Features and Benefits of Electronic Signatures

How to save time and money with
esignature technology

YARDI

Electronic signatures, a core component of RentCafe Affordable Housing and RentCafe PHA, expedite compliance workflows and get units filled faster.

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Introduction

Changes from HUD

On May 26, 2020, HUD issued new guidelines for multifamily assisted housing partners which refers to the electronic signatures, electronic transmission, and storage of documents required by HUD. These guidelines can be found in HUD Multifamily Housing Notice 20-4-*Electronic Signature, Transmission and Storage - Guidance for Multifamily Assisted Housing Industry Partners*.

Properties may now utilize electronic signatures, or esignatures, but are not required to. Project-Based Section 8; Section 202 SPRAC, PAC, and PRAC; Section 811 PRAC; Rent Supplement; Section 236; and BMIR properties may now use esignatures in place of "wet" (i.e. ink) signatures on documents submitted by or provided to applicants or tenants as well as certain other documents.

This document is intended to give our clients some background information on the new HUD regulations pertaining to esignatures, as well as let you know what we are doing to help our clients meet the HUD requirements. This document quotes relevant passages from HUD Notice 20-4 and is not intended to provide legal advice.

We encourage you to read the Notice in full to gain a deeper understanding of your role in electronic signatures. As always, you are encouraged to work closely with your legal advisors on how to best user esignatures.

What are Electronic Signatures?

Electronic signatures are the electronic equivalent of signing your name with ink on a paper document. There are numerous state and federal laws in place ("E-Transaction Laws") governing e-signatures. In general, to qualify as a valid e-signature, the following five requirements must be met:

1 Electronic form of signature

2 Intent to sign

3 Association of signature to the record

4 Identification and authentication of the signer

5 Integrity of the signed record

Electronic Form of Signature

According to Section V(B) of HUD Notice H 20-4, electronic signatures include but are not limited to:

Symbols

- "A typed name (e.g., typed at the end of an email message by the sender or typed into a signature block on a website form by a party);

- A digitized image of a handwritten signature that is attached to an electronic record;

- A shared secret (e.g., a secret code, password or PIN) used by a person to sign the electronic record. ("Shared" means that the secret is known both to the user and to the system);

- A unique biometrics-based identifier (e.g., a fingerprint, voice print or a retinal scan), or

- A digital signature."

Sounds

Sounds are not discussed further in this document. HUD Notice H 20-4 speaks to sounds in some detail.
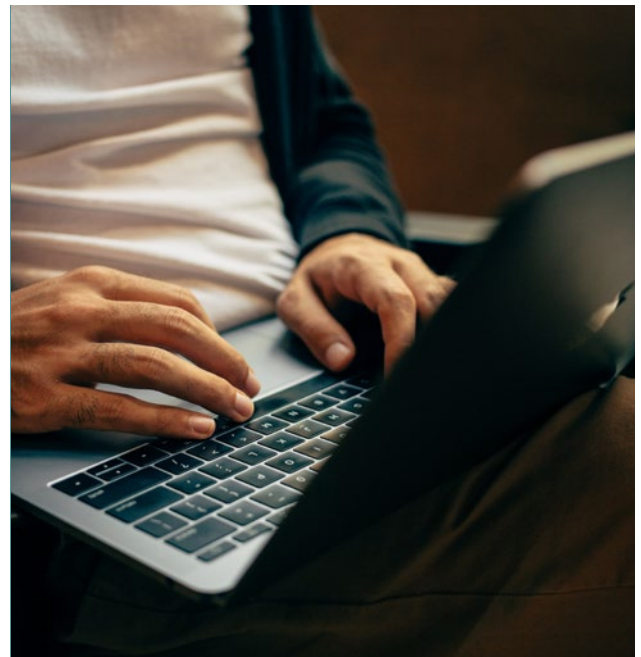
Esignature Benefits

There are many benefits to using esignatures. Esignatures allow for the creation of digital workflows, which save time and money in the form of reduced paper usage and storage. Digital workflows allow property managers to focus on other tasks instead of coordinating with applicants and residents to obtain wet signatures. Applicants and residents can sign documents when it is most convenient for them and at a location of their choosing. Additionally, there is no need for in-person contact when esignatures are available.

HUD's Requirements

Even when adopting e-signatures, property owners and management agents "must provide applicants and residents the option to utilize wet (i.e. original) signatures and paper documents upon request" (HUD Notice H 20-4, Section I).

HUD partners must meet all the criteria enumerated in the existing E-Transaction laws. HUD's guidelines satisfy these existing laws in the following areas: electronic form of signature; intent to sign; association of signature to the record; identification and authentication of the signer; association of signature to the record; and integrity of the signed record.

There must be a level of authentication used when accepting e-signatures. Advanced methods of authentication may be used for legal documents or higher risk agreements. These include:

- Customized passwords created by signers

- Multi-factor authentication

- Knowledge-based authentication that requires signers to answer questions that prove identity

- Phone authentication

The Yardi Solution

Yardi's solution, referred to as "y-Sign", offers the following features to help our clients ensure that electronic signatures satisfy the requirements of HUD and the E-Transaction Laws.

1   Signature Capture

Y-Sign allows for capturing of an electronic signature in several ways, some of which are optional based on configuration options. Among these are:

- Using a signature that the user "draws" with a mouse in the space provided (required one time per document and then used throughout the same document).

- Implementing a hardware solution such as a PIN pad for drawing the signature on a physical device.

- Selecting a font from a predefined list that most closely matches the signer's natural signature. The signer's name is displayed in the selected font.

2   Intent to Sign

Each document is prefixed with a disclaimer and an "opt-in" option. The text of this disclaimer is configurable and generally explains to the applicant or resident the following:

- The document they are signing

- The reason they are signing it

- The option for a wet signature in place of the electronic signature

- The way to print the document (either before or after signing) and have a copy for their records

3   Association of Signature to the Record

Signatures are placed within a specified document and, after completion, the document is rendered non-modifiable. In addition, the document continues to be associated with the data entry records that were used to generate the document initially. At no time is the signature image stored separately from the document it is intended to sign.

4 Identification and Authentication of the Signer

The process of electronically signing a document takes place after the user has securely logged on to the system. In this manner, the identity of the current user has already been authenticated and the name of that user is used to generate the signature image. If multiple signers are on the document, each logs on to the system separately, using their individual credentials, before signing in the designated locations.

Additionally, certain data (IP address, time of day, geographic location, etc.) is recorded as part of the signature process to ascertain where and when the signing occurred.

5 Integrity of the Signed Record

Once signed, each document is rendered non-modifiable, and stored in an encrypted format in encrypted file storage. **Access to the document is secured and documented in an audit log.**

Conclusion

With esignatures, significant details of the signature are captured (time, date, etc.) in a secure environment. Anyone who signs electronically must authenticate his or her identity during the signing process. This is not the case with traditional pen-and-ink signatures that anyone could use to forge an applicant's or resident's name.

Yardi Systems works to ensure that all required steps and documents in RentCafe Affordable Housing and RentCafe PHA meet HUD's requirements. These include the y-Sign function, clear disclaimers to define intent to sign, non-modifiable documents post-signature, and a secure logon for each signer.

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Yardi Systems, Inc. 430 South Fairview Avenue, Santa Barbara, California 93117 | phone: +1 800 866 1144

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