



Going Green!

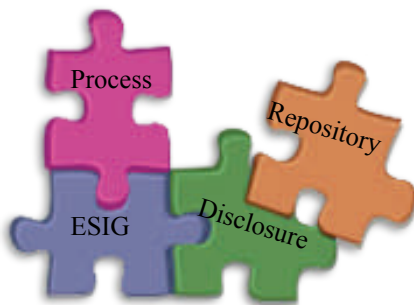
Best Practices for Eliminating Paper

Frequently Asked Questions

Q: “Can I destroy the original paper document if I capture a document electronically?”

A: Yes Providing you adhere to certain best practices in order to make your process stand up to litigation in a court of law.

Q: What are the best practices I should follow if I want to destroy original paper documents and have legally binding electronic documents that will stand up to litigation?



A: This is not a simple answer; it’s more like pieces of a puzzle. With all the pieces you have a complete picture of a compliant solution.

Piece one is an image repository which is just that, a deposit location. The image repository is the piece that complies with regulation 72 Fed. Reg. 42,273-42,274 (to be codified at 12 C.F.R. §§ 749.4, 749.5), which specifies that electronic versions of a transaction may be stored electronically without the need for additional paper records. The law specifically says the system, *“must accurately reflect the information in the record, remain accessible to all persons*

entitled to access by statute, regulation or rule of law, and be capable of reproduction by transmission, printing, or otherwise.” **Clearly our eDOC systems whether ASP or in-house have this capability.**

Piece two is your process. Your process must be solid as it will be scrutinized.

- The ESIGN Act specifies: There must be reasonable assurance the business and the consumer intended the transaction to occur. Was there reasonable assurance?
- Did the member fill out an application and provide accurate credit information?
- Did the Credit Union follow appropriate credit processing such as OFAC etc?
- Did the Credit Union properly disclose interest rate and payment terms and conditions?
- Did the Credit Union confirm the member signing is the intended member through some form of verification?
- Does your electronic document and digital signature capture software used in the process comply with regulations?

Is your process solid?

Piece 3 is your actual document. Neither CU*Answers nor eDOC Innovations ensure the legally binding nature of your documents and disclosures. We do not and cannot ensure that adequate disclosure as contained in the document has or will be done.

Are your documents and disclosures legally binding?



Q: Is the ProDOC Software and the rest of eDOC Innovations' technology compliant with ESIGN?

A: YES - ESIGN is intentionally technology neutral. Again, it just specifies that reasonable assurance must be given that the transaction was intended by the business and the consumer. ProDOC uses Digitized Signatures which are a convenient way to represent that the transaction was intended. It accomplishes this because it mimics the paper process and requires human interaction to complete. **ProDOC / eDOC Systems comply with ESIGN.**

Q: Do CU*Answers and eDOC guarantee that if I use CU*Spy I will not get written up in an audit for destroying original documents?

A: No. While the eDOC systems powering CU*Spy comply with the ESIGN law and NCUA requirements for storing information and reproduction. We can't possibly warranty the entire process and related systems as much of it we have no control over. We do however, apply every commercially reasonable effort to our part of the system to ensure the documents that are stored in the system remain in the same condition as when they were placed in the system. **We make sure our part of the system is solid!**

Q: If I follow the best practices listed in this document can I get rid of all my paper?

A: Clearly NCUA concurs with ESIGN and says YES.

However, we encourage you to consider the following when making that decision:

- There may be types of transactions requiring paper because part of the process is still paper based. For example, secondary market paper. However, even Fannie Mae now accepts "electronic mortgages". This is a dynamic area. Consider carefully.
- There are a lot of "moving parts" to an electronic document system. Possibility exists for hardware problems, mislabeled information, software could experience issues it's a fact of life in today's technological world. Ask, "What would happen if?" questions when considering destroying originals.
- Is your data safe? From physical peril, electronic threat, accidental deletion. Consider these as well.

Think beyond the legal aspects to the business aspects of this decision.



Credit Union's Responsibility:

Ultimately the sole responsibility for a paperless process rests squarely with the Credit Union. They are responsible for the content of their documents and disclosures. The Process and the technology they adopt etc.

Do your Due Diligence!

REMEMBER! We're here to help! We've helped dozens of CUs go green and we're good at this! Give us a call and we can talk about your concerns and questions. You have experts in your corner reach out and leverage us to help you **GO GREEN** today!



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