



# American National Standard for Financial Services

## ANS X9.103–2010

# Motor Vehicle Retail Sale and Lease Electronic Contracting



Accredited Standards Committee X9, Incorporated  
Financial Industry Standards

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American National Standards Institute

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## Foreword

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Consensus is established when, in the judgment of the ANSI Board of Standards Review, substantial agreement has been reached by directly and materially affected interests. Substantial agreement means much more than a simple majority, but not necessarily unanimity. Consensus requires that all views and objections be considered, and that a concerted effort be made toward their resolution.

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## **ANS X9.103-2010**

### **Introduction**

Recently, dramatic advances in computer engineering and software development have transcended most industries, including the automotive dealership financing industry. The substantial increase in electronic commerce in the late 1990's was accompanied by increased use of electronic tools in the automotive dealership financing industry. This technology is being used to improve efficiencies, boost productivity, and improve customer satisfaction.

The enactment of the Electronic Signatures in Global and National Commerce Act (ESIGN) in 2000 and the adoption of the Uniform Electronic Transactions Act (UETA) by most states have allowed the automotive dealership financing industry to re-evaluate its paper-based processes. ESIGN and UETA permit the use of electronic records and signatures by prohibiting the denial of legal effect, validity, or enforcement of a signature or record solely because it is in electronic form. In addition, revisions to Article 9 of the Uniform Commercial Code (UCC), which governs secured transactions, have increased the legal certainty related to the use of electronic Records and Electronic Chattel Paper, including sales of Electronic Chattel Paper in the secondary markets.

This standard provides guidance and direction to the automotive dealership financing industry with respect to the creation, storage, and assignment of Electronic Chattel Paper for retail installment sales and leasing transactions where assignment of the Electronic Chattel Paper will be perfected by establishing "control" of the Electronic Chattel Paper pursuant to Article 9 of the UCC. This standard is not intended to establish requirements for the use of Electronic Chattel Paper that exceed those required by law or are inconsistent with those required by law.

**Retail Installment Sales/Lease Contracts** - Whether a transaction is a retail installment sale or a lease, at least two separate signatures are required in order for the transaction to be effective. The first signature is that of the Customer who signs as the debtor and grantor of a security interest in the vehicle in the case of a retail installment sale and as the lessee in the case of a lease. The second signature is that of the Dealer as the seller/creditor in the case of a retail installment sale and the lessor in the case of a lease. Additional signatures may also be necessary from the Customer and the Dealer or may be required from other parties such as a co-buyer or a guarantor. ESIGN, UETA, and Article 9 of the UCC may all, depending on the nature and the type of transaction, be applicable to establishing a valid and binding Contract in these two contexts.

**Electronic Chattel Paper** - The completed retail installment sale or lease contract is Chattel Paper owned by the Dealer. If the Chattel Paper is evidenced by a Record or Records consisting of information stored in an electronic medium, the Chattel Paper is Electronic Chattel Paper. The Dealer may choose to retain ownership of the Electronic Chattel Paper. However, the Dealer or a subsequent owner of the Electronic Chattel Paper may choose to assign the Electronic Chattel Paper and the assignee may perfect its interest in the Electronic Chattel Paper by establishing "control" of the Electronic Chattel Paper pursuant to Article 9 of the UCC.

Suggestions for the improvement or revision of this Standard are welcome. They should be sent to the X9 Committee Secretariat, Accredited Standards Committee X9, Inc., Financial Industry Standards, 1212 West Street, Suite 200, Annapolis, MD 21403 USA. This Standard was processed and approved for submittal to ANSI by the Accredited Standards Committee on Financial Services, X9. Committee approval of the Standard does not necessarily imply that all the committee members voted for its approval.

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# Motor Vehicle Retail Sale and Lease Electronic Contracting

## 1 Scope

The scope of this standard begins at the time of signing the Contract, inclusive of signature capture, and includes the creation, storage and assignment of Electronic Chattel Paper where the assignment will involve establishing control of the Electronic Chattel Paper. This standard addresses both electronically originated Chattel Paper and Tangible Chattel Paper that is subsequently converted to an electronic format. This standard does not address other documents involved in the process (e.g. titles, odometer statements, etc.), the data elements a Contract should contain, or the formatting of the Contract. In addition, this standard does not address the process or legal requirements of presenting Contracts to Customers, the requirements to determine enforceability of Electronic Signatures, or the privacy requirements arising out of the relationships among the parties.

This standard only addresses the creation, storage, and assignment of Electronic Chattel Paper where assignment involves establishing "control" of the Electronic Chattel Paper. It would not be necessary to satisfy most of the requirements set forth in this standard to establish a sufficient system of creating, storing, and assigning Electronic Chattel Paper if the assignee chose to perfect its interest in the Electronic Chattel Paper by filing a financing statement rather than by establishing "control" with respect to the Electronic Chattel Paper, or if the Dealer does not assign the Electronic Chattel Paper.

In addition, this standard only addresses retail installment sale and lease contracts in the automotive dealer financing industry. However, it may be useful in establishing a similar process for banks, credit unions, and finance companies that make secured loans directly to buyers to enable them to purchase vehicles.

The order in which the sections of this standard are presented is not intended to represent a solution or process flow. Notes and examples integrated in the text of this standard and the informative annexes located at the end of this standard are provided only to assist the reader with understanding or using this document. These elements are not part of this standard and are not requirements for implementing this standard.

This standard is not intended to dictate the use of a particular business process or technology. Therefore, this standard does not recommend or endorse any particular business, process, or technology solution for use in implementation.

## 2 Normative references

The following referenced documents are useful for the application of this document. For dated references, the latest edition of the referenced documents (including any amendments) applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

ANSI/NIST –ITL 1-200, American National Standard for Information Systems- Data Format for the Exchange of Fingerprint, Facial & Scar Mark & Tattoo (SMT) Information.

ANSI X9.8 Part 1-2003: Banking – Personal Identification Number (PIN) management and security – Part 1: Basic Principles and requirements for online PIN handling in ATM and POS systems.