

THE CREDIT TIMES



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Utilizing technology for efficiency: E-signature's on Credit Documents

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In today's day and age, companies are looking for ways to streamline processes, improve efficiency, and lower expenses. All this is being done at the same time while attempting to grow business, increase profitability, and minimize exposure. Technology plays a large part in accomplishing these objectives. One of the technologies which companies are now exploring and implementing are e-signature documents. These documents can include credit applications, personal guarantees, proofs of deliveries, etc. However, there are specific laws and guidelines that need to be followed when obtaining and securing proper e-signature signed documentation. To that end, this article will provide an overview of the laws covering e-signatures, and what is needed for properly signed e-signature documentation.

The Uniform Electronic Transactions Act (UETA) is a law enacted in 1999 and was influential in harmonizing state laws concerning e-signatures. 47 states, the District of Columbia and the US Virgin Islands have adopted the UETA. The E-Sign Act (Electronic Signatures in Global and National Commerce Act) was signed into law October 2000. This federal law stated that an e-signature is permitted to form a binding contract. In 2001, the Uniform Commercial Code (UCC), was amended to permit an electronic signature to be used on security agreements.

An e-signature is defined as an electronic sound, symbol, or process attached to or logically associated with the contract or other record and executed or adopted by a person with the intent to sign the record. In layman's terms, an e-signature is some kind of electronic action that shows a person consents to something.

The rules regarding the creation of a binding contract do not change because it is electronic. The minimum requirements that need to be met are: an offer and acceptance, evidence of mutual assent, each party's capacity to enter into a contract, legality of the subject matter, and consideration. In the case of the credit application, and the terms and conditions which may be included in that application, all the minimum elements of a contract must be met.

Having your credit application online, and allowing a potential customer to simply type their name and date would not be sufficient in verification/validating the e-signature. Protocols must be put into place, companies must have their IT departments set up encryption capabilities or other processes so that one computer absolutely knows who the sender of the document is (and signature). Personal guarantees must be filled out on a separate document and would need to be encrypted in some fashion as personal information such as Social Security numbers would most likely be used. Also, you must have the capacity to store the information in a secure fashion and have it easily accessible. The creditor would also need to have a way for the potential customer to acknowledge, and accept, that electronic means is acceptable and also provide that potential customer with an opt-out option should they wish to enter into the agreement via hard copy.

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Congratulations to Richard Federico from A.I.M. Mutual Insurance Companies & Mitch Brackus from Thatcher Company on winning an Echo Dot in our drawing.



Make sure to enter this month's drawing by using your Special Placement form. For every claim you place you will be entered for a chance to win an Echo Show 5.



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There are a number of cases being heard by courts throughout the country, in which e-signature's are being challenged. The courts presiding over those cases are finding in favor of the creditors, if the creditors prove that e-signatures were properly obtained, followed all the minimum guidelines of a binding contract, were able to prove an audit trail validating/verifying the individual entering into the agreement, and clearly informed the potential customer of the terms and conditions contained in the contract.

As technology becomes more and more influential in the business world, e-signatures are becoming more and more relevant in increasing the efficiency of business. However, creditors need to implement these technologies in accordance with the laws that govern them. There are a number of third-party services available which will ensure validation of signatures through the electronic auditing process, meet security requirements of the electronic documents/information, and comply with all state and federal laws, including any future updates to those laws. However, if you look to implement e-signature processes, and handle them internally, it is strongly recommended that an expert be consulted to ensure that the e-signature policies and procedures you implement are in accordance/compliance with state and federal laws, and make your documentation binding/enforceable.

This article is not intended to be legal advice and is for information purposes only.

Employee of the Quarter

By co-authors Bridget Newlove & Debra Edwards

The minimal criteria for CCC of New York's Employee of the Quarter is one who displays a professional Attitude in dealing not only with CCC clients, but with their colleagues as well. The employee must show a readiness of Participation, one who will step up not only with ideas, but also ways of implementation. Last, but certainly not least, the CCC Employee of the Quarter must be someone who is attuned to providing premier Customer Service. Andrew Boyer embodies all of these standards and more.

We hope you enjoy learning a little more about Andrew Boyer through the following Q & A:

Q. How long have you been an employee of CCC & what is your current role?

I have been employed 3 ½ years, and I am currently in Outsourcing.

Q. How many different states (or countries) have you visited?

I have visited 12 different states, and Canada, mainly for concerts. Furthest would be San Francisco to see the Grateful Dead, and then a lot of Canadian shows like Neil Young, and the Tragically Hip.

Q. What is your favorite quote for inspiration?

Favorite quote is from the 1980 US Hockey Coach, Herb Brooks, "You don't have enough talent to win on talent alone" Life is about hard work, no matter how talented you are.



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