



# The Cost of "Free"

An analysis of the hidden cost difference between in-house UCC processing and outsourcing



# An analysis of the hidden cost difference between in-house UCC processing and in-house UCC processing and outsourcing.

Have you ever considered what it costs your business to perform “free” in-house Uniform Commercial Code (UCC) searching and filing? This is not a trick question. Many companies rely on in-house teams to search, file, and monitor their UCC documents, and so feel that they are getting these services for free. However, the time and effort it takes to track every record or conduct each search might turn “free” into a costly proposition.

The analysis below details some of the hidden costs associated with in-house processing and evaluates the benefits of using an outside provider, considering everything from statutory fees, labor, administrative expenses, supplies, and postage. While engaging a third party might seem like an additional expense, in most cases it's the better alternative to doing so yourself. This overview should help you evaluate your current practices, and help determine if an outside provider is best for your business.



## UCC Searching

How your employees spend their time is critical to managing costs, but many financial institutions find that engaging with a UCC provider can help their employees spend less time searching and more time working. With a large enough UCC records collection database and powerful keyword logic that can result in more records found, the right partner can trump your current model of in-house search and filing.

### The importance of search accuracy

Searching directly through a state website can be a risky proposition. The standard search logic used by many states is too restrictive and will miss active and effective records due to indexing errors and other factors. The broader name variation searches also have risks because, as an unofficial search logic, it is not always well documented. Searchers must learn from trial and error. And merely finding results with a certain search doesn't mean it was done correctly. Remember, it's not the UCC records that the searcher finds that create risk for the lender—it's those that are missed!

### Making the most of employee hours

When conducting UCC searches in-house, each employee must either learn both the search logic requirements of the various filing offices and the office's historical indexing practices or order a search using alternative means. Moreover, many counties don't provide their searches or documents online. This means more training on obtaining and organizing information and, quite possibly, an uptick in errors, especially in departments prone to employee turnover, which makes it difficult to maintain institutional knowledge.

Engaging with a third party working on one platform or system could mean one login, one password, one source for customer support, and fewer errors. Along with day-to-day service, the right partner could also provide a dedicated account team to train new employees and offer refresher training for employees on their system.

### Reducing your turnaround time

As a UCC search-and-file partner to clients for more than 50 years, CSC® maintains the industry's largest repository of online UCC information and images, as well as powerful keyword logic that returns more records in one search than most other providers. More data online means your employees save time by viewing and printing documents right from their desktop. A simple click of a button creates an easy-to-read summary report with all the related documents attached in order of lien position. Documents not available online can be retrieved by CSC and posted online or emailed directly to the requester.

### Trimming your administrative costs

Accounting is a time-consuming process, especially when it requires matching up ACH or credit card charges for statutory fees with the correct accounts. In some cases, especially when filing a UCC record at a county office, it is still often necessary to send a check with the correct filing fee. On the lender's side, the process involves more labor costs for itemizing bills, sending separate checks, and reconciling all the individual charges from each jurisdiction. The right provider should be able to reduce these administrative costs, if not eliminate them altogether.

CSC sends just one monthly invoice for all of our services covering all jurisdictions. And thanks to our unique reference fields, you can create custom billing references and easily itemize and identify costs, saving significant time and labor when processing invoices.

# UCC Filing

Filing officers generally agree on one thing: UCC-1s are most often rejected because of incomplete information and miscalculated filing fees. The number one reason for subsequent UCC-3 filing rejections is that data do not match the original financing statement. Rejections create a considerable increase in costs. CSC's system reduces rejections through built-in business rules that substantially reduce errors and omissions when submitting UCC records for filing.

## Stop the Guesswork for Statutory Fees

Each jurisdiction (state and county) has its own fee schedule for UCC filing and processing. Often these fees change without notice. Records submitted for filing with incorrect fees are automatically rejected by the jurisdiction and a significant time lapse can occur before lenders receive a rejection letter. Furthermore, a new UCC record will need to be created and then sent back to the jurisdiction for processing. Lost time can translate into the loss of lien position. CSC advances the filing fees required by the jurisdiction on behalf of the lender, further reducing the rejection rate and back room processing.

## Trimming your administrative costs

Administrative expenses are a major factor when preparing records in-house. Take, for example, the office supplies required, including paper for each document, toner for the printer, checks, and postage for mailing—incidental charges that add up over time. Having one UCC provider with one platform will help solve most of these issues.

## Simplifying the process with electronic filing

Electronic filing is now the preferred method for filing the vast majority of UCC records. Filing electronically through filing office web sites,

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however, usually requires the lender's personnel to re-type the record information into the appropriate fields on the filing office system, which increases labor costs, and the risk of errors.

## The bottom line

When it comes to UCC searching, the cost of “free” is actually significant. Free requires extra training, more complicated procedures, and greater personnel resources. The hidden cost of inaccurate searches is also substantial, and includes missed records, delayed transactions, and failed deals.

However, partnering with a premier provider like CSC gives you access to the industry's largest repository of online UCC information and images, and powerful keyword logic that returns more records in one search than any other provider on the market. More data online means your employees save time by viewing and printing documents right from their desktop. The simple click of a button creates an easy-to-read summary report with all the related documents attached in order of lien position.

Additionally, CSC provides lenders with distinct advantages, most notably our ability to file UCC records and process search requests quickly and more accurately than any other service provider. But the question remains, can CSC actually save you money?

On closer inspection, the cost of “free” is in fact quite expensive. But by using CSC's UCC services, lenders can streamline their day-to-day workflow, get more accurate search results, and file records more quickly at the appropriate filing office—all while saving money through reduced labor, administrative, and supply costs. When compared to CSC, “free” doesn't look so good after all.


For more information on UCC Article 9, visit our resource center at [csctransactionwatch.com](http://csctransactionwatch.com).



CSC has been providing UCC services to the financial and legal communities for more than 50 years.

- UCC Searching
- UCC Filing
- UCC Monitoring
- Commercial Real Estate Documents
- Real Estate Searches
- Motor Vehicle Services
- Corporate Document Retrieval
- Corporate Transactional Services

For more information on UCC services provided by CSC, call **1 800 858 5294** or visit **[cscglobal.com](https://www.cscglobal.com)**.

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