

STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
 PROCUREMENT

525 W. ALLEGAN STREET
 LANSING, MI 48933

P.O. BOX 30026
 LANSING, MI 48909

NOTICE OF CONTRACT NO. 071B6600103

between
 THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Title Check LLC 622 W. Kalamazoo Ave Kalamazoo, MI 49007	Martin J. Spaulding	martys@title-check.com
	PHONE	VENDOR TAX ID # (LAST FOUR DIGITS ONLY)
	(269) 226-2600	6470

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER	Treasury	Patricia A. Simon	(517) 373-1252	simonp@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Joshua Wilson	(517) 284-7027	WilsonJ31@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION: Department of Treasury – Title Search and Tax Forfeiture Related Services			
INITIAL TERM	EFFECTIVE DATE	INITIAL EXPIRATION DATE	AVAILABLE OPTIONS
2 Years, 10 Months	July 1, 2016	April 30, 2019	5, 1-year options
PAYMENT TERMS	F.O.B.	SHIPPED TO	
5% NET 10 or NET 45	N/A	N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card	<input type="checkbox"/> Direct Voucher (DV)	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
THIS IS NOT AN ORDER. This Contract Agreement is awarded on the basis of our inquiring bearing RFP No. 007116B0007371. Orders for delivery will be issued directly by Departments through the issuance of a Purchase Order Form.			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION		\$3,000,000.00	

For the Contractor:

Martin J. Spaulding,
Contract Administrator
Title Check LLC

Date

For the State:

Tom Falik,
Services Division Director
State of Michigan

Date



STATE OF MICHIGAN

STANDARD CONTRACT TERMS

This STANDARD CONTRACT (“**Contract**”) is agreed to between the State of Michigan (the “**State**”) and Title Check LLC (“**Contractor**”), a Michigan limited liability company. This Contract is effective on July 1, 2016 (“**Effective Date**”), and unless terminated, expires on April 30, 2019. See Exhibit A, Section 1.

The Contract may be renewed in writing by mutual agreement of the parties. The Contract may be renewed for up to five (5) additional one (1) year periods.

The parties agree as follows:

- 1. **Duties of Contractor.** Contractor must perform the services and provide the deliverables described in **Exhibit A – Statement of Work** (the “**Contract Activities**”). An obligation to provide delivery of any commodity is considered a service and is a Contract Activity.

Contractor must furnish all labor, equipment, materials, and supplies necessary for the performance of the Contract Activities, and meet operational standards, unless otherwise specified in Exhibit A.

Contractor must: (a) perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (b) meet or exceed the performance and operational standards, and specifications of the Contract; (c) provide all Contract Activities in good quality, with no material defects; (d) not interfere with the State’s operations; (e) obtain and maintain all necessary licenses, permits or other authorizations necessary for the performance of the Contract; (f) cooperate with the State, including the State’s quality assurance personnel, and any third party to achieve the objectives of the Contract; (g) return to the State any State-furnished equipment or other resources in the same condition as when provided when no longer required for the Contract; (h) not make any media releases without prior written authorization from the State; (i) assign to the State any claims resulting from state or federal antitrust violations to the extent that those violations concern materials or services supplied by third parties toward fulfillment of the Contract; (j) comply with all State physical and IT security policies and standards which will be made available upon request; and (k) provide the State priority in performance of the Contract except as mandated by federal disaster response requirements. Any breach under this paragraph is considered a material breach.

Contractor must also be clearly identifiable while on State property by wearing identification issued by the State, and clearly identify themselves whenever making contact with the State.

- 2. **Notices.** All notices and other communications required or permitted under this Contract must be in writing and will be considered given and received: (a) when verified by written receipt if sent by courier; (b) when actually received if sent by mail without verification of receipt; or (c) when verified by automated receipt or electronic logs if sent by facsimile or email.

If to State:	If to Contractor:
Joshua Wilson Constitution Hall, 1 st Floor, NE 525 West Allegan St. Lansing, MI 48909 WilsonJ31@michigan.gov (517) 284-7027	Martin J. Spaulding, General Manager 622 W. Kalamazoo Ave Kalamazoo, MI 49007 martys@title-check.com (269) 226-2600



3. **Contract Administrator.** The Contract Administrator for each party is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a “**Contract Administrator**”):

State:	Contractor:
Joshua Wilson Constitution Hall, 1 st Floor, NE 525 West Allegan St. Lansing, MI 48909 WilsonJ31@michigan.gov (517) 284-7027	Martin J. Spaulding, General Manager 622 W. Kalamazoo Ave Kalamazoo, MI 49007 martys@title-check.com (269) 226-2600

4. **Program Manager.** The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a “**Program Manager**”):

State:	Contractor:
Patricia A. Simon Michigan Department of Treasury 430 W. Allegan Lansing, MI 48922 simonp@michigan.gov 517-373-1252	Martin J. Spaulding, General Manager 622 W. Kalamazoo Ave Kalamazoo, MI 49007 martys@title-check.com (269) 226-2600

5. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request. The State may require a performance bond (as specified in Exhibit A) if, in the opinion of the State, it will ensure performance of the Contract.

6. **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. All required insurance must: (a) protect the State from claims that may arise out of, are alleged to arise out of, or result from Contractor's or a subcontractor's performance; (b) be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State; and (c) be provided by a company with an A.M. Best rating of "A" or better, and a financial size of VII or better.

Required Limits	Additional Requirements
Commercial General Liability Insurance	
<u>Minimal Limits:</u> \$1,000,000 Each Occurrence Limit \$1,000,000 Personal & Advertising Injury Limit \$2,000,000 General Aggregate Limit \$2,000,000 Products/Completed Operations	Contractor must have their policy endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 0.



<p><u>Deductible Maximum:</u> \$50,000 Each Occurrence</p>	<p>Coverage must not have exclusions or limitations related to sexual abuse and molestation liability.</p>
<p>Umbrella or Excess Liability Insurance</p>	
<p><u>Minimal Limits:</u> \$5,000,000 General Aggregate</p>	<p>Contractor must have their policy endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds.</p>
<p>Automobile Liability Insurance</p>	
<p><u>Minimal Limits:</u> \$1,000,000 Per Occurrence</p>	<p>Contractor must have their policy: (1) endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds; and (2) include Hired and Non-Owned Automobile coverage.</p>
<p>Workers' Compensation Insurance</p>	
<p><u>Minimal Limits:</u> Coverage according to applicable laws governing work activities.</p>	<p>Waiver of subrogation, except where waiver is prohibited by law.</p>
<p>Employers Liability Insurance</p>	
<p><u>Minimal Limits:</u> \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease.</p>	
<p>Privacy and Security Liability (Cyber Liability) Insurance</p>	
<p><u>Minimal Limits:</u> \$1,000,000 Each Occurrence \$1,000,000 Annual Aggregate</p>	<p>Contractor must have their policy: (1) endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds; and (2) cover information security and privacy liability, privacy notification costs,</p>



	regulatory defense and penalties, and website media content liability.
Crime (Fidelity) Insurance	
<u>Minimal Limits:</u> \$1,000,000 Employee Theft Per Loss	Contractor must have their policy: (1) cover forgery and alteration, theft of money and securities, robbery and safe burglary, computer fraud, funds transfer fraud, money order and counterfeit currency, and (2) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as Loss Payees.
Professional Liability (Errors and Omissions) Insurance	
<u>Minimal Limits:</u> \$3,000,000 Each Occurrence \$3,000,000 Annual Aggregate <u>Deductible Maximum:</u> \$50,000 Per Loss	

If any of the required policies provide **claims-made** coverage, the Contractor must: (a) provide coverage with a retroactive date before the effective date of the contract or the beginning of Contract Activities; (b) maintain coverage and provide evidence of coverage for at least three (3) years after completion of the Contract Activities; and (c) if coverage is canceled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, Contractor must purchase extended reporting coverage for a minimum of three (3) years after completion of work.

Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or purchase order number, at Contract formation and within 20 calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section; (c) notify the Contract Administrator within 5 business days if any insurance is cancelled; and (d) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

This Section is not intended to and is not be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract (including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State).

- 7. **MiDEAL Administrative Fee and Reporting.** Contractor must pay an administrative fee of 1% on all MiDEAL payments made to Contractor under the Contract including transactions with MiDEAL members,



and other states (including governmental subdivisions and authorized entities). Administrative fee payments must be made by check payable to the State of Michigan and mailed to:

Department of Technology, Management and Budget
Financial Services – Cashier Unit
Lewis Cass Building
320 South Walnut St.
P.O. Box 30681
Lansing, MI 48909

Contractor must submit an itemized purchasing activity report, which includes at a minimum, the name of the purchasing entity and the total dollar volume in sales. Reports should be mailed to DTMB-Procurement.

The administrative fee and purchasing activity report are due within 30 calendar days from the last day of each calendar quarter.

- 8. Extended Purchasing Program.** This Contract is extended to MiDEAL members. MiDEAL members include local units of government, school districts, universities, community colleges, and nonprofit hospitals. A current list of MiDEAL members is available at www.michigan.gov/mideal. Upon written agreement between the State and Contractor, this contract may also be extended to: (a) State of Michigan employees and (b) other states (including governmental subdivisions and authorized entities).

If extended, Contractor must supply all Contract Activities at the established Contract prices and terms. The State reserves the right to impose an administrative fee and negotiate additional discounts based on any increased volume generated by such extensions.

Contractor must submit invoices to, and receive payment from, extended purchasing program members on a direct and individual basis.

- 9. Independent Contractor.** Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Contract. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor. Contractor hereby acknowledges that the State is and will be the sole and exclusive owner of all right, title, and interest in the Contract Activities and all associated intellectual property rights, if any. Such Contract Activities are works made for hire as defined in Section 101 of the Copyright Act of 1976. To the extent any Contract Activities and related intellectual property do not qualify as works made for hire under the Copyright Act, Contractor will, and hereby does, immediately on its creation, assign, transfer and otherwise convey to the State, irrevocably and in perpetuity, throughout the universe, all right, title and interest in and to the Contract Activities, including all intellectual property rights therein.
- 10. Subcontracting.** Contractor may not delegate any of its obligations under the Contract without the prior written approval of the State. Contractor must notify the State at least 90 calendar days before the proposed delegation, and provide the State any information it requests to determine whether the delegation is in its best interest. If approved, Contractor must: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in this Contract in any subcontract with a subcontractor.



Contractor remains responsible for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.

11. **Staffing.** The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor.
12. **Background Checks.** Upon request, Contractor must perform background checks on all employees and subcontractors and its employees prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.
13. **Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.
14. **Change of Control.** Contractor will notify, at least 90 calendar days before the effective date, the State of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

In the event of a change of control, Contractor must require the successor to assume this Contract and all of its obligations under this Contract.

15. **Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in Exhibit A.
16. **Acceptance.** Contract Activities are subject to inspection and testing by the State within 30 calendar days of the State's receipt of them ("**State Review Period**"), unless otherwise provided in Exhibit A. If the Contract Activities are not fully accepted by the State, the State will notify Contractor by the end of the State Review Period that either: (a) the Contract Activities are accepted, but noted deficiencies must be corrected; or (b) the Contract Activities are rejected. If the State finds material deficiencies, it may: (i) reject the Contract Activities without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract in accordance with Section **Error! Reference source not found.**, Termination for Cause.

Within 10 business days from the date of Contractor's receipt of notification of acceptance with deficiencies or rejection of any Contract Activities, Contractor must cure, at no additional cost, the deficiency and deliver unequivocally acceptable Contract Activities to the State. If acceptance with deficiencies or rejection of the Contract Activities impacts the content or delivery of other non-completed Contract Activities, the parties' respective Program Managers must determine an agreed to number of days for re-submission that minimizes the overall impact to the Contract. However, nothing herein affects, alters, or relieves Contractor of its obligations to correct deficiencies in accordance with the time response standards set forth in this Contract.



If Contractor is unable or refuses to correct the deficiency within the time response standards set forth in this Contract, the State may cancel the order in whole or in part. The State, or a third party identified by the State, may perform the Contract Activities and recover the difference between the cost to cure and the Contract price plus an additional 10% administrative fee.

17. **Delivery.** Contractor must deliver all Contract Activities F.O.B. destination, within the State premises with transportation and handling charges paid by Contractor, unless otherwise specified in Exhibit A. All containers and packaging becomes the State's exclusive property upon acceptance.
18. **Risk of Loss and Title.** Until final acceptance, title and risk of loss or damage to Contract Activities remains with Contractor. Contractor is responsible for filing, processing, and collecting all damage claims. The State will record and report to Contractor any evidence of visible damage. If the State rejects the Contract Activities, Contractor must remove them from the premises within 10 calendar days after notification of rejection. The risk of loss of rejected or non-conforming Contract Activities remains with Contractor. Rejected Contract Activities not removed by Contractor within 10 calendar days will be deemed abandoned by Contractor, and the State will have the right to dispose of it as its own property. Contractor must reimburse the State for costs and expenses incurred in storing or effecting removal or disposition of rejected Contract Activities.
19. **Warranty Period.** The warranty period, if applicable, for Contract Activities is a fixed period commencing on the date specified in Exhibit A. If the Contract Activities do not function as warranted during the warranty period the State may return such non-conforming Contract Activities to the Contractor for a full refund.
20. **Terms of Payment.** Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities performed as specified in Exhibit A. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. Notwithstanding the foregoing, all prices are inclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

The State has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any dispute within a reasonable time. Payment by the State will not constitute a waiver of any rights as to Contractor's continuing obligations, including claims for deficiencies or substandard Contract Activities. Contractor's acceptance of final payment by the State constitutes a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still disputed.

The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at <http://www.michigan.gov/cpexpress> to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment.

Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

21. **Liquidated Damages.** Liquidated damages, if applicable, will be assessed as described in Exhibit A.



22. **Stop Work Order.** The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Contract or purchase order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.
23. **Termination for Cause.** The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (a) endangers the value, integrity, or security of any location, data, or personnel; (b) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (c) engages in any conduct that may expose the State to liability; (d) breaches any of its material duties or obligations; or (e) fails to cure a breach within the time stated in a notice of breach. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

If the State terminates this Contract under this Section, the State will issue a termination notice specifying whether Contractor must: (a) cease performance immediately, or (b) continue to perform for a specified period. If it is later determined that Contractor was not in breach of the Contract, the termination will be deemed to have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in Section 24, Termination for Convenience.

The State will only pay for amounts due to Contractor for Contract Activities accepted by the State on or before the date of termination, subject to the State's right to set off any amounts owed by the Contractor for the State's reasonable costs in terminating this Contract. The Contractor must pay all reasonable costs incurred by the State in terminating this Contract for cause, including administrative costs, attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Contract Activities from other sources.

24. **Termination for Convenience.** The State may immediately terminate this Contract in whole or in part without penalty and for any reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately, or (b) continue to perform the Contract Activities in accordance with Section **Error! Reference source not found.**, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities.
25. **Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 180 calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (e) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). This Contract will automatically be extended through the end of the transition period.



26. **General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations.

The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel; and to (iv) retain control of the defense if the State deems necessary. Contractor will not, without the State's written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. To the extent that any State employee, official, or law may be involved or challenged, the State may, at its own expense, control the defense of that portion of the claim.

Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

27. **Infringement Remedies.** If, in either party's opinion, any piece of equipment, software, commodity, or service supplied by Contractor or its subcontractors, or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim, Contractor must, at its expense: (a) procure for the State the right to continue using the equipment, software, commodity, or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c) accept its return by the State with appropriate credits to the State against Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.
28. **Limitation of Liability.** The State is not liable for consequential, incidental, indirect, or special damages, regardless of the nature of the action.
29. **Disclosure of Litigation, or Other Proceeding.** Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "**Proceeding**") involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.

30. **Reserved.**



31. State Data.

- a. Ownership. The State's data ("**State Data**," which will be treated by Contractor as Confidential Information) includes: (a) the State's data collected, used, processed, stored, or generated as the result of the Contract Activities; (b) personally identifiable information ("**PII**") collected, used, processed, stored, or generated as the result of the Contract Activities, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with any other of the elements here listed; and, (c) personal health information ("**PHI**") collected, used, processed, stored, or generated as the result of the Contract Activities, which is defined under the Health Insurance Portability and Accountability Act (HIPAA) and its related rules and regulations. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This Section survives the termination of this Contract.
- b. Contractor Use of State Data. Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Contract Activities, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Contract Activities. Contractor must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Contract Activities, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State without the State's prior written consent. This Section survives the termination of this Contract.
- c. Extraction of State Data. Contractor must, within five (5) business days of the State's request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Contractor), an extract of the State Data in the format specified by the State.
- d. Backup and Recovery of State Data. Unless otherwise specified in Exhibit A, Contractor is responsible for maintaining a backup of State Data and for an orderly and timely recovery of such data. Unless otherwise described in Exhibit A, Contractor must maintain a contemporaneous backup of State Data that can be recovered within two (2) hours at any point in time.
- e. Loss of Data. In the event of any act, error or omission, negligence, misconduct, or breach that compromises or is suspected to compromise the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than twenty-four (24) hours of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State; (c) in the case of PII or PHI, at the State's sole election, (i) notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally required notification period, within 5 calendar days of the occurrence; or (ii) reimburse the State for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twenty-four (24) months following the date of notification to such individuals; (e)



perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and expenses incidental thereto, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (g) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and, (h) provide to the State a detailed plan within 10 calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, and contain, at a minimum: name and contact information of Contractor's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Contractor. This Section survives the termination of this Contract.

32. **Non-Disclosure of Confidential Information.** The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this Section survive the termination of this Contract.

- a. Meaning of Confidential Information. For the purposes of this Contract, the term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.
- b. Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; and (c) Contractor obligates the subcontractor in a written contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.



- c. Cooperation to Prevent Disclosure of Confidential Information. Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.
- d. Remedies for Breach of Obligation of Confidentiality. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.
- e. Surrender of Confidential Information upon Termination. Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party.

33. **Data Privacy and Information Security.**

- a. Undertaking by Contractor. Without limiting Contractor's obligation of confidentiality as further described, Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the State Data; (b) protect against any anticipated threats or hazards to the security or integrity of the State Data; (c) protect against unauthorized disclosure, access to, or use of the State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all employees, agents, and subcontractors of Contractor, if any, comply with all of the foregoing. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable State IT policies and standards, which are available to Contractor upon request.
- b. Audit by Contractor. No less than annually, Contractor must conduct a comprehensive independent third-party audit of its data privacy and information security program and provide such audit findings to the State.
- c. Right of Audit by the State. Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Contract Activities and from time to time during the term of this Contract. During the providing of the Contract Activities, on an ongoing basis from time to time and without notice, the State, at its own expense, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security program. In lieu of an on-site audit, upon request by the State, Contractor agrees to complete, within 45 calendar days of receipt, an audit questionnaire provided by the State regarding Contractor's data privacy and information security program.



- d. Audit Findings. Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.
- e. State's Right to Termination for Deficiencies. The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this Section.

34. **Reserved.**

35. **Reserved.**

36. **Records Maintenance, Inspection, Examination, and Audit.** The State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain, and provide to the State or its designee and the auditor general upon request, all financial and accounting records related to the Contract through the term of the Contract and for 4 years after the latter of termination, expiration, or final payment under this Contract or any extension ("**Audit Period**"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

Within 10 calendar days of providing notice, the State and its authorized representatives or designees have the right to enter and inspect Contractor's premises or any other places where Contract Activities are being performed, and examine, copy, and audit all records related to this Contract. Contractor must cooperate and provide reasonable assistance. If any financial errors are revealed, the amount in error must be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of the Contract must be paid or refunded within 45 calendar days.

This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

37. **Warranties and Representations.** Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (e) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (f) the Contract signatory has the authority to enter into this Contract; (g) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes; and (h) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading. A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under Section **Error! Reference source not found.**, Termination for Cause.

38. **Conflicts and Ethics.** Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary



organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

39. **Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.
40. **Reserved.**
41. **Reserved.**
42. **Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, marital status, or mental or physical disability. Breach of this covenant is a material breach of this Contract.
43. **Unfair Labor Practice.** Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.
44. **Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in Michigan Court of Claims. Contractor consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint agents in Michigan to receive service of process.
45. **Non-Exclusivity.** Nothing contained in this Contract is intended nor will be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.
46. **Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.
47. **Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.

Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely, or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Contract.



48. **Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.
49. **Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.
50. **Order of Precedence.** In the event of a conflict between the terms and conditions of the Contract, the exhibits, a purchase order, or an amendment, the order of precedence is: (a) the purchase order; (b) the amendment; (c) Exhibit A; (d) any other exhibits; and (e) the Contract.
51. **Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.
52. **Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
53. **Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.
54. **Entire Contract and Modification.** This Contract is the entire agreement and replaces all previous agreements between the parties for the Contract Activities. This Contract may not be amended except by signed agreement between the parties (a "**Contract Change Notice**").



STATE OF MICHIGAN

Contract No. 071B6600103
Title Search and Tax Forfeiture Related Services

EXHIBIT A STATEMENT OF WORK CONTRACT ACTIVITIES

1. PROJECT REQUEST

This is a Contract to perform Title Search and Tax Forfeiture Related Services as further described in Sections 3.A. and 3.B. below. The period of Contract award through July 31, 2016, will be for implementation and transition for the Contractor; no payment will be made to the Contractor during this period. The Contractor must begin providing all services, without interruption, beginning August 1, 2016.

2. BACKGROUND

Tax-foreclosure is the process by which delinquent real property taxes are collected, or in lieu of collection, the process by which an owner of tax delinquent property is divested of title to the property due to the nonpayment of taxes. In Michigan, unpaid property taxes are returned delinquent each March 1 to county treasurers who are responsible for their collection. The Michigan Department of Treasury, Bureau of Local Government Services, has statutory responsibility for the administration of the tax-foreclosure process.

The tax-foreclosure process consists of three (3) phases: forfeiture, foreclosure, and sale. Forfeiture, which occurs 12 months after the date upon which taxes are returned delinquent, alters the legal status of tax delinquent property so as to permit foreclosure proceedings to be initiated in circuit court. The result of foreclosure will be to divest a tax-delinquent property owner of title, unless the property is redeemed through payment of the taxes due, and to vest title in either the State or in county treasurers for ultimate disposition through sale. A necessary element of the foreclosure process is conducting title searches for the purpose of identifying all parties having an interest in tax delinquent property which entitles them to due process notification.

The forfeiture phase of the tax foreclosure system is conducted by county treasurers. However, Public Act 123 of 1999 authorizes county treasurers to elect not to participate in the foreclosure and sale phases of the process, in which case, the State of Michigan acts as the foreclosing governmental unit (FGU). The 2014 amendment to the statute allows counties to rescind their prior resolution to utilize the State as the FGU until November 30th each year, beginning with the following years' March forfeitures. In 2016, the State will act as the FGU for the following eight (8) counties: Branch, Clinton, Iosco, Keweenaw, Livingston, Luce, Mecosta and Shiawassee. In 2015, these counties forfeited 3,932 parcels, which required title searches and due process notification.

The Contractor must conduct exhaustive searches for any interest in the forfeited properties, including but not limited to IRS liens, various types of interest owned, such as a warranty deed, quit claim deed, land contract, non-discharged mortgages, etc. The Contractor will be supplied with a list of parcels forfeited for State foreclosure, in order to conduct record searches. The Contractor will also be required to provide due process notices associated to forfeited properties.

OPTIONAL SERVICES:

For enhanced title search option for inspection and disposition of property, the Contractor must review property legal descriptions for validity, map properties and make personal inspection of active forfeiture parcels, monitor status' for parcels, prepare and present filings to the courts, conduct property auctions and execute deeds and documents for recording. See Section 3.B. below.

**SCOPE**

The objective of the Department of Treasury is to have the Contractor, acting as the authorized representative of the State, perform the following:

Basic Title Search Includes

Title searches for forfeited parcels in the counties for which the State is responsible for the foreclosure and sale of property

1. Provide the Department of Treasury with sufficient documentation to ensure that all statutory requirements have been satisfied (record searches).
2. Provide required due process notice to all owners of an interest in the properties and record relevant documents.

Enhanced Title Search Option for Inspection and Disposition of Property Scope Includes

1. Review and map legal descriptions, and make personal inspection of active forfeited property.
2. Provide the Department of Treasury with sufficient documentation to ensure that all statutory requirements have been satisfied (copies of filings, exams and deeds).
3. Conduct and report on foreclosure auctions and forward sales proceeds to the Department.

3. REQUIREMENTS**A. REQUIREMENTS FOR BASIC TITLE SEARCH WORK AND NOTIFICATION:**

1. The Contractor shall determine for each parcel of property, which is contained on the list provided by the Department of Treasury, whether any parcel of property has been redeemed at the office of the county treasurer between the March 1 forfeiture date and the May 1 title search initiation date. A Contractor is not entitled to payment for forfeited properties canceled prior to the May 1 title search initiation date. The Contractor is responsible for continuously monitoring the parcel status' to determine if property has been redeemed at the county level. Redemption status can be viewed on a department-maintained web page at <https://treas-secure.state.mi.us/FFS/TL42W03.aspx?ReturnUrl=%2fffs>.
2. The Contractor shall not deviate from this May 1 title search initiation threshold date except under extraordinary circumstances (i.e. county notice issues or database failures). Also per Standard Contract Terms, Section 46. Force Majeure.
3. The Contractor and staff will have regular open communication with the with the Department of Treasury and the county treasurer offices, which elect to use the State as the FGU, and will retrieve and report parcel redemptions, cancellations, reactivations and other status updates via communications and daily review of the Department of Treasury website at <https://treas-secure.state.mi.us/FFS/TL42W03.aspx?ReturnUrl=%2fffs>.
4. The Contractor's field examiners will must run all files through the local unit of government computer databases preliminarily upon receipt, and those that are tracked to a certain Warranty Deed within that database are quickly returned to Contractor, pending further review of additional records which might be discovered as the season continues. Files with no recorded documents in the recent computer database are then tracked further back in the manual ledgers, requiring more time.
5. For each parcel of property which is contained on the list provided by the Department of Treasury under Section 3.A.1. which is not canceled or redeemed, the Contractor shall conduct a 40-year title search to identify and document the owners of property interest who are entitled to notice under MCL 211.78j and 78k.



6. The Contractor shall determine the address reasonably calculated to apprise such owners of interest of the show cause and foreclosure hearings and shall send first class mail and certified mail notice of the hearings, as required by MCL 211.78. The steps considered reasonable to obtain owner interest and address information are specified in MCL 211.78i.

All mail pieces shall be tracked, using the most advanced USPS methods available.

7. The Contractor shall utilize a substantial number of resources for “skip tracing” parties whose mail is undeliverable during the mail process, including these online resources:
 - Motor Vehicle Driver’s License Records
 - Utility billing addresses
 - Newspaper and magazine subscription records
 - Retailer mailing lists
 - USPS Forwarding address databases
8. The Contractor shall generate a notice of the judicial foreclosure hearing and the administrative show cause hearing for each entitled interest holder. The notice required under this subdivision shall be in a form prescribed by the Department of Treasury.
9. The Contractor will utilize the prescribed form for individual records, and may develop “list” notices, in compliance with statutory requirements and with the approval of the Program Manager, for noticing parties such as lenders and the IRS, which have voluminous parcel records.
10. The Contractor shall send certified mail, return receipt requested, of the Notice of Show Cause Hearing and Judicial Foreclosure Hearing at least forty-five (45) working days prior to the foreclosure hearing. The certified mail notice required under this subdivision shall be mailed by the Contractor from an address located in Michigan. Returned certified mail cards and any notices which are returned as undeliverable shall be received by the Contractor at an address located in Michigan.
11. No later than thirty (30) days prior to the scheduled show cause hearing, the Contractor shall provide substitute notice by publication for any owner of an interest in the property who is entitled to notice and who cannot be notified by certified mail notice. As used in this subdivision, “substitute notice by publication” means publishing the information contained in the certified mail notice in a newspaper published and circulated in the county in which the parcel of property is located. If no newspaper is published in that county, publication shall be made in a newspaper published and circulated in an adjoining county. The substitute notice by publication required under this subdivision shall be made once each week for two (2) consecutive weeks, and shall conform to the statutory requirements of MCL 211.78.
12. Prior to publication, the Contractor shall notify all outstanding parties by first class mail of the pending publication and the deadline to pay to avoid being listed.
13. The Contractor shall supply affidavits for publisher signature and shall require tear sheets, which shall be provided to the Program Manager, along with Department of Treasury prescribed Proofs of Publication to the Program Manager, no later than five (5) days prior to scheduled judicial foreclosure hearings.
14. When requested by the Department of Treasury, the Contractor shall appear at the judicial foreclosure hearing, or the administrative show cause hearing, or both hearings, to answer any questions or provide documentation concerning the notification process.
15. The Contractor shall provide the Program Manager any documentation requested, in a format specified by



the Program Manager, to permit the Program Manager to ensure that all statutory requirements have been satisfied.

16. Upon the prior written approval of the Program Manager, the Contractor may supplement the tasks required in Section 3 with additional tasks, or divide the required tasks into sub tasks or sub elements in order to permit the development of alternative approaches or the application of proprietary analytical techniques.
17. The work shall be commenced by the Contractor by no later than five (5) working days following annual May 1 data delivery and shall be completed by the Contractor by no later than five (5) working days prior to the scheduled foreclosure hearing in each county.
18. The Contractor is responsible for arranging, scheduling, and securing access to all offices of county or local government officials and to all records, papers, and documents maintained by those officials which are necessary to perform the tasks required in this Contract.
19. Following each year's entry of foreclosure judgment, the Contractor shall provide to the Program Manager electronic files containing a summary of mailed notices and the results, broken down by county and local parcel number. The Contractor shall provide electronic images of all notices and certified mail cards.
20. Upon expiration of the Contract, the Contractor shall transmit to the Program Manager the originals of any documents generated or produced by the Contractor in connection with this Contract.
21. As a conditional precedent for eligibility to perform the services, Contractor shall furnish suitable proof to the Department of Treasury that the Contractor is licensed to conduct business in Michigan. If, at any time while the Contract remains in effect for the Contractor, the license of the Contractor to conduct business in Michigan is in any manner revoked, suspended, or otherwise impaired, the Contractor shall inform the Program Manager and Contract Administrator in writing within thirty (30) days of the revocation, suspension, or impairment.

B. OPTIONAL SERVICES - REQUIREMENTS FOR AN ENHANCED TITLE SEARCH OPTION FOR INSPECTION AND DISPOSITION OF PROPERTY

1. Upon request and subsequent written approval from the Program Manager, the Contractor shall determine for each parcel of property which is contained on the list provided by the Department of Treasury whether any parcel description is invalid or improperly forfeited, and shall post necessary cancellations of forfeiture in the state's database. The Contractor is responsible for continuously monitoring the parcel status' to determine if property has been redeemed at the county level. Redemption status can be viewed on a department-maintained web page at <https://treas-secure.state.mi.us/FFS/TL42W03.aspx?ReturnUrl=%2fffs>.
2. The Contractor shall map legal descriptions for personal inspection and shall complete personal inspections while logging the inspection data and photographing properties.
3. The Contractor and staff will have regular open communication with the with the Department of Treasury and the county treasurer offices which elect to use the State as the FGU, and will retrieve and report parcel redemptions, cancellations, reactivations and other status updates via communications and daily review of the Department of Treasury website at <https://treas-secure.state.mi.us/FFS/TL42W03.aspx?ReturnUrl=%2fffs>.



4. The Contractor shall prepare and file and record required judgment lists and individual parcel Notices of Judgment and sale deeds, appearing in court as mandated.
5. The Contractor shall conduct show cause hearings as mandated in MCL 211.78j for those individuals who appear or otherwise contact the Contractor, at times scheduled prior to judicial foreclosure hearings. All hearing details and results will be reported to the Department Program Manager, prior to the circuit court hearings.
6. For each parcel of property which is not canceled or redeemed, the Contractor shall conduct foreclosure right of refusal offerings and public land auctions, as mandated in MCL 211.78m. All sale disposition data will be tracked in a database made available to the Program Manager.
7. The Contractor shall forward all sale proceeds to the Program Manager within 30 days of receipt for redistribution to the county treasurers.

4. Transition

In the event this Contract is terminated, for convenience or cause, dissolved, voided, rescinded, nullified, expires or is otherwise rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. In the event of termination or the expiration of this Contract, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed 180 days. These efforts shall include, but are not limited to, the following:

- a) Personnel - The Contractor shall work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties, to effect an orderly transition. The Contractor shall allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by this Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's subcontractors or vendors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's subcontractors or vendors. Contractor will notify all of Contractor's subcontractors of procedures to be followed during transition.
- b) Information – The Contractor agrees to provide reasonable detailed specifications for all Services/Deliverables needed by the State, or specified third party, to properly provide the Services/Deliverables required under this Contract. The Contractor will provide the State with asset management data generated from the inception of this Contract through the date on which this Contractor is terminated unless otherwise requested by the State. The Contractor will deliver to the State any remaining owed reports and documentation still in Contractor's possession subject to appropriate payment by the State.
- c) Software - The Contractor shall reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under this Contract. This shall include any documentation being used by the Contractor to perform the Services under this Contract. If the State transfers any software licenses to the Contractor, those licenses shall, upon expiration of the Contract, transfer back to the State at their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.
- d) Payment - If the transition results from a termination for any reason, reimbursement shall be governed by the termination provisions of this Contract. The Contractor will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.



5. Contract Activities That Will Include IT Related Services.

The Contractor will be required to interact with the State database at <https://treas-secure.state.mi.us/FFS/TL42W03.aspx?ReturnUrl=%2fffs> to review parcel status. Refer to Section 3.A.3. for further details.

All Contractor personnel must comply with the State's security and acceptable use policies for State IT equipment and resources. See http://www.michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html. Furthermore, Contractor personnel must agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. The Contractor must present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff must comply with all Physical Security procedures in place within the facilities where they are working.

6. Acceptance

6.1. Acceptance, Inspection and Testing

The State will use the following criteria to determine acceptance of the Contract services and deliverables:

- Properties are not redeemed
- 40-year title search history completed
- Due process notices completed
- Attendance at hearings upon request
- Documentation provided upon request
- Original documents transmitted

6.2. Final Acceptance

Final acceptance is when the entire notification and documentation process is completed. Services may be required after the sale of property to address title search and notification issues.

7. Staffing

7.1. Contractor Representative

The Contractor must appoint a Contractor Representative, specifically assigned to State of Michigan accounts, who will respond to State inquiries regarding the Contract Activities, answering questions related to ordering and delivery, etc. The Contractor must notify the Contract Administrator at least ten (10) calendar days before removing or assigning a new Contractor Representative.

Contractor's Representative:

Martin J. Spaulding, General Manager

Title Check LLC

622 W. Kalamazoo Ave

Kalamazoo, MI 49007

Tel: (269) 226-2600 | Fax: (269) 592-5900

martys@title-check.com

7.2. Customer Service Toll-Free Number

The Contractor must specify its toll-free number for the State to make contact with the Contractor Representative. The Contractor Representative must be available for calls during the hours of 8:00 a.m. to 5:00 p.m. EST.

Contractor's Toll-Free Number: (877) 219-7302



7.3. Work Hours

The Contractor must provide Contract Activities during the State's normal working hours Monday – Friday, 8:00 a.m. to 5:00 p.m. EST.

7.4. Key Personnel

1. The Contractor must appoint and identify the following individuals who will be directly responsible for the day-to-day operations of the Contract (“Key Personnel”):
 - i) Account Manager for one or more opt out county:
 1. Nancy Martin, Account Manager – Keweenaw & Luce Counties
 2. Christine Margo, Account Manager – Branch County
 3. Pamela Morgan, Account Manager – Livingston County
 4. Vickie Selvage, Account Manager – Mecosta County
 5. Sheila Jones, Account Manager – Iosco County
 6. Jonathan Richtmyer, Account Manager – Clinton & Shiawassee Counties
 - ii) Technology Manager: Seth Moberg, Technology Manager
 - iii) Billing Manager: Patrick Banks.
2. Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquires within 48 hours.
3. Contractor’s Key Personnel must be on-site at contractor’s business location Monday – Friday, 8:00 a.m. to 5:00 p.m. EST.
4. The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State’s Project Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. The State may require a 30-calendar day training period for replacement personnel.
5. Contractor will not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State. The Contractor’s removal of Key Personnel without the prior written consent of the State is an unauthorized removal (“Unauthorized Removal”). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel’s employment. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under Termination for Cause in the Standard Terms. It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under Termination for Cause, Contractor will issue to the State the corresponding credits set forth below (each, an “Unauthorized Removal Credit”):



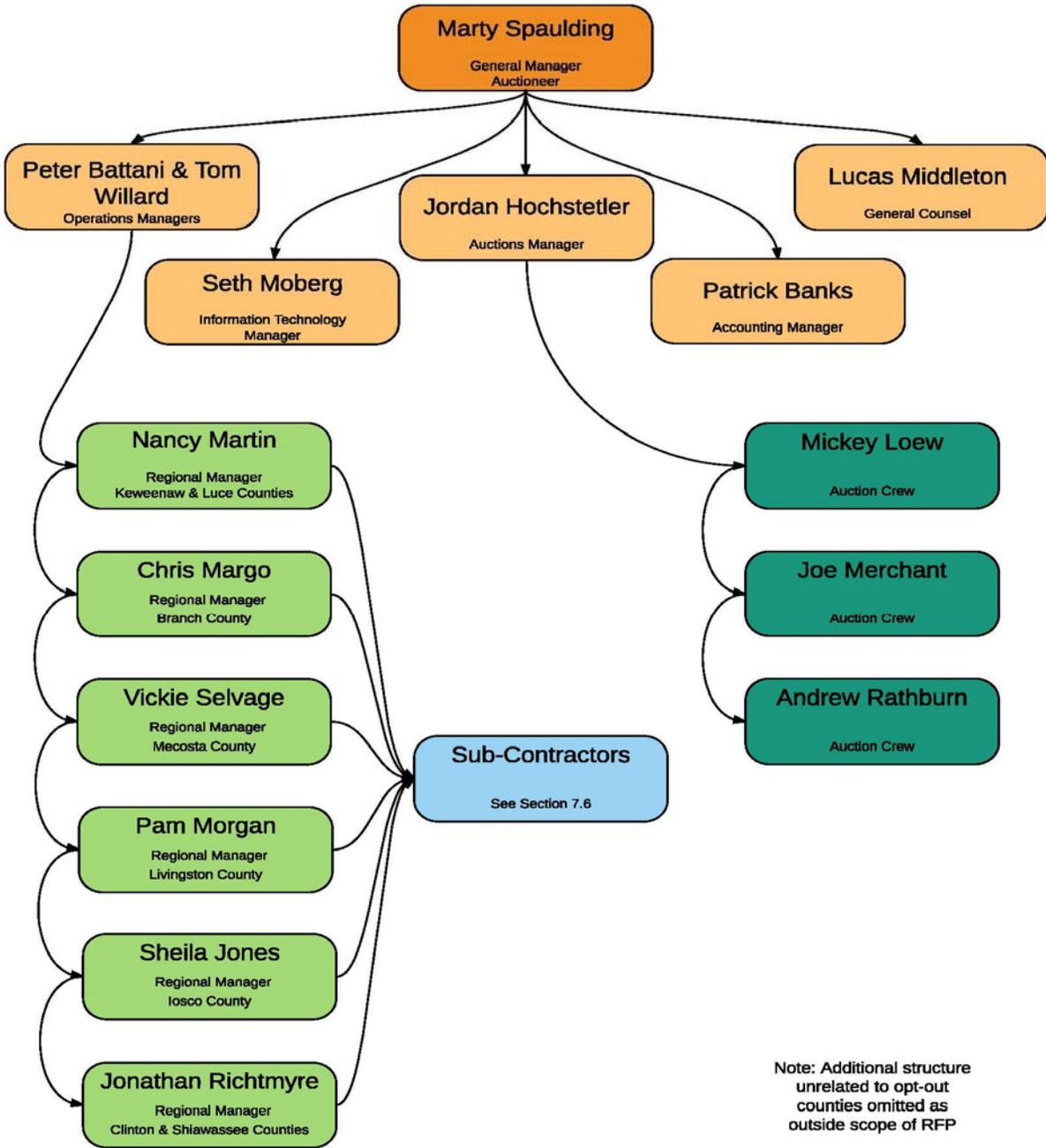
(i) For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the credit amount will be \$25,000.00 per individual if Contractor identifies a replacement approved by the State and assigns the replacement to shadow the Key Personnel who is leaving for a period of at least 30 calendar days before the Key Personnel's removal.

(ii) If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 calendar days, in addition to the \$25,000.00 credit specified above, Contractor will credit the State \$833.33 per calendar day for each day of the 30 calendar-day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to \$25,000.00 maximum per individual. The total Unauthorized Removal Credits that may be assessed per Unauthorized Removal and failure to provide 30 calendar days of shadowing will not exceed \$50,000.00 per individual.

Contractor acknowledges and agrees that each of the Unauthorized Removal Credits assessed above:

(i) is a reasonable estimate of and compensation for the anticipated or actual harm to the State that may arise from the Unauthorized Removal, which would be impossible or very difficult to accurately estimate; and (ii) may, at the State's option, be credited or set off against any fees or other charges payable to Contractor under this Contract.

7.5. Organizational Chart



7.6. Disclosure of Subcontractors

1. If the Contractor intends to utilize subcontractors, the Contractor must disclose the following:

- The legal business name; address; telephone number; a description of subcontractor’s organization and the services it will provide; and information concerning subcontractor’s ability to provide the Contract Activities.
- The relationship of the subcontractor to the Contractor.



- Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.

A complete description of the Contract Activities that will be performed or provided by the subcontractor. Of the total Contract, the price of the subcontractor’s work.

2. Subcontractors follow:

Description of Work	Percent (%) of total Contract value	Sub-contractor’s name and principal place of business
Title Searches – Keweenaw County	Less than 1%	Michael Bigelow “Camp Twenty LLC” Crystal Falls, MI
Title Searches – Iosco County	2%	Upnorth Abstract Oscoda MI
Title Searches – Livingston County	1%	Treasure Title Service, Inc. Grayling, MI
Title Searches –Clinton	2%	Braun Title Services, Inc. Fowler, MI
Title Searches – Luce County	Less than 1%	Cyndy Polega “CJ Polega, Inc” Brimley, MI
Title Searches – Branch County	Less than 1%	Kimberly Wheeler d/b/a “Accu-Fast Title Search” Burr Oak, MI
Title Searches – Mecosta County	Less than 1%	Carol Englesman d/b/a Carole’s Title Services Zeeland, MI

7.7. Security

1. The Contractor will be subject the following security procedures for each staff member involved with Contract:
 - Compliance to the requirements provided in Exhibit D – Safeguard Requirements of Confidential Data.
 - Compliance to the Department of Technology Management and Budget Policy 1340.00 Information of Technology Information:
 - Security - (http://www.michigan.gov/documents/dmb/1340_193162_7.pdf?20160129115029); and
 - Acceptable Use of Information Technology - (http://www.michigan.gov/documents/dtmb/1340.00.01_Acceptable_Use_of_Information_Technology_Standard_458958_7.pdf?20160129114802).
 - Submission of completed Exhibit E – Form 4796 - Forfeiture and Foreclosure Database User ID Request.



2. The Contractor must ensure the security of State facilities. The Contractor's staff may be required to make deliveries to or enter State facilities. The Contractor must: (a) perform background checks. The State may require the Contractor's personnel to wear State issued identification badges.

8. Project Management

8.1. Project Plan

1. The Contractor will carry out this project under the direction and control of the Program Manager.
2. Sample project plan follows:

Date	Action by Contractor or Others
October 1	Add \$15 mail notice fee
November 1	Print preliminary forfeiture list and send to local units and request that they check for UPDATED name and address information, splits etc. Reply date not later than December 1
March 1	Add \$175 title search fee and recalculate interest retroactive to 3/1 of prior year
Before April 15	Create Certificates of Forfeiture Record same with Register of Deeds
April 15 – May 1	Send data file to Title Check
April 15 – End	<p>Title research is begun Data from FGU is parsed:</p> <ul style="list-style-type: none"> • Parties split • Legal descriptions enunciated • Mailing addresses verified • Parcel closure is verified • Missing data constructed <p>Parcels are located for GIS mapping, subdivision CIS maps, and parcel maps created</p>
June 15	<p>Circuit Court petition filed with County Clerk</p> <p>Show cause and Final hearing dates are scheduled</p>
June 15 – End	<p>Test mail notices (with courtesy reply postcard) are sent to parties of interest. This activity is repeated weekly as file fields are populated with additional parties of interest from title search results.</p> <p>Notices returned as “bad address” or “moved” are researched for more current or corrected address. The file is updated, and notices resent to verify that a legitimate address is being mailed to.</p>



- September 15 - Comparison done with FGU/Treasurer active parcel lists
- End
- October
 - Property visit notices are created
 - Mapping/GPS/Plat detail is finalized
 - Inspection Deadline notice is mailed
 - Property visit fee is added
 - Notices are forwarded to Property Inspectors
 - Redemptions are checked daily
 - Property visits begin
 - Completed notice affidavits/worksheets/photos are returned to Title Check for archiving
- November
 - Publication Deadline notice is mailed
 - Active list is compared with FGU to assure accuracy prior to notice list compilation
- December
 - Final certified notice is mailed
 - Published notice is created and forwarded to printer and local newspaper
 - First class notice is sent as follow up to certified mail
- January – March 31
 - Title Check continues efforts to locate parties where mail notice has been returned as undeliverable to warn of imminent loss of property. This includes telephone contact and skip tracing efforts where necessary.
 - Final first class mail warning notice is sent
- March
 - Show cause hearing is held
 - Hardship deferrals are considered
 - Affidavit of Mail notice is created



Affidavit of Property Visit is created

Publishers Affidavit is acquired

Affidavits are forwarded to legal counsel for filing with Court prior to final hearing

Active list is compared with FGU to assure accuracy prior to final foreclosure list compilation

Parcels with serious file errors or notice defects are pulled

Amended Petition of Foreclosure created with revised Parcel list and filed with Court

Final Judicial Foreclosure hearing held

Judgment entered

April FGU takes title to property (April 1)

Notice of Judgment of Foreclosure generated and recorded with the Register of Deeds

Parcel list created and provided to local units

June Local units allowed to acquire parcels for "public use" upon payment of minimum bid amounts to FGU up to 3 weeks prior to first auction

Public use Deeds with covenants created

Auction dates, times and location scheduled with adjoining Counties as found desirable

Advertise official notice of Minimum Bid Sale (at least 30 days prior to Sale)

Neighboring parcel marketing conducted

Properties to be sold are personally visited, signs posted, photos taken, buildings secured, information added to website



Late July – August

- Extensive marketing conducted via our website, social media, and email
- Minimum bid Auction is conducted with live internet auction simulcast
- Buyer information is collected in database
- Recording fee and summer tax collected from Buyers
- Settlement reports created and furnished to FGU
- Net proceeds and final accounting provided to FGU
- Auction Deeds generated and furnished to FGU
- Deeds Executed and forwarded to Register of Deeds for recording
- Advertise official notice of Absolute Auction Sale (at least 30 days prior to Sale)

September – October

- No Reserve Auction is conducted with live internet simulcast
- Buyer information is collected in database
- Recording fee and summer tax collected from Buyers
- Settlement reports created and furnished to FGU
- Net proceeds and final accounting provided to FGU
- Auction Deeds generated and furnished to FGU
- Deeds Executed and forwarded to Register of Deeds for recording

After No Reserve Auction

- Unsold parcels transfer to local units unless objection raised
- Objected parcels remain FGU owned and are may be reoffered next cycle

3. Within 20 calendar days of the Contract effective date, the Contractor must submit a final project plan to the Program Manager for final approval. The plan must include: (a) the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated in accepted proposals; and (b) the project breakdown showing sub-projects, tasks, and resources required.



8.2. Meetings

The State may request meetings, as it deems appropriate.

8.3. Reporting

The Contractor must provide reports on title and notice completion, auction sale disbursement and specific reports upon request by the Program Manager.

9. Ordering

9.1. Authorizing Document

The appropriate authorizing document for the Contract will be a BPO and an annual Purchase Order release.

10. Invoice and Payment

10.1. Invoice Requirements

1. This Contract is a firm, fixed price Contract.
2. Payment/invoicing for this Contract will occur monthly based on 1/12 of the total annual Contract amount.
3. Pricing must be provided on a per parcel basis; furthermore, pricing must include a separate price for parcels being processed for the first time (non-recurring) and processed after the first time (recurring) to account for previous title search information available that only requires updating.
4. The yearly Contract amount will be based upon the number of forfeiture parcels, which remain active as of May 1, multiplied by the accepted per-parcel fee for recurring and non-recurring parcels. Identification of active recurring and non-recurring parcels will be agreed upon by the Program Manager and the Contractor within five (5) working days of May.
5. The Contractor will submit monthly invoices for 1/12 of the Contract total, beginning in June and continuing through the following May. The invoices must list the Contract number and/or Purchase Order number. All invoices must be submitted to the Program Manager at the following address:

Michigan Department of Treasury
Property Services Division
Foreclosure Services Section
430 W. Allegan.
Lansing, MI 48922

6. OPTIONAL SERVICES - ENHANCED WORK OPTION INVOICE REQUIREMENTS

Pricing must be provided on a per parcel basis, as identified above in Section 10.1.3. Pricing must account for Enhanced Work Option expenses, added to the standard title search and notice pricing.

10.2. Payment Methods

The State will make payment for Contract Activities via Purchase Order.

11. Liquidated Damages

Late or improper completion of the Contract Activities will cause loss and damage to the State and it would be impracticable and extremely difficult to fix the actual damage sustained by the State. Therefore, if there is late or improper completion of the Contract Activities the State is entitled to collect liquidated damages in the amount of \$1,000 and an additional \$1,000 per day for each day Contractor fails to remedy the late or improper completion of the Work in Section 3.



STATE OF MICHIGAN

Contract No. 071B6600103
Title Search and Tax Forfeiture Related Services

**EXHIBIT B
RESERVED**



STATE OF MICHIGAN

Contract No. 071B6600103
 Title Search and Tax Forfeiture Related Services

**EXHIBIT C
 PRICING**

1. Pricing must include all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State (e.g., shipping and handling, per piece pricing, and palletizing).

Quick payment terms: 5% discount off invoice if paid within 10 days after receipt of invoice.

2. By submitting its proposal, the Contractor certifies that the prices were arrived at independently, and without consultation, communication, or agreement with any other Contractor.

3. Pricing Table

Deliverable - Exhibit A, Section 3.A. Requirements for Basic Title Search Work and Notification		
	Cost Per Parcel (Non-recurring) (1)	Cost Per Parcel (Recurring) (2)
1) 0 to 2,000 Parcels	\$ 100.00	\$ 75.00
2) 2,001 to 4,000 Parcels	\$ 100.00	\$ 75.00
3) 4,001 to 6,000 Parcels	\$ 100.00	\$ 75.00
4) 6,001 to 8,000 Parcels	\$ 100.00	\$ 75.00
5) 8,001 to 10,000 Parcels	\$ 100.00	\$ 75.00
6) 10,001 to 12,000 Parcels	\$ 100.00	\$ 75.00
7) 12,001 to 14,000 Parcels	\$ 100.00	\$ 75.00
8) 14,001 or Greater Parcels	\$ 100.00	\$ 75.00
Deliverable – Optional Services: Exhibit A, Section 3.B. Requirements for an Enhanced Title Search Option for Inspection and Disposition of Property		
	Cost Per Parcel (Non-recurring) (3) and (4)	Cost Per Parcel (Recurring) (3) and (4)
1) 0 to 2,000 Parcels	\$ 120.00	\$ 120.00
2) 2,001 to 4,000 Parcels	\$ 120.00	\$ 120.00
3) 4,001 to 6,000 Parcels	\$ 120.00	\$ 120.00



4) 6,001 to 8,000 Parcels	\$ 120.00	\$ 120.00
5) 8,001 to 10,000 Parcels	\$ 120.00	\$ 120.00
6) 10,001 to 12,000 Parcels	\$ 120.00	\$ 120.00
7) 12,001 to 14,000 Parcels	\$ 120.00	\$ 120.00
8) 14,001 or Greater Parcels	\$ 120.00	\$ 120.00

Notes:

- (1) For Deliverable – Exhibit A, 3.A.: cost per parcel (non-recurring) is \$100.00 without award of Optional Services and \$75.00 with award of Optional Services for all quantities.
- (2) Cost per parcel (recurring) is \$75.00 without award of Optional Services and \$55.00 with award of Optional Services for all quantities.
- (3) Cost per parcel (non-recurring and recurring) for Optional Services will be discounted to \$110.00 should the State allow the Contractor to invoice a flat fee across all assigned parcels versus adjusting for actual active count.
- (4) Contractor will charge a 10% buyer’s premium at auctions.



EXHIBIT D SAFEGUARD REQUIREMENTS OF CONFIDENTIAL DATA

This Exhibit sets forth the safeguard requirements for handling, storage, and processing of confidential tax information for a Contractor and their subcontractor(s) and is incorporated as an integral part of the Contract. It will facilitate administration and enforcement of the laws of the State of Michigan in a manner consistent with the applicable statutes, regulations, published rules and procedures or written communication.

I. Authority

Authority for the Michigan Department of Treasury to require that this section be included in the Contract is contained in 1941 PA 122, as amended, MCL 205.28(1)(f), which subjects current or former contractors to the same restrictions and penalties imposed upon department employees regarding the treatment of confidential information. A private contractor or its employees are strictly prohibited from disclosing taxpayer information to a third party. The prohibition against disclosure does not bar an employee of a private contractor with whom the State of Michigan (State) contracts that processes tax returns or payments pursuant to the Contract from having access to confidential information that is reasonably required for the processing or collection of amounts due this State. Private contractors and any subcontractors will follow Treasury guidelines for Authorized representatives.

II. Confidentiality

It is agreed that all information exchanged under this section will be kept confidential in accordance with the confidentiality provisions contained in the Revenue Act, MCL 205.28(1)(f)-which states in part;

“Except as otherwise provided in this subdivision, an employee, authorized representative, or former employee or authorized representative of the department or anyone connected with the department will not divulge any facts or information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the department for a tax administered by the department.”

Confidential information obtained under this agreement will not be disclosed except as required by state law, or in the proper administration of applicable laws, promulgated rules and procedures. In the event, confidentiality statutes are amended, Treasury will notify Contractor of any changes. No employee, agent, authorized representative or legal representative of Contractor will disclose any information obtained by virtue of this section to any other division within their company or any other governmental agency, department or unit within such governmental agency whether local, state, federal or foreign, department or unit within such governmental agency, or any unauthorized third party. No tax returns or tax return information accessed by Contractor will be duplicated or disseminated within or outside the company without the written approval of the Contract Compliance Inspector. Tax returns and tax return information remain the property of Treasury.

Contractor may use a taxpayer's name, address and Social Security number or employer identification number to the extent necessary in connection with the processing and mailing of forms for any report or return required in the administration of any tax in the performance of the Contract. The use of the Social Security number must be in accordance with the state Social Security Number Privacy Act 454 of 2004, as amended.



Confidential information obtained under this agreement will not be disclosed in part of a report or document that is subject to FOIA.

The penalties for violating the confidentiality provisions of the Revenue Act are contained in, MCL 205.28(2) and MCL 205.27(4). MCL 205.28(2) states:

“A person who violates subsection (1)(e), (1)(f), (4) or (5) is guilty of a felony, punishable by a fine of not more than \$5,000.00, or imprisonment for not more than five years, or both, together with the costs of prosecution. In addition, if the offense is committed by an employee of this state, the person will be dismissed from office or discharged from employment upon conviction.”

MCL 205.27(4) states:

A person who is not in violation pursuant to subsection (2), but who knowingly violates any other provision of this act, or of any statute administered under this act, is guilty of a misdemeanor, punishable by a fine of not more than \$1,000.00, or imprisonment for not more than one year, or both.

Information received by Treasury from the U.S. Internal Revenue Service, pursuant to section 6103(d) of the Internal Revenue Code or any other federal agency will not be subject to the exchange.

III. Procedure for Security

Contractor will safeguard any tax return information obtained under the Contract as follows:

- A. Access to the tax returns and tax return information will be allowed only to those authorized employees and officials of Contractor who need the information to perform their official duties in connection with the uses of the information authorized in this Contract.
- B. Any records created from tax returns and tax return information will be stored in an area that is physically safe from access by unauthorized persons during duty hours and locked in a secure area during non-duty hours, or when not in use.
- C. Any records matched and any records created by the match will be processed under the immediate supervision and control of authorized personnel in a manner in which will protect the confidentiality of the records, and in such a way that unauthorized persons cannot retrieve any such records by means of a computer, remote terminal or other means.
- D. All personnel who will have access to the tax returns and tax return information and to any records created by the tax return information will be advised annually of the confidential nature of the information, the safeguards required to protect the information and the civil and criminal sanctions for noncompliance contained in MCL 205.28 (2) and MCL 205.27(4) and will sign confidentiality certifications.
- E. All confidential information, electronic and paper, will be secured from unauthorized access and with access limited to designated personnel only. State tax return information will not be commingled with other information. All Michigan tax returns and return information will be marked as follows: **CONFIDENTIAL - DO NOT DISCLOSE - MICHIGAN TREASURY TAX RETURN INFORMATION**
- F. Treasury, Office of Privacy and Security or Contract Compliance Inspector may make onsite inspections or make other provisions to ensure that adequate safeguards are being maintained by the Contractor.



- G. The Treasury Office of Privacy and Security may monitor compliance of systems security requirements during the lifetime of the Contract or any extension.
- H. Contractor will also adopt policies and procedures to ensure that information contained in their respective records and obtained from Treasury and taxpayers will be used solely as stipulated in the Contract.

IV. Computer System Security of Tax Data

The identification of confidential tax records and defining security controls are intended to protect Treasury tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.

Computer system security and physical security of tax data stored and processed by Contractor must be in compliance with the following security guidelines and standards established by Treasury. These guidelines apply to any computer system developed by Contractor, either through its own systems staff, or through a contractor, subcontractor or vendor):

A. Controlled Access Protection

All computer systems processing, storing and transmitting Michigan tax information must have computer access protection controls. These security standards are delineated in the National Institute of Standards and Technology (NIST) Special Publications number 800-53 "Recommended Security Controls for the Federal Information Systems" at <http://csrc.nist.gov/publications/PubsSPs.html>. To meet these standards, the operating security features of the system must have the following minimum requirements: a security policy, accountability, assurance, and documentation.

- 1) **Security Policy** – A security policy is a written document describing the system in terms of categories of data processed, users allowed access and access rules between the users and the data. Additionally, it describes procedures to prevent unauthorized access by clearing all protected information on objects before they are allocated or reallocated out of or into the system. Further protection must be provided where the computer system contains information for more than one program/project, office, or Agency and that personnel do not have authorization to see all information on the system.
- 2) **Accountability** – Computer systems processing Michigan tax information must be secured from unauthorized access. All security features must be available (audit trails, identification and authentication) and activated to prevent unauthorized users from indiscriminately accessing Michigan tax information. Everyone who accesses computer systems containing Michigan tax information is accountable. Access controls must be maintained to ensure that unauthorized access does not go undetected. Computer programmers and contractors who have a need to access databases, and are authorized under the law, must be held accountable for the work performed on the system. The use of passwords and access control measures must be in place to identify who accessed protected information and limit that access to persons with a need to know.
 - a) **On-line Access** –Users will be limited to any Treasury on-line functions, by limiting access through functional processing controls and organization restrictions.



Any employee granted access privileges through the Contractor's Security Administrator will be approved for access and viewing rights to Treasury on-line systems by the Department of Treasury, Office of Privacy and Security.

b) Operating Features of System Security

Contractor must meet the following levels of protection with respect to tax return information. Individual user accountability must be ensured through user identification number and password.

- i. Access rights to confidential tax information must be secured through appropriate levels of authorization.
- ii. An audit trail must be maintained of accesses made to confidential information.
- iii. All confidential and protected information must be cleared from a system before it is used for other purposes not related to the enforcement, collection or exchange of data not covered by this section or by an addendum to this Contract.
- iv. Hard copies made of confidential tax return information must be labeled as confidential information.
- v. Confidential Treasury tax information will be blocked or coded as confidential on system.
- vi. Any computer system in which Michigan tax return information resides must systematically notify all users upon log-in of the following disclosure penalties for improperly accessing or making an authorized disclosure of Michigan tax return information:

NOTICE TO STATE AGENCY EMPLOYEES AND AUTHORIZED REPRESENTATIVES

This system contains Michigan Department of Treasury tax return information. **DO NOT DISCLOSE OR DISCUSS MICHIGAN RELATED TAX RETURN INFORMATION** with unauthorized individuals. The Revenue Act at MCL 205.28(1)(f) prohibits such disclosure.

MICHIGAN PENALTIES

A person making a willful unauthorized disclosure or inspection (browsing) of tax return information may be charged with the following Michigan penalties:

- Criminal penalties up to \$5,000.00 and/or imprisonment for five years, plus costs and dismissal from employment if it is found that a current or former employee or authorized representative has made an unauthorized disclosure of a tax return or tax return information or divulged audit selection or processing parameters. [MCL 205.28(2)]
- A misdemeanor, punishable by a fine of not more than \$1,000.00, or imprisonment for not more than one year, or both if the person is not in violation pursuant to MCL 205.27(2), but who knowingly violates any other provision of this act, or of any statute administered under this act.



This statement is subject to modification. A confidentiality statement, subject to modification, will be sent as needed by the Security Administrator to all employees, contractors, and legal representatives of Contractor.

- 3) **Assurance** – Contractor must ensure that all access controls and other security features are implemented and are working when installed on their computer system. Significant enhancements or other changes to a security system must follow the process of review, independent testing, and installation assurance. The security system must be tested at least annually to assure it is functioning correctly. All anomalies must be corrected immediately.
- a) The Contractor must initiate corrective action for all non-conformities as soon as detected and immediately advise the Contract Compliance Inspector. Notice of the corrective action must be provided to the Contract Compliance Inspector. All non-conformities must be reported to the Contract Compliance Inspector with the following:
 - a. Duration of non-conformity/interruption
 - b. Reason for non-conformity/interruption
 - c. Resolution.
 - b) All non-conformities to the specifications/tasks of the Contract must be corrected within four hours. The State recognizes there will be instances when adherence to this time frame will not be possible. However, the State will only tolerate this on an exception basis. To request an exception to this time frame, the Contractor must submit a detailed project plan to address the non-conformity within four hours to the Contract Compliance Inspector for approval.
- 4) **Documentation** – Design and test documentation must be readily available to the state. The developer or manufacturer should initially explain the security mechanisms, how they are implemented and their adequacy (limitations). This information should be passed on to the security officer or supervisor. Test documentation should describe how and what mechanisms were tested and the results. If recognized organizations/tests/standards are used, then a document to that effect will suffice. For example, a system that has been tested and certified as meeting certain criteria may have a document stating this fact, without detailed tests/results of information. Contractor, however, must ensure the documentation covers the exact system and that it includes the specific computer system used by Contractor.

Additionally, documentation must include a security administrator's guide. The security administrator's guide is addressed to the System's Administrator and Security Officer and will describe the protection mechanisms provided by the security system, guidelines on their use and how they interact. This document will present cautions about security functions and describe privileges that should be controlled when running a secure system. The document will be secured and locked at all times with access rights only by the Systems Administrator and Security Officer.

Note: When a security system is designed or purchased for a specific computer or computer system, the security mechanisms must be reviewed by the State to ensure that needed security parameters are met. An independent test should be implemented on the specific computer or computer system to ensure that the security system meets the security parameters within this contract and developed with the computer system. The test may be arranged by the developer but must be done by an independent organization. Contractor must assign responsible individuals (Security Officers) with knowledge of information technology and applications to



oversee the testing process. These individuals must be familiar with technical controls used to protect the system from unauthorized entry.

Finally, contingency and backup plans must be in place to ensure protection of Michigan tax information.

V. Electronic Transmission of Michigan Tax Information

The two acceptable methods of transmitting Michigan tax information over telecommunications devices are encryption and using guided media. Encryption involves altering data objects in a way that the objects become unreadable until deciphered with the appropriate software at the intended destination. Guided media involves transmission of data over twisted pair cable, coaxial cable or end to end fiber optics which are typically used in secure computer networks like the state's Local Area Network (LAN), telephone systems, and television distribution.

Cryptography standards have been adopted by the IRS and can be used to provide guidance for encryption, message authentication codes or digital signatures and digital signatures with or without an associated certification infrastructure. For further information, see IRS Publication 1075 at the IRS web site.

Unencrypted cable circuits of fiber optics are an acceptable alternative for transmitting Michigan tax information. Adequate measures must be taken to ensure that circuits are maintained on cable and not converted to unencrypted radio or microwave transmission. Additional precautions should be taken to protect the cable, i.e., burying the cable underground or in walls or floors and providing access controls to cable vaults, rooms and switching centers.

A. Remote Access

Accessing databases containing Michigan tax information from a remote location – that is, a location not directly connected to the Local Area Network (LAN) will require adequate safeguards to prevent unauthorized entry.

For remote access, the contractor is required to use an identification security card that requires both PIN and card in possession. The State identified and approved methods for remote vendor access are as follows:

- SecureID through VPN – State provided SecureID token and VPN software in order to access State of Michigan resources. Appropriate Acceptable Use policies and signoffs are required
- Follow-the Sun SecureID – Vendor is provided with VPN software and a SOM technical resource coordinates with the DTMB Client Service Center to provide secure ID code access to specific State of Michigan resources. Appropriate Acceptable Use Policies and signoffs are required.

B. Portable Computer Devices

Any entrusted confidential information collected or accessed during this Contract must be encrypted when stored on all storage devices and media. This includes, but not limited to, disk drives for servers and workstations, and portable memory media (PDAs, RAM drives, memory sticks, etc.).

VI. Record Keeping Requirements for Information Received

Each Contractor, requesting and receiving information will keep an accurate accounting of the information received. The audit trail will be required which will include the following information:

- a. Taxpayer's name
- b. Identification number
- c. Information requested
- d. Purpose of disclosure request
- e. Date information received
- f. Name of Agency/Division and employee making request



- g. Name of other employees who may have had access
- h. Date destroyed
- i. Method of destruction

The Contractor will adopt and implement formal procedures to:

- Ensure proper handling of tax returns and tax return information;
- Secure and safeguard information from unauthorized use; and
- Ensure appropriate destruction of information and materials retrieved from Treasury.

A. Electronic Media

Contractor will keep an inventory of magnetic and electronic media received under the Contract.

Contractor must ensure that the removal of tapes and disks and paper documents containing Michigan tax return information from any storage area is properly recorded on charge-out records. Contractor is accountable for missing tapes, disks, and paper documents.

B. Recordkeeping Requirements of Disclosure Made to State Auditors

When disclosures are made by Contractor to State Auditors, these requirements pertain only in instances where the Auditor General’s staff extracts Michigan tax returns or tax information for further review and inclusion in their work papers. Contractor must identify the hard copies of tax records or if the tax information is provided by magnetic tape format or through other electronic means, the identification will contain the approximate number of taxpayer’s records, the date of inspection, the best possible description of the records and the name of the Auditor(s) making the inspection.

The Disclosure Officer must be notified, in writing, of any audits done by auditors, internal or otherwise, of Contractor that would involve review of Treasury processing parameters.

VII. Contract Services

To the extent the Contractor employs an independent agency, consultant, or agent to process confidential information which includes Michigan tax return information; the Contractor will notify the Treasury Disclosure Officer before the execution of any such agreement. Each agreement will include in the agreement the following recommended safeguard provisions:

- A. The identification of confidential tax records and defining security controls are intended to protect Treasury tax return information from unlawful disclosure, modification, destruction of information and unauthorized secondary uses.
- B. Definition of Treasury Tax Return Information as defined in Revenue Administrative Bulletin (RAB) 1989-39:

Taxpayer’s identity, address, the source or amount of his/her income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, over assessments, or tax payments whether the taxpayer’s return was, is being or will be examined or subject to their investigation or processing, or any other data, received by, recorded by, prepared by, furnished to or collected by the agency with respect to a return or with



respect to the determination of the existence, or liability (or the amount thereof) of any person under the tax laws administered by the Department, or related statutes of the state for any tax, penalty, interest, fine, forfeiture, or other imposition or offense. The term “tax return information” also includes any and all account numbers assigned for identification purposes.

- C. An acknowledgment that a taxpayer has filed a return is known as a “fact of filing” and may not be disclosed. All tax return data made available in any format will be used only for the purpose of carrying out the provisions of the Contract between Contractor and the subcontractor. Information contained in such material will be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract between Contractor and the subcontractor. In addition, all related output will be given the same level of protection as required for the source material.
- D. The subcontractor will certify that the data processed during the performance of the Contract between Contractor and the subcontractor will be completely purged from all data storage components of the subcontractor’s computer facility, and no output will be retained by the subcontractor at the time the work is completed.
- E. Destruction of tax data, including any spoilage or any intermediate hard copy printout which may result during the processing of Michigan tax return information, will be documented with a statement containing the date of destruction, description of material destroyed, and the method used. Destruction parameters must meet the standards of Section IX, Disposal of Tax Information, of this agreement.
- F. Computer system security and physical security of tax data stored and processed by the subcontractor must be in compliance with security guidelines and standards established by this contract. See section VI (Record Keeping Requirements for Information Received in Paper Format) for more details.
- G. The Contractor will be responsible for maintaining a list of employees authorized to access Michigan tax return information and will provide a copy of such list to Treasury.
- H. No work involving information furnished under the contract will be subcontracted without the specific approval of Treasury. Contractor and approved subcontractors handling Michigan tax return information will be required to sign the *Vendor, Contractor or Subcontractor Confidentiality Agreement* provided by Treasury, (Form 3337, see Attachment A). The original agreements will be returned to the Disclosure Officer for the Department of Treasury and a copy sent to the Contract Compliance Inspector.

VIII. Transport of Tax Information

In the event, it is necessary to transport confidential tax return information the Contractor is responsible for holding the carrier responsible for safeguarding the records. The Contractor must obtain a signed *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) for each carrier employee who has access to Michigan tax return information. The original agreements will be returned to the Department of Treasury, Disclosure Officer and a copy sent to the Contract Compliance Inspector.

If it is necessary to transfer records and responsibility for transport to a third carrier due to a mishap during transportation, the Contractor is responsible for ensuring safeguard standards remain enforce. This type of incident will be documented in accordance with the incident reporting guidelines in procedure PT-03253, “Incident Reporting and Handling”.

Any such incidents must be reported to the Contract Administrator immediately.



IX. Disposal of Tax Information

Materials furnished to Contractor, such as tax returns, remittance vouchers, W-2 reports, correspondence, computer printouts, carbon paper, notes, memorandums and work papers will be destroyed by burning, mulching, pulverizing or shredding. If shredded, strips should not be more than 5/16-inch, microfilm should be shredded to affect a 1/35-inch by 3/8-inch strip, and pulping should reduce material to particles of one inch or smaller.

data tracks should be overwritten or reformatted a minimum of three times or running a magnetic strip over entire area of disk at least three times to remove or destroy data on the disk media-Electronic data residing on any computer systems must be purged based on Treasury's retention schedule.

Contractor and its subcontractor(s) will retain all confidential tax information received by Treasury only for the period of time required for any processing relating to the official duties and then will destroy the records. Any confidential tax information that must be kept to meet evidentiary requirements must be kept in a secured, locked area and properly labeled as confidential return information. See Procedure for Security (Section III of this agreement) for more details.

X. Security Responsibility

Contractor will designate a security person who will ensure that each individual having access to confidential tax information or to any system which processes Michigan tax return information is appropriately screened, trained and executes a *Vendor, Contractor or Subcontractor Confidentiality Agreement* (Form 3337, see Attachment A) before gaining access or transaction rights to any process and computer system containing Treasury tax return information.

Each Contractor or their subcontractor(s) employees' access and transaction rights will be reviewed periodically to ensure that there is a need to know Treasury tax return information displayed in any media.

Michigan tax return information will be made available only to individuals authorized by the Contract. Contractor will maintain a list of persons authorized to request and receive information and will update the list as necessary. A copy of the list must be furnished to the Michigan Department of Treasury Disclosure Officer and Contract Compliance Inspector.

Treasury and the Agency anticipate that there may be changes to the titles and/or responsibilities of officers and employees designated within this Agreement. In the event of such changes, any actions that may be taken under this Agreement by said officers or employees may be taken by any officer(s) or employee(s) Treasury and the Agency respectively determine to have succeeded to the relevant portions of said officers or employees authorities or responsibilities.

XI. Security Breach Notification

The Agency agrees to report to Treasury, on Form 4000, Incident Reporting (Attachment B) any use or disclosure of confidential information, whether suspected or actual, immediately after becoming aware of the use or disclosure. The Agency may substitute its internal form for Form 4000 if all pertinent information is included.



The Agency agrees to immediately contain the breach if it is determined ongoing.

Treasury has the right to terminate the Agreement when a breach has occurred and the Agency cannot demonstrate proper safeguards were in place to avert a breach. Treasury must approve Agency's resolution to the breach.

XIII. Certification of Compliance

In accordance with this Agreement, the Contractor will fully protect State Tax Information (STI) entrusted to them. Each Contractor or subcontractor who will have access to STI must read and sign a confidentiality agreement. This agreement requires that all information obtained from the Michigan Department of Treasury under the Revenue Act, PA 122 of 1941, MCL 205.28 (1)(f) be kept confidential. In the event of a security breach involving STI in the possession of the Agency, the Agency agrees to provide full cooperation to conduct a thorough security review. The review will validate compliancy with the agreement, and state laws and regulations.

If, as a result of the Contractor's failure to perform as agreed, the State is challenged by a governmental authority or third party as to its conformity to or compliance with State, Federal and local statutes, regulations, ordinances or instructions; the Contractor will be liable for the cost associated with loss of conformity or compliance.

The Contractor understands the cost reflects violation fines identified by the Michigan Social Security Number Privacy Act, 454 of 2004 and the Michigan Identity Theft Protection Act, Act 452 of 2004 as amended.

XI. Effective Date

These Safeguard requirements will be reviewed whenever the Contract modifications include specifications or processes that affect tax data.



Attachment A
Form 3337, Vendor, Contractor or
Subcontractor Confidentiality

Reset Form

Michigan Department of Treasury
3337 (Rev. 11-15)

Vendor, Contractor or Subcontractor Confidentiality Agreement

The Revenue Act, Public Act 122 of 1941, MCL 205.28(1)(f), the City Income Tax Act, Public Act 284 of 1964, MCL 141.674(1), and Internal Revenue Code (IRC) 6103(d), make all information acquired in administering taxes confidential. The Acts and IRC hold a vendor, contractor or subcontractor and their employees who sell a product or provide a service to the Michigan Department of Treasury, or who access Treasury data, to the strict confidentiality provisions of the Acts and IRC. Confidential tax information includes, but is not limited to, information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the Michigan Department of Treasury for a tax administered by the department.

INSTRUCTIONS. Read this entire form before you sign it. If you do not complete this agreement, you will be denied access to Michigan Department of Treasury and federal tax information. After you and your witness sign and date this form, keep a copy for your records. Send the original to the address listed below.

Company Name and Address (Street or RR#, City, State, ZIP Code)		Last Name	First Name
		Driver License Number/Passport Number	Telephone Number
State of Michigan Department	Division	Subcontractor Name if Product/Service Furnished to Contractor	
Describe here or in a separate attachment the product or service being provided to the State of Michigan Agency (Required).			

Confidentiality Provisions. It is illegal to reveal or browse, except as authorized:

- All tax return information obtained in connection with the administration of a tax. This includes information from a tax return or audit and any information about the selection of a return for audit, assessment or collection, or parameters or tolerances for processing returns.
- All Michigan Department of Treasury or federal tax returns or tax return information made available, including information marked "Official Use Only". Tax returns or tax return information shall not be divulged or made known in any manner to any person except as may be needed to perform official duties. Access to Treasury or federal tax information, in paper or electronic form, is allowed on a need-to-know basis only. Before you disclose returns or return information to other employees in your organization, they must be authorized by Michigan Department of Treasury to receive the information to perform their official duties.
- Confidential information shall not be disclosed by a department employee to confirm information made public by another party or source which is part of any public record. 1999 AC, R 2005.1004(1).

Violating confidentiality laws is a felony, with penalties as described:

Michigan Penalties

MCL 205.28(1)(f) provides that you may not willfully browse any Michigan tax return or information contained in a return. Browsing is defined as examining a return or return information acquired without authorization and without a need to know the information to perform official duties. Violators are guilty of a felony and subject to fines of \$5,000 or imprisonment for five years, or both. State employees will be discharged from state service upon conviction.

Any person who violates any other provision of the Revenue Act, MCL 205.1, et seq., or any statute administered under the Revenue Act, will be guilty of a misdemeanor and fined \$1,000 or imprisonment for one year, or both, MCL 205.27(4).

City Penalties

MCL 141.674(2) provides that any person divulging confidential City Tax information is guilty of a misdemeanor and subject to a fine not exceeding \$500 or imprisonment for a period not exceeding 90 days, or both, for each offense.

Federal Penalties

If you willfully disclose federal tax returns or tax return information to a third party, you are guilty of a felony with a fine of \$5,000 or imprisonment for five years, or both, plus prosecution costs according to the Internal Revenue Code (IRC) §7213, 26 USC 7213.

In addition, inspecting, browsing or looking at a federal tax return or tax return information without authorization is a felony violation of IRC §7213A subjecting the violator to a \$1,000 fine or imprisonment for one year, or both, plus prosecution costs. Taxpayers affected by violations of §7213A must be notified by the government and may bring a civil action against the federal government and the violator within two years of the violation. Civil damages are the greater of \$1,000 or actual damages incurred by the taxpayer, plus the costs associated with bringing the action, 26 USC 7431.

Failure to comply with this confidentiality agreement may jeopardize your employer's contract with the Michigan Department of Treasury.

Certification		
By signing this Agreement, I certify that I have read the above confidentiality provisions and understand that failure to comply is a felony.		
Print name of employee signing this agreement	Signature of person named above	Date signed
Print Witness Name (Required)	Signature of Witness (Required)	Date signed

Submit your form to the following address:
Office of Privacy and Security/ Disclosure Unit
Michigan Department of Treasury
430 W. Allegan Street
Lansing, MI 48922

Questions, contact the Office of Privacy and Security by telephone, 517-636-4239; fax, 517-636-5340; or email:
Treas_Disclosure@michigan.gov



Michigan Department of Treasury
4000 (Rev. 05-14)

Attachment B
Form 4000, Incident Reporting

Reset Form

Incident Report

INSTRUCTIONS: Complete Parts 1 and 2 and immediately submit Initial Report to the Office of Privacy and Security. After incident resolution, submit Final Report (Parts 1, 2 and 3) to the Office of Privacy and Security. Refer to Procedure PT-03253, Incident Reporting and Handling.

PART 1: A. CONTACT INFORMATION (Reporting Entity)			
Full Name (Last, First, Middle Initial)		Division/Office	
Telephone Number	Fax Number	E-Mail Address	
B. CONTACT INFORMATION (Affected Entity)			
Full Name (Last, First, Middle Initial)		Division/Office	
Telephone Number	Fax Number	E-Mail Address	
PART 2: INCIDENT INFORMATION			
Whose information was involved in the incident?			
<input type="checkbox"/> Treasury <input type="checkbox"/> Federal Tax Information <input type="checkbox"/> Other State Agency, specify _____ <input type="checkbox"/> Other _____			
Incident Category (select all that apply)			
<input type="checkbox"/> Passwords Shared/Stolen	<input type="checkbox"/> Computer Virus/Spam	<input type="checkbox"/> Paper Archives Compromised	
<input type="checkbox"/> Misrouted Communications	<input type="checkbox"/> Data Destruction/Deletion	<input type="checkbox"/> Safe/Lockbox/other Compromise	
<input type="checkbox"/> Unauthorized Access	<input type="checkbox"/> Backups Missing or Stolen	<input type="checkbox"/> Delivery of Documents Lost	
<input type="checkbox"/> Fraudulent Actions	<input type="checkbox"/> Hacking of Networks/Systems	<input type="checkbox"/> Inappropriate Destruction Paper	
<input type="checkbox"/> Lost/Stolen Information/Data	<input type="checkbox"/> Improperly Secured Sys/Web	<input type="checkbox"/> Inappropriate Destruction Media	
<input type="checkbox"/> Lost/Stolen Cash/Checks	<input type="checkbox"/> Circumvention of Security Protocols	<input type="checkbox"/> Lost/Stolen Equipment	
<input type="checkbox"/> Inappropriate Building Access	<input type="checkbox"/> _____	<input type="checkbox"/> _____	
Incident Affects			
<input type="checkbox"/> Financial Information/Resources	<input type="checkbox"/> Personal Information (SSN, Driver License No. Financial information)	<input type="checkbox"/> Unauthorized/Unlawful Activity	
<input type="checkbox"/> Confidential/Sensitive Information	<input type="checkbox"/> Human Resources (threat)	<input type="checkbox"/> Other _____	
Date Incident Occurred	Time Incident Occurred	Date Incident Discovered	Time Incident Discovered
Incident Location		Number of Individuals Affected	
Involved Parties/Entities		Does this involve personal information (first and last name along with a SSN, driver license number, or credit/debit card account number)?	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	
Date of Initial Report			
Description of Incident			



PART 1: CONTACT INFORMATION (Affected Entity)

Full Name (Last, First, Middle Initial)	Division/Office
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PART 3: INCIDENT RESOLUTION

Notification issued to affected individuals? <input type="checkbox"/> Yes <input type="checkbox"/> No	How many notifications were sent?	Breach Notification Method? <input type="checkbox"/> E-mail <input type="checkbox"/> Telephone <input type="checkbox"/> US Mail <input type="checkbox"/> Web	
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Who was notified?	Date notification was issued
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Incident Cost
 Check if incident costs are less than \$250. If \$250 or more, complete the detailed summary of costs below.

<u>Manhours:</u>	<u>Other:</u>
Treasury \$ _____	Postage \$ _____
DTMB-OES \$ _____	Credit Monitoring Service \$ _____
DTMB-Treasury Agency Services \$ _____	_____ \$ _____
	Total Cost of Incident \$ _____

Action Taken

Incident Impact

Post Incident Recommendations

PART 4: REPORT PREPARER INFORMATION

Final Report Prepared By:	Date Prepared	Preparer Title	Preparer's Telephone Number
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Preparer Signature	Date
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OFFICE OF PRIVACY AND SECURITY USE ONLY

Administrator, Office of Privacy and Security Signature	Date
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EXHIBIT E
FORM 4796 – FORFEITURE AND FORECLOSURE DATABASE USER ID REQUEST
(http://www.michigan.gov/documents/taxes/4796_350797_7.pdf?20160129114355)

Michigan Department of Treasury
4796 (04-11)

Reset Form

Forfeiture and Foreclosure Database User ID Request

Issued under the authority of P.A. 206 of 1893.

INSTRUCTIONS: Use one form for each ID requested. Failure to provide complete information for all fields may result in an inability to process your request. **User ID requests are for vendors who work with tax-delinquent real property as part of their official duties.** Mail the completed request to Foreclosure Services, Michigan Department of Treasury, PO Box 30760, Lansing MI 48909 or fax it to (517) 335-3264. When access is assigned, notification will be sent to the applicant's e-mail address listed below.

APPLICANT INFORMATION (must complete all fields)	
Applicant Full Name (Last, First, Middle Initial)	
Mailing Address (Address, City, State, ZIP Code)	
County/Local Unit	Applicant Telephone Number
Applicant Title	Applicant E-mail Address
APPLICANT AGREEMENT/SIGNATURE	
<i>I have reviewed and agree with the Michigan Information Technology Security and the Acceptable Use policies. I understand that my access to this database may be withdrawn if it is discovered that I am using such information for purposes other than those intended.</i>	
Applicant Signature	Date
COUNTY TREASURER AGREEMENT/SIGNATURE	
<i>I certify that the above applicant is an employee whose official duties require access to forfeiture data for the County. I agree to notify the Department of Treasury of any violations of this agreement or when the applicant is no longer involved with real property forfeitures.</i>	
County Treasurer Signature	Date
Print Name	Title