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CUSO Advises CUs - Exercise Care With Mortgage Documents

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eDOC Innovations, a leading CUSO providing electronic document strategies to credit unions nationwide, continues to advise clients that while “going green” is practical and the way of the future, care must be taken with reliance on electronic images of mortgage loan documents.

A recent bulletin posted by the Washington State Department of Financial Institutions has stated the reasons why credit unions are advised to retain original documents for real estate loans in the event of litigation proceedings. According to the Washington State DFI, though the E-Sign Act and state laws provide some protection, “these laws do not resolve all legal or practical issues necessary to ensure that the records can fulfill their intended purposes and will comply with requirements other than retention.” The DFI continues to note that judges across the country have declined to grant foreclosure proceedings when the original loan documents could not be produced.

According to eDOC Innovations, its position related to best practices for its credit union clients and mortgage-related loans is that all documents should be imaged as a means to ensure disaster recovery and efficiency in operational process. Supplemental documents, such as appraisals, etc., may be destroyed, but actual Note and Disclosures, titles, stock certificates or other such documents should be retained. “We recognize that although the ESIGN ACT clearly establishes legal validity for electronic forms, exclusions related to ‘life sustaining services’ do apply. Therefore, we encourage our peers who are engaged in first mortgages to maintain the actual note and other original mortgage documents such as titles in their paper form to mitigate risk in litigation and to accommodate the possibility of secondary market distribution,” Comments Bret Weekes, President and CEO of eDOC Innovations. The CUSO also notes that issues in litigation, in their experience, have not been related to the image itself but rather, questions raised from the court proceedings are typically related to the credit union’s procedures and processes that ensure “original authenticity” of the document through sound business practices. In the cases with which eDOC is familiar, relating to credit unions using the eDOC system, none have experienced losses in their litigation.

About eDOC Innovations, Inc.

Since 1992, eDOC Innovations, Inc. has delivered complete optical archiving and electronic document management solutions to credit unions, banks, mortgage and title companies, educational institutions, governmental entities, accounting firms, and other organizations across the country and internationally. The company’s offerings span integration, extensive networking solutions, and disaster recovery solutions. With industry acclaimed DocLogic™ and idocVAULT™, eDOC Innovations is a national leader in providing paperless solutions to more than 400 credit unions. For more information about “*Technology that pays for itself... again and again*”™, please visit eDOC Innovations’ corporate website at www.edoclogic.com.

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