 - Proposal Requirement.

The Mandatory Compliance Checklist is located at Appendix C (7.3).

3.3 Statement of Work

CMHC wishes to enter into a contract with up to three (3) collection agencies to work with CMHC's National Recoveries Centre to collect monies owed to CMHC in accordance with CMHC objectives, guidelines and expectations. The National Recoveries Centre, located in Ottawa Ontario is responsible for the administration of defaulted accounts including their assignment to collection agencies. It has the overall responsibility for the administration of the National Collection Agency Contract(s) which will result from this RFP.

3.3.1 Portfolio of Work

The portfolio of approximately 30,000 accounts is comprised of Mortgage Insurance Activities Judgments with approximately seventy percent (70%) of accounts having more than one debtor. There will be an initial assignment of approximately \$50,000,000 per agency at the beginning of the contract and monthly assignments thereafter will be based on performance as outlined in section 3.3.6. It should be noted that CMHC is providing these amounts for informational purposes only. CMHC makes no representation as to the amount of work which will result from any contract entered into as a result of this RFP.

3.3.2 Automation and Electronic Innovation

The use of the Delinquency Recovery System (DRS) provided by TECHCOM is mandatory, complete with the capability to do imaging. All electronic reporting will be done through DRS. The performance of the Collection Agency will be measured using DRS reports. The proponent must demonstrate that it is already a member organization of the TECHCOM network or that it can become a member by the time any contract emanating from this RFP is put into place and it can meet the IT and technical requirements to support DRS as set out in the Mandatory

Proponent Qualifications in Section 4.6(g). During the contract period, CMHC will continue to investigate and may seek agency input on the evaluation of various methods of portfolio analysis and other collection tools.

One Time and Ongoing Access Charge

The Collection Agency's hardware, software and communication lines must provide for an end to end response that would remain within six (6) seconds ninety-five percent (95%) of the time for online retrieval of an account transaction when connected to TECHCOM. This means that the Collection Agency's technical infrastructure must maintain performance levels. CMHC will require that periodic checks either manual or automated are performed to ensure that response time is maintained and not adversely affected.

The Collection Agency must demonstrate due diligence in the protection of CMHC data as well as all network connections to and from CMHC and any of CMHC's business partners. The Collection Agency acknowledges that it is familiar with federal privacy legislation and all other applicable Acts legislating the protection of personal information. CMHC will perform a 'Security Audit' on an as needed basis, however, the ultimate responsibility for compliance with the legislation remains with the Collection Agency.

The Collection Agency will require one TECHCOM provided and managed primary and a separate redundancy/secondary last mile network access to the TECHCOM managed non-Internet point-to-point private network.

If the Collection Agency is already a member organization of the TECHCOM private network, an assessment of the existing access will be needed to ensure that the existing access can support additional Collection Agency users that will service CMHC assigned inventory. If the existing Collection Agency network access has capacity to support the additional collectors required to service CMHC there will not be any additional monthly network charge/increase to the Collection Agency. However, if an upgrade is required, a one-time installation fee may apply with the Collection Agency monthly network access charge increasing.

If the Collection Agency is not a member organization of the TECHCOM private network, a primary and secondary/redundancy last mile network access will need to be installed by TECHCOM. This primary and secondary/redundancy last mile network access charge is dependent on a) the location of the organization compared to the telecom provider Central Office, b) the number of concurrent Collection Agency users, c) the type of technology deployed to provide the access and d) a one-time telecom installation fee. TECHCOM supports a wide range of access options, which is determined based on the capacity required.

Note: Outside of one-off contracted services, the only fee charged to member organizations (e.g. Agencies) by TECHCOM is the monthly access charge.

CMHC will not provide any reimbursement of amounts needed to install or upgrade any elements related to TECHCOM.

Importing and exporting of Files on the TECHCOM Delinquency Recovery System (DRS) for

Dialling Purposes

It is expected that the proponent will work with TECHCOM so that TECHCOM can collaborate with each of the successful proponents to establish a simple, workable data extraction method. This will support successful proponents with conducting any scrubs and use tools/processes external to the DRS environment. The results of these external processes can then be easily imported and used on the DRS for account flow planning or information purposes.

While daily work activity must be conducted using the DRS, this will not restrict the Collection Agency from using their own trace scrubs and other tools, which will be available through various data extraction processes. However, the DRS note lines must be updated to indicate these searches have been carried out.

Technical Requirements to Connect with the DRS

Browser: TECHCOM provides configuration details as related to Internet Explorer.

CMHC is registered with Canada Revenue Agency (CRA) in the Tax Refund Set-off Program. This program provides CMHC with collection revenue from federal government transfers to our debtors. The program also provides an efficient method of locating debtors. CMHC is responsible for the cost of this program and shares the information obtained from CRA with the Collection Agency. In return the Collection Agencies are expected to provide as much support to the program as is reasonable in the particular circumstances.

3.3.3 Fees and Remuneration

Except as otherwise provided in this Agreement, CMHC agrees to pay the Collection Agency a base commission rate not exceeding twenty percent (20%) on all amounts collected by the Agency from the debtor in accordance with this RFP and any contract emanating from this RFP.. There is a bonus available to Collection Agencies based on performance. See section 3.3.7

3.3.4 Conduct Towards Debtor

The Collection Agency undertakes to use its best efforts, with persistent activity and due diligence, to collect the accounts assigned to it for collection, and to employ such lawful means, methods and procedures as in its judgment, discretion, and experience it believes will best effect the collection of such accounts.

The Collection Agency will act professionally, legally and ethically at all times. The Collection Agency agrees to respect the following guidelines in the collection of accounts assigned to it by CMHC:

(i) It will act in a firm and reasonable manner in all dealings with debtors and do nothing to reflect adversely on the reputation of CMHC.

(ii) It will at all times be diplomatic and courteous to the debtor and will use its best efforts to maintain and promote goodwill toward CMHC. All collection activities must be

conducted directly with the debtor, not with third parties unless written authorization from the debtor has been obtained.

(iii) It will undertake all collection actions in a professional and courteous manner and in accordance with the legislation governing collection activities and or related activities such as telephone and email contact with individuals in the relevant jurisdiction.

(iv) It will deal courteously with any request by a debtor for verification of any outstanding issues relating to his or her account.

(v) It will not make "collect" telephone calls to debtors in the collection of accounts. It will absorb the cost of all long distance telephone calls made in an effort to collect the account.

(vi) It will not make false threats of suit or legal action and will not allow its employees to falsely represent themselves as lawyers, solicitors, CMHC employees, police or other persons in authority. It will identify itself to debtors on all correspondence and telephone contacts as being a collection agency acting on behalf of CMHC.

(vii) It will not threaten to contact, nor will it contact employers, police, neighbours or other parties unless for tracing, for service of documents or for verification of employment.

(viii) It will not falsely represent that an account has been placed or is about to be placed with a lawyer. Collectors will not identify themselves as being from a "legal department".

(ix) It will not use misleading "bait" letters to contact an account. It will only use letters bearing its corporate name on any correspondence to debtors, and such letters shall indicate that the Collection Agency is collecting on CMHC's behalf and shall show the actual unpaid balance.

(x) All form correspondence used by the Collection Agency shall be submitted to CMHC for review and approval prior to being used in the collection of accounts.

(xi) In attempting to locate the debtor, inquiries to debtor's relatives or friends must be conducted in a business-like manner. The collection officer/tracer must not discuss the reason for the requested information. Trace activity will be conducted to obtain employment information, asset information or phone number.

In addition, the collection agency will cooperate with CMHC if complaints or inquiries are received by CMHC relating to the collection agency and will provide all necessary information and documentation to CMHC in that regard.

3.3.5 Assignment of Accounts

The agencies will compete against one another to obtain assignments. After an initial period the agencies' performance will be measured and assignments will be distributed proportionately based on CMHC's assessment of the performance of each Collection Agency.

CMHC may assign according to the market share distribution outlined in section 3.3.6. CMHC may, at its discretion, withhold accounts from certain geographical regions if it is determined that the Collection Agency's performance is inadequate or for any other reason.

All accounts are considered first time assignments under this Agreement regardless of the fact these may have been previously assigned to another collection agency. The Collection Agency will initiate collection action immediately upon receipt of accounts or in accordance with the earliest time frames permitted under provincial legislation, where applicable. This will include ordering a credit bureau on each debtor within five (5) business days of receiving a new assignment.

Nothing in this Section shall be construed to mean that CMHC is making any representation as to the proportion of the work which will be assigned or the amount of work which will be available to any one of the collection agencies chosen as proponents.

3.3.6 Performance Expectations/Remuneration

Distribution and Measurement :

All agencies will be given an equal distribution of accounts during an initial period, namely the first three (3) months of the term of the Agreement. Thereafter, distribution will be based on CMHC's assessment of performance and agencies will compete for market share of new assignments.

Assignments will be made monthly. CMHC will determine the amount of monthly assignments available for distribution based on the volume of defaulted product processed by CMHC. During 2013 average monthly assignments were twelve million dollars (\$12,000,000).

Performance will be measured based on the value of recoveries for the previous three (3) month period. The highest recoveries will yield the highest market share based on the following example of three (3) agencies being selected;

- Agency with the highest recoveries for the previous three (3) month period receives fifty percent (50%) of market share assignments.
- Agency with the second highest recoveries will receive thirty percent (30%) market share.
- Agency with the lowest recoveries will receive twenty percent (20%) market share.

In the event there are less than three agencies selected, the above table will be adjusted accordingly.

CMHC expects that complaints regarding the collection agency will not occur, however, while service level is not factored into the market share formula above, it will be monitored closely and

all service issues will be treated seriously and will be evaluated on a case by case basis. When service issues are not resolved in a timely manner, satisfactory to CMHC, this may result in a temporary or permanent suspension of files being assigned to a collection agency.

CMHC reserves the right to modify the market share of collection agencies that generate legitimate debtor complaints or on any other basis related to the services provided by the collection agency.

3.3.7 Bonus

The purpose of the bonus is to stimulate collections. Agencies will provide on an annual basis a forecast of monthly targets. These forecasts will be reviewed by CMHC and be used as a basis for mutually agreed upon agency targets. If an agency exceeds their monthly target they will receive an additional one percent (1%) commission on amounts collected during that month. (Notwithstanding the foregoing, CMHC reserves the right to amend the bonus structure at any time to ensure fairness to all agencies and to ensure the bonus serves its designed purpose.)

Successful proponents must be prepared to submit a forecast of Net Liquidation rates by account and by portfolio for the first year of the contract following contract inception.

3.3.8 Settlements

The Collection Agency will be expected to obtain payment in full or set up a repayment schedule for each account. Every effort shall be made to ensure maximum settlement is received in a timely manner. The Collection Agency when assessing a recovery/settlement shall take into consideration the amount owed as well as the debtor's assets and cash flow and shall ensure a reasonable settlement supported by the analysis.

The Collection Agency is authorized (in accordance with the contract emanating from the RFP) to make "compromise settlements" without prior CMHC approval (i.e., to accept sums of money totaling less than the full amount of indebtedness as payment in full) of eighty percent (80%) or more on all accounts with outstanding balances less than one-hundred thousand dollars (\$100,000) or one-hundred percent (100%) of the principal balance. All compromise settlement files must be documented with completed statutory declarations on file and coded with the appropriate status codes for tracking purposes. All other arrangements must have the prior written approval of CMHC or CMHC must document its approval in the DRS note lines.

The Collection Agency may defer collection action on an account for a three (3) to six (6) month period based on prudent consideration of circumstances. Files must be documented to indicate the rationale for this decision. Inactive accounts which have not been properly documented may be removed from the Collection Agency without notice.

3.3.9 Uncollectible Accounts

The Collection Agency will clearly and fully document reasons why any account is found to be uncollectible and advise CMHC of the action to be taken and rationale. If a file is closed for the

reason that the debtor is unable to make payments, the debtor will be asked to provide proof and be advised of any alternative assistance available, such as credit counseling or deferment of collection until the debtor may be in an improved financial position to offer a settlement of the debt. The Collection Agency will not suggest bankruptcy as an option to any debtor.

If an account is to be deferred for a period longer than six months, prior approval must be obtained from CMHC. Normal collection procedures will be followed as soon as it is possible to do so. If the debtor becomes employed, the Collection Agency will send a letter to the debtor asking for payments. The Collection Agency will inform the debtor that interest will continue to accrue on the unpaid principal in all cases as indicated in prior correspondence.

3.3.10 Bankruptcy/Credit Counseling/Consumer Proposal

The Collection Agency agrees that it will immediately inform CMHC of, and close any debtor's account assigned to it if the debtor declares bankruptcy, files a consumer proposal or falls under Credit Counseling, Orderly Payment of Debt or Dépot Volontaire (Voluntary Deposit). The Collection Agency agrees to advise CMHC of any accounts closed in this manner and provide supporting documentation. Accounts closed due to bankruptcy will not be deducted from gross assignments.

3.3.11 Application of Payments

All payments forwarded to the Collection Agency by the debtor shall be applied against the outstanding principal and interest balance on the debtor's accounts and shall be deposited separately and **In Trust** for CMHC in an interest bearing account all in accordance with the applicable legislation. All non certified funds are to be maintained in the trust account for ten (10) business days in order to ensure no NSF cheques are received. The Collection Agency agrees to waive any claims that it may have against CMHC based on an NSF cheque received from a debtor which arises after remittance to CMHC.

On Mortgage Insurance Activities Judgment accounts, interest is calculated as simple interest at a fixed rate of five percent (5%) except in the Provinces of Alberta, British Columbia and Newfoundland which is set annually by these Provinces. CMHC will notify the Collection Agencies of the interest rate each year once it is set. All payments are applied to principal first and then to interest. Payments are to be applied to the debtor's account which has made the payment.

The Collection Agency agrees to remit the collected amounts to CMHC on a weekly basis with a statement, as described below, less the Agency commission.

All funds collected by the Collection Agency shall be delivered to the National Recoveries Centre at CMHC's National Office by the close of business on the first business day of each week with the exception of month end blackout periods, which CMHC will advise of on a monthly basis. All remittances shall be on a net basis. The agreed commission rate shall be retained by the Collection Agency from the gross collections. The statement, to support the weekly deposit of payments shall be forwarded to CMHC along with the remittance. The

statement will include the account number, the amount remitted and other items which may be specified by CMHC. The total on the report will equal the amount remitted in the period. All remittances shall be made payable to "Canada Mortgage and Housing Corporation".

The electronic transfer of funds including supporting data is the mandatory means of remittance processing between the Collection Agency and CMHC.

Where CMHC has not assumed conduct of an account, CMHC agrees to advise the Collection Agency, where reasonable of any and all payments made directly to CMHC with respect to accounts assigned with the Collection Agency. CMHC will remit on a semi-monthly basis to the Collection Agency all commissions payable to the Collection Agency with respect to any such direct payments. CMHC reserves the right to charge back the amount of commission paid to the Collection Agency on these direct payments if the direct payment is returned.

Funds received directly by CMHC via the Canada Revenue Agency's "Refund Set-Off Program" and bankruptcy dividends are not eligible for the calculation of commission by the Collection Agency.

3.3.12 Close-Out Procedures

Upon notification by CMHC, designated files may be removed from the Collection Agency through DRS. All Collection Agency notes will remain on DRS with no charge to CMHC.

CMHC reserves the right to request any account or accounts placed with the Collection Agency be closed at the cost of the Collection Agency without explanation to the Collection Agency as to the reason for the closure. If an account is closed, the Collection Agency will forward all information gathered to date, to CMHC and will immediately cease any activity on the collection of the account and any authority granted under this Agreement to act on behalf of CMHC is immediately revoked with respect to the accounts recalled. In response to any inquiries received relating to the closed account, the Collection Agency will advise the person making the request that the Collection Agency no longer represents CMHC with respect to the account in question.

Without limiting the generality of the foregoing, inactive Accounts may be removed at CMHC's discretion. Accounts which have been closed by the Collection Agency may be assigned to another one of the other agencies as a first time assignment by CMHC or otherwise dealt with by CMHC.

The Collection Agency shall notify CMHC if an account has been placed with the Collection Agency for twenty-four (24) months and no payment has been made by or on behalf of the debtor within the previous twelve (12) months of the assignment. The Collection Agency shall then forward all file material with respect to this account to CMHC including any details of ongoing proceedings or any actions taken while such account was in the possession of the Collection Agency. The Collection Agency will thereby relinquish all interest in the returned account and will take no further action on the account unless such action is specifically requested or approved by CMHC.

3.3.13 Maintenance of Accounts

The Collection Agency will record all collection activities of an account in the note line section of DRS in a manner satisfactory to CMHC.

CMHC agrees to advise the Collection Agency on a regular basis of all financial and non-financial information received by CMHC relating to the accounts assigned to it. The Collection Agency shall translate all such information for use in its information system and shall update all of its files.

CMHC's files are not to be packetized with accounts of other companies on the Collection System.

Packetizing should only be done with CMHC accounts where more than one account is owing by the same debtor (Debtor Multi-Accounts).

In cases where it is determined that the debtor(s) has other properties registered in their name(s), it is important that this information be referred CMHC's National Recoveries Centre on a timely basis.

3.3.14 Legal Actions and Costs

Agencies must aggressively collect on accounts to attempt to achieve results to avoid legal action (which is considered the last resort). However, once all attempts have been made without success, agencies may submit recommendations to CMHC for appropriate legal action such as garnishment of wages, reciprocal judgments, liens on property assets and forced sale to be initiated.

The collection agency cannot commence any legal proceedings in relation to any CMHC account. All legal work is to be initiated and administered by CMHC. Recommendations to initiate legal proceedings by collection agencies are to be approved by CMHC and at the sole discretion of CMHC; legal work will be assigned to external lawyers by CMHC. The term "legal proceeding(s)" includes any procedures necessary for the collection of a debt after judgment has been obtained (including, but not limited to, litigation and legal action).

If an account is placed with a lawyer or solicitor by CMHC, CMHC shall inform the collection agency and the Collection Agency shall notify the debtor immediately of the following information: that the account has been forwarded to a solicitor for collection with instructions to commence legal action on behalf of CMHC; and the outstanding balance owing to CMHC.

The Collection Agency is not authorized to instruct a lawyer or solicitor to enter into any form of litigation or legal action on CMHC's behalf. The Collection Agency shall notify CMHC in writing of all litigation or formal legal action generated by a debtor whether against CMHC or the collection agency and CMHC reserves the right to take carriage of any such legal action. .

3.3.15 Responsibility for Errors

The Collection Agency shall be liable for all errors which result in the debtor not being liable to pay all or part of the CMHC debt. Without limiting the generality of the foregoing, the collection agency shall be liable for uncollected principal and interest charges if a debtor has been wrongly advised of an outstanding balance by the Collection Agency and the debtor has paid such an incorrect amount, and where as a result of the error on the part of the Collection Agency, any or all of the principal and interest that would have been owing by the debtor, has become uncollectible.

Notwithstanding, if an incorrect amount is listed for collection by CMHC and the Collection Agency collects using this incorrect amount, the Collection Agency will not be responsible for this error.

4 SECTION 4 PROPOSAL REQUIREMENTS

4.1 Overview of Section 4

Proposal responses are to be organized and submitted via e-bid in accordance with the instructions in this section. Responses should be organized into the following Response Item sections.

Response Item

| # | Item |
|------|---------------------------------|
| 4.2 | Mandatory proposal Requirements |
| 4.3 | Covering Letter |
| 4.4 | Table of Contents |
| 4.5 | Executive Summary |
| 4.6 | Proponent's Qualifications |
| 4.7 | Response to Statement of Work |
| 4.8 | Project Management Plan |
| 4.9 | Financial Information |
| 4.10 | Pricing Proposal |

Elaborate or unnecessarily voluminous proposals are not desired. Proponents are encouraged to take care in completely answering questions and proposal requirements and to avoid submitting extraneous documents that do not show how the proponent intends to meet requirements.

Requirements for each Response Item are detailed below.

4.2 Mandatory Proposal Requirements

Certain requirements in section 4 are identified as mandatory. See Section 1.6 Mandatory Requirements.

4.3 Covering Letter

A covering letter on the proponent's letterhead shall be submitted and include the following:

- (a) A description of the company or joint venture/consortium.
- (b) The names of the principals.
- (c) The primary contact person with respect to this RFP: the individual's name, address, contact numbers by phone and fax, and contact e-mail address, if available.
- (d) The locations of primary and all other offices that would be servicing the contract.

4.4 Table of Contents

The proponent shall include a table of contents using the response item headings and numbering system identified in this section of the RFP. The response should be paginated for easy referencing by the evaluation committee.

4.5 Executive Summary

The proponent's proposal should include an executive summary highlighting the following:

- (a) A summary of the proponent's proposal, including key features of the proposal, features that make the proposal superior, innovations or cost-saving opportunities.
- (b) A brief statement of the proponent's qualifications to meet the need of CMHC.

4.6 Proponent's Qualifications

Mandatory

The proponent's proposal should include information about the proponent's qualifications as follows:

- (a) A description of the firm, its age, organization, number of full-time employees and service specialization.
- (b) References: A list of all contracts of a similar size and scope which the proponent currently holds or has held over the past twenty-four (24) months. For each contract, the following information: company name and address; contact person name and phone number. CMHC may approach any such contact person for information relating to the quality of work provided by the proponent.
- (c) Information about office location(s) answering these questions: If awarded this contract, which office would provide support services? How many personnel are located in this office and what is their specific experience with the proposed work?
- (d) National and International Coverage: As some debtors will have left the country, the agencies must have a means of collecting international accounts wherever the law permits.
- (e) The agency must be licensed to operate in each Canadian Province and the Yukon, Northwest Territories and Nunavut. A copy of each valid license is to be submitted with the proposal.
- (f) The agencies must be collection agencies which have been legally entitled to operate in Canada under applicable legislation for a minimum of three (3) years. In cases in which an interest in an agency has been purchased by a foreign company or its subsidiary or other related entity within the last three (3) years the details of the purchase and a corporate structure diagram which details ownership should be included in the submission.

- (g) The proponent must meet the IT and technical requirements in order to support DRS as described in Section 3.3.2 prior to contract inception.

4.6.1 Bilingual Capacity

The Collection Agency will provide services in both official languages (English and French), which will include a receptionist, collector and tracer capable of working in each official language. Communications shall be initiated in both official languages until the debtor indicates his/her language of choice.

4.7 Response to Statement of Work

Mandatory

In this section, the proponent should provide detailed information relative to the specifications listed in Section 3, The Statement of Work.

4.8 Project Management Plan

The proponent shall describe the work plan it will use on the CMHC portfolio. The work plan should take into consideration the age and size of CMHC debt and be specific in the description of steps to be taken by tracers, collectors, quality assurance and management.

- (a) Project Management Approach. The proponent shall describe its project management approach and the project management organizational structure including reporting levels and lines of authority.
- (b) Quality Control. The proponent shall describe its approach to quality control including:
 - details of the methods used in ensuring quality of the work, and
 - response mechanisms in the case of errors, omissions, delays, etc.
- (c) Staff controls with respect to the proponent's review process, review frequency, staff training, and staff turn-over. Procedures on complaints, and timing of staffing cycle.
- (d) Finance controls regarding your trust fund administration, internal financial controls and your payment processing controls.
- (e) Assignment controls with respect to inventory management, closure reviews, activity monitoring.
- (f) Service controls covering your customer service management, client service management, hours of operations and the philosophy towards resolving complaints and disputes.
- (g) Tracing facilities, in-house capacity and the successfulness of tracing accounts. The number of accounts per tracer and collector working CMHC accounts. Dedicated versus part-time tracers/collectors.
- (h) Work/rework cycle of CMHC's accounts. Management of the collection process for ensuring optimal recovery.
- (i) Controls in place to prevent the unauthorized disclosure of confidential information including measures taken to comply with privacy legislation and mitigate against breach.

4.9 Financial Information

Mandatory

4.9.1 Credit Check

Proponents must provide a statement contained within their proposal giving written permission for CMHC to perform a credit check as required.

4.9.2 Financial Capacity

CMHC reserves the right to conduct an assessment of the Lead Proponent(s) financial capacity. Should the proponent be selected as the lead proponent following the RFP evaluation process, CMHC may request the necessary financial statements to confirm the financial capacity of the proponent. At that time, the Lead Proponent(s) must provide to CMHC the following information, as appropriate upon seventy-two (72) hours of CMHC's request:

Note: Failure to comply with the Financial Information submission requirements as indicated above and within this section, will result in disqualification of the Lead Proponent(s) at which time no further consideration will be provided to the respective submission(s).

Partnerships, Corporations, Joint Ventures and Consortiums:

CMHC requires the provision of the financial statements for the analysis of financial capacity. You must provide a complete set of signed, detailed, audited financial statements for each of the last three (3) years of your firm. You must agree to provide any other financial information that CMHC may subsequently request. The auditor's report must be signed by an appropriate officer of the audit firm. A complete set of financial statements consists of all the following items:

1. Auditor's Report,
2. Balance Sheet,
3. Income Statement,
4. Cash Flow Statement,
5. The Notes to the Financial Statements, and

In the case of a joint venture or consortium, each and all members of the joint venture or consortium must provide the information required for their legal form as indicated above for partnerships or corporations. For partnerships of individuals (as opposed to partnerships of corporations), each individual must provide written permission for CMHC to perform a credit check on them as individuals.

4.10 Pricing Proposal

Mandatory

The proponent must provide a response relative to the pricing of its proposed solution. Please include assumptions made to support the fee quoted. The proponent(s) must submit a base commission rate which must not exceed twenty percent (20%).

All prices and amounts of money in the proposal are to be quoted in Canadian dollars and be exclusive of the Goods and Services Tax (GST), Harmonized Sales Tax (HST), and Provincial Sales Tax (PST), as applicable, unless otherwise indicated.

The GST, HST or PST, whichever is applicable, shall be extra to the price quoted by the proponent and will be paid by CMHC.

5 SECTION 5 EVALUATION AND SELECTION

5.1 Overview of Section 5

Section 5 describes the process CMHC will use to evaluate proposals, select a lead proponent and finalize and sign a contract.

The lowest cost or any proposal will not necessarily be accepted and CMHC reserves the right to accept or reject any or all proposals in whole or in part.

CMHC reserves the right to alter the stated requirements as needs require and to accept an alternate proposal included in any proponent's response.

CMHC shall conduct the RFP process in a visibly fair manner and will treat all proponents equitably. To this end, it has established objective RFP standards and evaluation criteria which will be applied uniformly to all proponents. Therefore, no proponent shall have any cause of action against CMHC arising out of a failure to award a contract, the failure to evaluate any proposal, or the methods by which proposals are assessed.

5.2 Limitation of Damages

The proponent, by submitting a proposal, agrees that it will not claim damages in excess of an amount equivalent to the reasonable costs incurred by the proponent in preparing its proposal for matters relating to the agreement or in respect of the competitive process, and the proponent, by submitting a proposal, waives any claim for loss of profits if no agreement is made with the proponent.

5.3 Evaluation Table

The Evaluation Table as provided in Appendix 'B' lists all the criteria upon which each proposal will be evaluated. The criteria are based on the requirements as provided in this RFP.

5.4 Evaluation Methodology

Each proposal will be examined to determine compliance with each mandatory requirement identified in this RFP. A proposal must comply with all of the mandatory requirements in order to proceed in the evaluation process. A proposal which is deemed by CMHC to be non-compliant in one or more mandatory requirements will be eliminated from further consideration. A proposal which meets all the mandatory requirements will be deemed compliant and will proceed in the evaluation process.

Each compliant proposal shall be individually evaluated by each member of the Evaluation Committee, made up of qualified personnel. Evaluators shall evaluate and numerically score each proposal in accordance with the evaluation criteria as shown in the Evaluation Table, Appendix "B". Once individual evaluations are complete, the Evaluation Committee will discuss and agree upon a final score for each proposal. Submissions for each portfolio of work will be evaluated separately.

Each compliant proposal shall be evaluated using the 'greatest score' methodology. The proponent(s) achieving the highest overall score(s) with a minimum overall upset score of 7 out of 10 will be considered to be the lead proponent(s).

5.5 Proponent Selection

Acceptance of a proposal does not oblige CMHC to incorporate any or all of the accepted proposal into a contractual agreement, but rather demonstrates a willingness on the part of CMHC to enter into negotiations for the purpose of arriving at a satisfactory contractual arrangement with one or more parties.

Without changing the intent of this RFP or the lead proponent's proposal, CMHC will enter into discussions with the lead proponent for the purpose of finalizing the contract. If at any time CMHC decides that the lead proponent cannot satisfy CMHC's requirements, CMHC may terminate negotiations. If at this time CMHC feels that the secondary proponent may meet the requirements, CMHC will continue the process with the secondary proponent and so on.

Announcement of the successful proponent will be made to all proponents following the signing of a contract.

6 SECTION 6 PROPOSED CONTRACT

6.1 Overview of Section 6

Attached in Section 6.3 is a proposed contract. The terms and conditions in this draft contract will be incorporated into any contract resulting from this RFP. CMHC reserves the right to add or modify terms and conditions during negotiations. These terms and conditions will be within the scope of the RFP and will not affect the proposal evaluations.

The proponent's proposal and all associated correspondence from the proponent, where relevant, shall to the extent desired by CMHC form part of the final contract and the proponent must accept that the final contract form will be in a format acceptable to CMHC.

Submission of a proposal constitutes acknowledgement that the proponent has read and, unless otherwise stated in the proponent's proposal (including a declaration in the attached draft contract of any potential conflicts of interest), agrees to be bound by the terms and conditions in the draft

contract in Section 6.3 in the event that the proponent is selected by CMHC to enter into a contract agreement.

For the purposes of this section the term “Contractor” refers to the successful proponent with whom CMHC enters into a contract agreement.

6.2 Mandatory Contract Terms and Conditions

The terms, conditions or sections of the draft contract in Section 6.3 that are labelled mandatory must be accepted by the proponent without alteration.

6.3 Proposed Contract

The attached proposed contract forms Section 6.3 of this RFP.

PROPOSED CONTRACT

CMHC FILE No. 201401766

THIS AGREEMENT made this ____ day of _____, _____.

BETWEEN

CANADA MORTGAGE AND HOUSING CORPORATION
National Office
700 Montreal Road
Ottawa, Ontario, Canada
K1A 0P7

(hereinafter referred to as "CMHC")

AND

is a company incorporated under the laws of Canada
having its head office in the Province of

(hereinafter called "the Collection Agency")

WHEREAS the Collection Agency is licensed to operate in each Canadian Province as well as the Yukon, North West Territories and Nunavut as required by provincial and territorial legislation to carry on the business of a collection agency and has the means of collecting accounts internationally.

AND WHEREAS CMHC has debts owing to it (hereinafter referred to as "account" or "accounts") which it wishes the Collection Agency to collect on its behalf.

AND WHEREAS CMHC intends to assign accounts for collection to the Collection Agency in addition to other designated collection agencies. (hereinafter referred to as the "Selected Agencies")

NOW WITNESSETH that the parties hereto in consideration of the mutual agreements, covenants and undertakings herein contained and such other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agree as follows:

1 The Work

The description of the service to be provided by the Collection Agency as outlined in Section 3 of the RFP - Statement of Work is attached and forms part of this Agreement. The RFP is appended to the Agreement as Schedule A.

1.1 Term of the Agreement

The Agreement shall have an original term of two (2) years, commencing on January 1, 2015 and may be renewed at CMHC's discretion for up to (2) two additional one (1) year terms following the original term, not to exceed a cumulative total of four (4) years.

1.2 Contract Termination

CMHC may terminate the agreement for any reason with no penalty by giving thirty (30) days written notice, at any time during the contract period.

Upon termination of the Agreement under this clause, or recall of any accounts placed with the Collection Agency, the Collection Agency will, if so requested by CMHC, forthwith return all materials concerning accounts together with any details of ongoing proceedings or action taken while the accounts were in the possession of the Collection Agency. If the Agreement is terminated by CMHC due to default under the terms hereof by the Collection Agency, then no commissions or costs shall be due to the Collection Agency upon termination of this Agreement, except for future commissions due related to any postdated cheques on hand.

1.3 Conduct of Agencies and Their Employees

It is understood and agreed that all activities performed by the Collection Agency in conjunction with the collection of a CMHC account are performed in the name of CMHC. The Collection Agency shall not use the CMHC name or make any inference that they are acting on behalf of CMHC when dealing with other collection matters. Further, any other use of the CMHC name during the Term of this Agreement or upon termination hereof directly or indirectly which associates the name of the Collection Agency with CMHC is strictly prohibited. In the event that the Collection Agency receives inquiries relating to an account which is not assigned to it by CMHC, it shall immediately inform the person making the inquiry that it does not represent CMHC with respect to the account in question.

The Collection Agency, its employees and agents shall not use, disclose, copy, dispose of, reveal, or publish any data, information, reports, material or other documents of any nature or extracts or summaries thereof which are disclosed, revealed or transmitted to the Collection Agency or its employees or agents or to which they or any of them may have access, for any reason, except for those associated with or occasioned by the fulfillment of the Collection Agency's obligations under this Agreement.

1.4 Assignment of the Agreement

Mandatory

The Collection Agency may not assign or transfer or sub-contract any of its rights or obligations under this Agreement without the prior written consent of CMHC. Any assignment made without such consent will be null and void.

1.5 Indemnification Clauses

The Collection Agency agrees to indemnify CMHC, and its officers for all loss, damages, costs, expenses, claims, demands, actions, suits or other proceedings of every nature and kind arising from or in consequence of the performance of this Agreement, provided such loss, damages,

costs, expenses, claims, demands, actions, suits or proceedings arise without negligence on the part of CMHC or its officers or employees, and whether such actions, suits or proceedings are brought in the name of CMHC or in the name of the Collection Agency.

1.6 Independent Agency

The Collection Agency is engaged as an independent contractor providing services to CMHC, and is not engaged as an employee or agent of CMHC except where expressly set out in the Agreement. The Collection Agency agrees to so advise its employees, officers, and agents as applicable. Without limiting the generality of the foregoing, the Collection Agency shall retain complete control of and accountability for its employees and agents. The Collection Agency shall prepare and process the payroll for its employees directly, and shall withhold and/or pay all applicable employment taxes and payroll deductions required in respect of its employees. All personnel shall, at all times, and for all purposes, be solely in the employment of the Collection Agency.

1.7 Compliance With Laws

The Collection Agency shall give all the notices and obtain all the licenses and permits required to perform the Work. The Collection Agency shall comply with all the laws applicable to the Work or the performance of the Agreement.

1.8 Confidentiality

Mandatory

Proposals: Proposals will be held in strict confidence. Notwithstanding the foregoing, proponents are advised that as a Crown Corporation, CMHC is subject to the provisions of the Access to Information Act ("the Act"). Information submitted by proponents or third parties will only be exempted from disclosure if the records or part of them qualify for an exemption under the Act.

Contracts: The Contractor agrees that all records and information obtained by the Contractor on behalf of CMHC will be kept confidential to the extent required by federal Access to Information and Privacy Legislation or provincial law.

1. The Collection Agency, their employees and agents will treat as confidential during, as well as after completion of, the contract, all information relating to the affairs of CMHC of which it acquires knowledge as a result of its engagement hereunder.
2. The Collection Agency shall, at the request of CMHC, provide an Oath of Secrecy for each of its employees or persons engaged in carrying out the work, in a form prescribed by CMHC.
3. Any documents provided to the Collection Agency in the performance of the work described herein shall be returned, uncopied to CMHC or destroyed by the Collection Agency

within six (6) months of the termination of this contract. For documents not returned to CMHC, the Collection Agency shall provide specific proof under oath of their destruction.

1.9 Criminal Acts

The Collection Agency shall contact CMHC for instruction where there is any indication after assignment that a criminal act or other illegal or unusual circumstances were associated with a payment on the account balance.

1.10 Annual Financial Statements

The Collection Agency will be required to provide, on an annual basis, independently audited financial statements of the type described in section 4.9.2 of the RFP to CMHC within three (3) months after its fiscal year end.

1.11 Auditor's Opinion - Financial and Managerial Controls

The Collection Agency's financial statements must be accompanied by an auditor's report which will express an opinion as to the adequacy of the financial and managerial controls as well as the operating effectiveness exercised over CMHC's accounts including controls exercised over the recording of data in the Delinquency Recovery System. This audit should be conducted in accordance with the Canadian Standards on Assurance Engagements for Reporting on Controls at a Service Organization, set out in the CPA Canada Handbook – Assurance.

1.12 CMHC Audits

CMHC or its appointed auditor shall have the right, from time to time, at its own expense, without prior notice and during regular business hours, to present itself at the Collection Agency's place of business, to conduct an audit of work practices, premises inspection, customer payments and other financial transactions as deemed necessary and to examine and audit the books and records of the Collection Agency. The Collection Agency agrees to cooperate by supplying full and complete information and access to all of the relevant CMHC account records. This audit provision of this Agreement will survive termination of this Agreement.

1.13 Notices

All notices required or permitted to be given by any party to this Agreement shall be in writing and be sent to the other party by commercial courier and addressed as follows:

If to CMHC:

*Manager, National Recoveries Centre
Canada Mortgage and Housing Corporation
National Recoveries Centre
A2-316
700 Montreal Road
Ottawa, Ontario K1A 0P7*

If to the Collection Agency:

Notice shall be deemed to have been given on the day following the date on which such notice was delivered to the commercial courier.

Either party may change its address for service from time to time by notice in the manner provided herein.

The address specified in this Agreement shall be deemed to be the proper address of the party for giving notice thereto unless a notice of change of address has been sent in the manner herein provided.

1.14 Invalidation of Part of Agreement

In the event any provision of this Agreement shall be deemed by any court or any other judicial authority to be invalid, such invalidity shall not invalidate or terminate the remainder of the Agreement.

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the parties hereby attorn to the jurisdiction of the Ontario courts.

The covenants, conditions, agreements and provisions contained herein shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto.

1.15 Scope of Agreement

The Agreement including all Contract Documents outlined in Section 1.21, including but not necessarily limited to, CMHC's Request For Proposal and the Proposal submitted by the Collection Agency and attached as Schedule "A" to this Agreement constitutes the entire agreement between the parties with respect to the subject matter covered by the Agreement. If there shall be any discrepancy between the terms of this Agreement and the Request for Proposal, the terms of this Agreement shall prevail.

Upon executing this agreement the Collection Agency will supply the following electronic copies to CMHC:

- One (1) copy of their company manual on collection policy and procedure and
- One (1) copy of each standard form letter used in the collection process.

1.16 Payment

Payment to the Collection Agency shall be made in accordance with and subject to the terms and conditions as specified in Section 3.3 (Statement of Work) of the RFP. The Agency shall be paid XX percent commission on all recoveries.

1.17 Income Tax Reporting Requirement

As a federal Crown Corporation, CMHC is obliged under the Income Tax Act and Regulations to report payments made by the Corporation to suppliers of goods and/or services by using a T1204

supplementary slip. CMHC must therefore obtain the necessary information from suppliers (including the Collection Agency's social insurance number and/or corporate identification number) in order to allow it to complete the T1204 supplementary slip. The Lead Proponent(s) will be required to complete and sign a Supplier - Direct Deposit and Tax Information Form (CMHC/SCHL 3085) prior to execution of this Agreement.

1.18 Conflict of Interest

Mandatory

- (a) The Collection Agency and its principals, employees and agents shall avoid any conflict of interest during the term of this Agreement and shall immediately declare any existing, potential or apparent conflict and shall, upon direction of CMHC, take steps to eliminate any conflict or perception that a conflict of interest exists.
- (b) The Collection Agency must not provide any services to any third party in circumstances that might reasonably give rise to a conflict of interest, including a conflict between the Collection Agency's duties to that third party and the Agency's duties to CMHC.
- (c) In the event that a conflict of interest, real or perceived, cannot be resolved to the satisfaction of CMHC, CMHC shall have the right to immediately terminate the Agreement. All portions of the Work which have been completed at the date of termination shall be forwarded to CMHC and CMHC shall be liable for payment to the Contractor of an amount which, in the sole opinion of CMHC, constitutes reasonable payment for the partial performance of the Contractor's obligations under the Agreement. Upon such payment, CMHC shall have no further obligation of any nature or kind to the Contractor.
- (d) Any former public office holder must be in compliance with the post-employment provisions of the Conflict of Interest and Post-Employment Code for Public Office Holders (2006) in order to derive a direct benefit from any contract which may arise from this request for proposal.

1.19 Insurance

The following insurance is required:

- (a) Commercial General Liability Insurance - The Collection Agency will provide and maintain Commercial General Liability Insurance for a limit of two million dollars (\$2,000,000) per occurrence for bodily injury, or damage to property including loss of use of such property. This policy shall include the following extensions:
 - cross liability and severability of interest clause;
 - personal injury (definition to include mental anguish, mental injury, shock, sickness, malicious prosecution, humiliation, invasion of right of private occupancy, wrongful entry or eviction, libel, slander, defamation or violation of right or privacy);

- blanket contractual liability;
- contractors liability to include operations of independent contractors (if not provided then each subcontractor must provide a Certificate of Insurance)confirming that they have liability insurance as detailed in the RFP
- CMHC to be shown as an additional insured;
- Thirty (30) days prior written notice of cancellation to Risk Management Consultant, 700 Montreal Road, Ottawa, Ontario K1A 0P7.

(b) Fidelity Bond - The Collection Agency will provide and maintain a Fidelity Bond in the amount of two-hundred thousand dollars (\$200,000), evidencing a third party extension citing CMHC as beneficiary with respect to services performed under the National Collection Agency contract. The bond is to provide thirty (30) days prior written notice of cancellation to Risk Management Consultant, 700 Montreal Road, Ottawa, Ontario K1A 0P7 and is to contain an extended discovery and reporting period equal to one year past the Bond expiry date.

(c) Professional Liability insurance for a limit of not less than one million dollars (\$1,000,000). The Professional Liability insurance is to provide thirty (30) days prior written notice of cancellation to Risk Management Consultant, 700 Montreal Road, Ottawa, Ontario K1A 0P7.

Collection Agencies are to provide a Certificate of Insurance confirming the above insurance policies five (5) days prior to the commence of the Agreement.

1.20 Authority of Collection Agency

The Collection Agency is an agent of CMHC for the sole purpose of collecting debts owed on accounts which are assigned to it under the Agreement. The Collection Agency agrees that it has no authority to give any guarantee or warranty whatsoever expressed or implied on behalf of CMHC and that other than as is necessary to perform its duties under this agreement, it is in no way the legal representative or agent of CMHC and that it has no right or authority to create any obligation on behalf of CMHC or to bind CMHC in anyway.

1.21 Contract Documents

1.21 The Contract documents consist of the following:

- (a) This form of Agreement as executed _____;
- (b) CMHC's Request for Proposal dated _____;
- (c) The Contractor's submitted Proposal dated _____; and

together with all written change notices issued by CMHC hereunder and such further specifications and documents as the parties may agree in writing.

1.22 The Contract Documents are complementary and what is called for in any one shall be binding as if called for by all. The Contract Documents shall be interpreted as a whole and the

intent of the whole rather than the interpretation of any particular part shall govern. In the event of a conflict between them, the contract documents shall have precedence among themselves in the order as listed above.

IN WITNESS WHEREOF this agreement has been signed by the Parties hereto by their duly authorized signing officers:

THE COLLECTION AGENCY

**CANADA MORTGAGE AND
HOUSING CORPORATION**

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

7 SECTION 7 APPENDICES

APPENDIX A MANDATORY

7.1 Certificate of Submission

_____ hereby:
Company Name

- I. offers to provide services and/or products to CMHC, as described in this proposal, on and if, as and when required basis, all in accordance with the Request for Proposal;
- II. offers the terms as set out in this proposal, including any pricing proposal for a period of one hundred and twenty (120) days as specified in section 2 of the RFP;
- III. certifies that, at the time of submitting this bid, is in full compliance with all tax statutes administered by all provincial, territorial and federal Ministries of Finance and that, in particular, all returns required to be filed under all provincial and federal tax statutes have been filed, and all taxes due and payable under those statutes have been paid or satisfactory arrangements for their payment have been made and maintained;
- IV. represents and warrants that in submitting the proposal or performing the Contract, there is no actual or perceived conflict of interest;
- V. represents and warrants that in preparing the proposal, there was no actual or perceived unfair advantage due to the receipt of information regarding the RFP that was not made available to other proponents;
- VI. certifies that this proposal was independently arrived at, without collusion;
- VII. certifies that no gratuities or gifts in kind were offered to any CMHC employee, Board member or Governor-in-Council appointee; and intended, by the gratuity, to obtain a contract or favourable treatment under a contract;
- VIII. authorizes CMHC to conduct such investigation as it deems appropriate to verify the contents of the proposal;
- IX. certifies, unless explicitly outlined in the proposal, that all pricing information is based on service provision which, at a minimum, fully meets all of the existing service standards as outlined in the Statement of Work;
- X. agrees to comply with all of the section 6.0 contract MANDATORY clauses in an unaltered form as stated;
- XI. (for sole proprietorships and partnerships) provide permission herewith to CMHC to undertake credit checks on the individuals listed below (names, signatures and home addresses of each must be provided).
- XII. agrees that, in the event of acceptance of this proposal, it will enter Contract negotiations in accordance with the RFP, and upon entry into a Contract with CMHC, it will commit to providing the full scope of services identified in the Contract.
- XIII. agrees that all responses and related materials become the property of CMHC, will not be returned and CMHC will not reimburse the proponent for any work related to, travel or materials supplied in the preparation of the RFP response.
- XIV. agrees that it and any other persons for which it is responsible, who are to perform the work as stated in this RFP, at the request of CMHC will comply with security screening as deemed appropriate;

Signed this ____ day of _____, 2014 at _____, Canada.

Corporations are not required to provide a corporate seal. The signature of one witness is required for the signature of each Owner/Signing Authority.

Corporation/Individual:

Signature of Signing Authority

Name and Title of Signing Authority

Declaration: I have the authority to bind the company.

APPENDIX B

7.2 Evaluation Table

| EVALUATION CRITERIA | A | B | C | D |
|--|-----------------------------|---------------------------|------------------------|----------------------|
| | WEIGHT 100 Total | POINTS 1 to 10 | UPSET SCORE | SCORE AxB |
| Proponent Qualifications (4.6) The proposal will be evaluated on their response to section 4.6 and the full description of the firm, office locations, coverage, licensing, bilingual capacity, qualifications, skills and experience of the assigned personnel, and provision of references. | 20 | | | |
| Response to Statement of Work (4.7) The proposal must demonstrate a clear understanding of the project objectives and requirements. The proponent must provide a detailed response to each item listed in section 3.0, demonstrating how they meet each requirement. | 40 | | | |
| Project Management Plan (4.8) <ul style="list-style-type: none"> • Work Plan • Project management approach • Quality control • Staff, Financial, Assignment and Service Controls • Tracing Abilities and Facilities • Work cycle • Renewals • Disclosure Controls | 30 | | | |
| Pricing Proposal (4.10) | 10 | | | |
| TOTALS | 100 | | 700 | |

APPENDIX C

7.3 Mandatory Compliance Checklist

- | | | |
|--------------------------|-------------------------------|---------------------------------------|
| <input type="checkbox"/> | Submission Deadline | Section 2.3 |
| <input type="checkbox"/> | Offering Period | Section 2.7 |
| <input type="checkbox"/> | Proponent's Qualifications | Section 4.6 |
| <input type="checkbox"/> | Response to Statement of Work | Section 4.7 |
| <input type="checkbox"/> | Financial Information | Section 4.9 |
| <input type="checkbox"/> | Pricing Proposal | Section 4.10 |
| <input type="checkbox"/> | Proposed Contract | Section 6 |
| <input type="checkbox"/> | 7.1 Certificate of Submission | (Section 7 Appendices, Appendix A) |