



# Frequently Asked Questions

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Frequently Asked Questions:

# Onboarding

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# Onboarding

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## 1. Why Use VeriCore?

Simply put, VeriCore is a premium collection service with premium results! We routinely return more money to our clients with less overall cost and risk exposure than any of our competitors.

## 2. What makes VeriCore a premium service with premium results?

There are 3 fundamental factors to our success:

### Solvency Investigations

VeriCore relentlessly pursues and gathers critical information on your debtor to determine if they are unwilling to pay or simply unable to pay. The collection tools and techniques that are involved in this process are proprietary and uniquely successful at uncovering vital information that motivates debtors to place our clients at the front of the line for any outgoing payments.

### ZERO Fee Program

This is a proprietary program that enables VeriCore to leverage individual state laws to maximize recovery of collection charges. If the debtor is the one who broke their credit agreement, why should our clients have to pay for their mistake? This fundamental belief drives our success at recovering your collection fees. VeriCore reduces or eliminates the cost of our collection service when we can recover some or all the collection costs, which is a game changer for our clients.

### Compliance and Licensing

None of these proprietary programs would be successful without strict adherence to state and federal regulatory laws. 18 states require commercial agencies to be licensed to operate in their state. Licensing and bonding compliance allows VeriCore to confidently pursue our clients' past-due receivables.

## 3. How do you charge for your service?

VeriCore works on a contingency basis. There are no costs to our clients for our collection service other than the percentage that we charge when a payment is received. We get our percentage of all payments received for any charges we are pursuing on your behalf up to and including the principal balance, interest, collection fees, accelerated balances, restocking fees, etc.

## 4. What dictates the rate that VeriCore offers?

There are several factors that go into getting a contingency rate quote from VeriCore. Volume of the accounts that need to be placed, the age of the accounts in question, the overall consistency of placements expected over time, the dollar amount of the placements, the state where the placements reside, and the nature of the debt are the primary factors that drive our rate quotes.

## 5. When is a file ready to be placed for collection?

Not all past-due customers should be placed for collection. If your customer is consistently taking steps to retire their past due balance over a reasonable time frame, then there is no need to place them for collection. However, there are a few signs that indicate a customer should be placed for collection:

- The customer is avoiding three or more attempts at contact
- Your competitors are calling for credit references
- The customer is claiming invoicing or pricing issues after the fact
- The customer is finding fault with your product or service after they became delinquent
- The customer will not agree to a payment plan with less than five payments in total
- The customer is breaking existing payment arrangement(s)

## 6. Will VeriCore accept any account that I want to place for collection?

VeriCore is happy to help you with most collection issues, but there are a few scenarios that prohibit us from accepting your placement. We will not accept the placement if:

- The debtor is a consumer. It must be from a business-to-business transaction
- The debtor is an incorporated business that is not operating and there is no signed personal guarantee in place
- The debtor is in a volatile international location determined by current world events
- The debtor has filed for bankruptcy protection or is in receivership
- The debt is past the state-specific statute of limitations
- The debtor is currently an active account with another collection agency or attorney at the direction of the client in question
- There is active litigation between the client and the debtor

## 7. Can I place just the invoice(s) that is over 90 days old?

No debtor is going to pay VeriCore if you are actively working with them on other invoices. As such, we have a policy that we only accept “accounts” for collection and not selective invoices.

## 8. Does VeriCore work on debtors that are using a dispute as a reason for non-payment?

VeriCore is uniquely prepared to work through most disputes on your behalf. That said, it is imperative that our collector studies and becomes familiar with the purported reasons for non-payment prior to engaging the debtor. As such, it is critical that our clients make us aware of any disputes that are present and provide any necessary documentation to validate their side of the story.

## 9. What documentation does VeriCore need to accept an account for collection?

While we don't need a lot of documentation to get started, our chances for success dramatically increase with each additional piece of documentation from the below list:

- All pertinent contact information including names, emails, and phone numbers
- Invoices
- A communication trail that explains any dispute that may be present
- Credit Application
- Any Documentation that illustrates you can go after collection fees
- A copy of any previous bank check used for payment
- All contracts or written agreements

## 10. How do I go about placing an account for collection with VeriCore?

To place an account for collection, either fill out our placement form or email your sales rep with pertinent details. If a dispute is present, it is best to speak to a sales rep over the phone. Our placement form can be found at the bottom of our home page at [www.vericore.com](http://www.vericore.com).

## 11. Is there anything else that increases the odds of a successful collection?

Information is power. In addition to the above list of documentation that increases our chances of success, there are a few other factors that will make a big difference:

### Letter of Representation

This leaves no doubt in the debtors' mind that we are your legal representative and illustrates a united front.

### No Client Interference

A client who talks to a debtor while we are actively working on the account decreases the chances of recovery by over 50%! Don't allow the debtor to divide and conquer by communicating with a sales rep, a CEO, or a member of the receivables team. VeriCore is the most professional agency in the industry, and you can be confident that we will recover your money without alienating your customers.

### State Laws

State laws vary and can affect our ability to collect additional charges such as collection fees, interest, and remaining contract balances. These laws may also limit certain collection tools and techniques. Our sales staff can guide you through these potential roadblocks. If you don't have a sales rep assigned to your account yet, please email us at [sales@vericore.com](mailto:sales@vericore.com) and someone will reach out right away.

Frequently Asked Questions:

# The Collection Process

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# The Collection Process

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## 12. What steps does VeriCore take to collect an account?

Think of our collection process as a 3-tiered system.

### Tier 01

The first step is to submerge the debtor in our Solvency Investigation and these proprietary collection tools and techniques can take up to 90 days. Our objective is to gather critical information to provide insight to our clients as to whether their debtor is unwilling to pay or unable to pay. If they are unwilling, the Solvency Investigation is typically quite successful.

### Tier 02

If the Solvency Investigation does not bear fruit, our next step is to transfer the account to a second collector who will take a different approach. These collectors are trained to specialize in identifying angles and creating solutions, and this alternate approach is very complimentary to our initial strategy of gathering critical information.

### Tier 03

The third stage in our process is geared towards preparing the file for a potential lawsuit. A third collector who is trained in pre-legal resolution will implement another unique strategy that may take an additional 60 days to determine if a lawsuit would be recommended. That said, these three tiers are extremely successful as less than 1% of our collection inventory makes it to our legal department.

## 13. What sort of issues might VeriCore run into during the collection process?

There are 3 things that may pop up after an account has been placed for collection that could hinder our collection efforts.

### Additional Documentation

If the debtor raises an objection that requires additional information from our client, we may be legally forced to suspend collection efforts until the documentation is provided. It is critical that our clients recognize the importance of these requests for additional documentation and provide a timely response.

### Disputes

If a dispute is raised that wasn't originally communicated to us at the time of placement, we again may be forced to suspend collection efforts until a response is provided.

### Complaints

It is uncommon, but at times debtors complain as a stall tactic or to convince the client to stop collection action altogether. Our collectors are held to a strict code of compliance, and our collector calls are recorded for this very reason. 99.9% of the time, the recordings illustrate the complaint is without merit.

**Frequently Asked Questions:**

# **Payments, Invoices & Billing**

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# Payments, Invoices & Billing

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## 14. What happens when the debtor pays the client directly?

We are required to suspend collection efforts when the debtor satisfies their obligation, so it is critical that our client notifies us immediately of any payments they receive. Once VeriCore is notified, we will confirm receipt of said payment via email and then invoice the client for our fee.

## 15. What happens when the debtor pays VeriCore directly?

When the debtor pays VeriCore directly, we notify our client via email with a daily transaction report. This report will list out the specifics of the payment(s) including the amount paid, our contingency rate and fee amount along with a brief description of the transaction type. This daily transaction report is for notification purposes only and does not represent an invoice of any kind.

## 16. Why do you charge a fee on the collection fee that you collected?

If it requires a collection effort to recover, VeriCore charges a fee on whatever money is recovered, regardless of the genesis of the balance. Additional charges such as interest, collection fees, accelerated balances, restocking fees, etc., regularly require both additional effort and additional mediation to recover, and as such, VeriCore should be compensated for those efforts.

## 17. If VeriCore collects the account fast, shouldn't I get a reduced rate?

We don't charge our clients more when it takes longer to collect; conversely, we don't get paid less when we recover money quickly. Over 70% of VeriCore's successful collections happen within the first 30 days after placement. Also, debtors frequently back date checks to make it appear as if the account was paid prior to placement both to avoid collection charges and to save face with the client to continue the relationship. In these instances, it is prudent to always save the remittance envelope from your customer to prove when the payment was "sent" instead of relying on the date of the check to illustrate intent.

## 18. Does VeriCore offer credit terms?

The VeriCore service provides our clients with a cash deposit, and as such, a client should not need to age our invoices more than the time it takes to process our invoice. When VeriCore receives payments from a debtor, the payment is aged seven days, then a remittance is processed the following Monday. We ask that our clients follow a similar process when they receive payments, which is why our invoices state, due and payable upon receipt.

## 19. What billing methods does VeriCore offer?

All new clients begin with VeriCore on “Net Billing.” This means if the debtor pays VeriCore, we will take our fee out of the payment and remit the remaining balance to our client. If the debtor pays our client and we have funds from other collection accounts that have not been remitted yet, we will offset our fee against those funds. If the debtor pays the client and VeriCore does not have funds to offset, we will invoice the client for our fees. For established clients, VeriCore has additional billing options available.

## 20. How often does VeriCore send out remittance payments?

All debtor payments are deposited into our client trust account where we age them seven calendar days then remit to our clients the following Monday. There may be some exceptions to this rule for international payments depending on the method of payment from the debtor.

## 21. Will VeriCore ACH the remittance instead of sending a paper check?

VeriCore encourages our clients to sign up for ACH remittance, but we are also happy to mail paper checks if that method is preferred. To sign up for ACH remittance, please email the pertinent banking information to [accounting@vericore.com](mailto:accounting@vericore.com) with your request. When VeriCore remits via ACH, our client will receive a statement of the remit via email.

Frequently Asked Questions:

# The Legal Process

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# The Legal Process

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## 22. What happens if VeriCore doesn't collect, and a lawsuit needs to be filed?

Uncollected accounts that meet minimum balance requirements are sent to the VeriCore Legal Forwarding Department for 3 preliminary steps prior to requesting any suit fees from our client:

### Step 01

#### Evaluation

The account needs to be evaluated for suit worthiness. Things such as disputes, counterclaim probabilities and documentation status are a few factors in our evaluation.

### Step 02

#### Rate Increase

If it passes the evaluation step, VeriCore will email our client of our intention to forward the account to a network attorney. We provide our client with seven days to object, and unless we hear otherwise, the account will be forwarded at that time. Once the account is forwarded to the attorney, the contingency rate is raised to the new legal rate (the legal rate is determined by the original collection contingency rate). Our attorneys are also paid via contingency which is the reason for the rate increase.

### Step 03

#### Attorney

Once we forward the account to an attorney in the VeriCore network, they begin by opening a file on behalf of our client. Simultaneously, they will make a formal demand for payment while performing additional research to prepare the file for a lawsuit. Occasionally, the account will get collected during this step and when it does, the higher contingency rate applies since the attorney worked the account. While this doesn't happen often, the additional contingency fees paid by the client are usually welcomed as the alternative is potentially a lengthy lawsuit where additional out-of-pocket costs are common.

## 23. What happens if the attorney can't get it collected through their initial demand process?

If the initial attorney demand process doesn't work, the attorney continues their due diligence and then typically sends VeriCore a status letter within 45-60 days with their recommendations. If the attorney recommends that we move forward with filing a lawsuit, we will invoice our clients for estimated court costs at that time. Based on this recommendation, the client would then have the option of remitting their payment for the estimated court costs or they can ask that the account be closed without any further effort by the attorney.

## 24. If the attorney works on contingency, why are there additional costs involved?

There are always hard costs involved in the filing of a lawsuit. Since our attorneys are contingent and there is never a guarantee of recovery, these hard costs are borne by the client who wishes to pursue their customer through the courts. These costs vary by state and are an estimate of expected costs that will be incurred. If the case becomes more complex, we reserve the right to request additional funds from our client to cover unexpected expenses.

## 25. What does the attorney use the additional legal costs for?

Estimated costs are expected to cover items such as filing fees, service fees, garnishment fees and a small administrative fee paid to the attorney for the process of opening a file on behalf of our client. Additional costs also may be required for items such as counterclaims. If things go smoothly, we frequently refund our clients any unused costs that they may have previously advanced that were not needed.

## 26. We filed a lawsuit, now what?

Once a lawsuit is filed, the attorney would then coordinate serving the debtor. If the debtor is served and they don't file an answer, a default judgment is awarded, and the attorney would look to execute on their assets. However, if the debtor files a response to the lawsuit, the attorney is required to respond and this back and forth can delay the process significantly.

## 27. How long does a lawsuit typically take?

If the debtor and client want to engage in settlement negotiations, it might take a few months, but if the two sides are far apart and the lawsuit needs to go to trial, it may take years. The time it takes is driven by the court's availability and not anything VeriCore or our attorney is or isn't doing. That said, typically less than 10% of our legal files make it to trial.

## 28. What is the worst-case scenario if we file a lawsuit?

The worst-case scenario is when a debtor files a counterclaim. This means they are filing their own lawsuit against our client and when this happens it is no longer a simple contingency-based collection lawsuit. At that time, a separate fee arrangement would need to be negotiated between our client and the attorney as the attorney would not be willing to defend a counterclaim under the existing contingency fee arrangement.

## 29. What role does VeriCore have in the lawsuit?

VeriCore will still stay involved every step of the way and be the liaison between our clients and the attorneys. We will manage the process to keep everyone informed and to keep things moving along as smoothly as possible.

## 30. What happens when we obtain a judgment?

Once a judgment is obtained, the attorney will then look for assets of any kind to attach. The best sources are active company bank accounts but there are also other assets such as property, equipment, etc. that the attorney will look to execute upon. Unfortunately, there is no guarantee of recovery even when a judgment is obtained, but a successful judgment does provide our clients with additional avenues to recover the money.

**Frequently Asked Questions:**

# **Additional Services**

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# Additional Services

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## 31. What else can VeriCore help me with?

If we help our clients do a better job in-house, we will create loyal, long-lasting relationships! As such, we offer numerous services that support our clients' endeavor to build the best in-house receivable process possible.

### a. Custom Credit Applications

We have created a top-notch credit application with a personal guaranty to help you qualify your customers for credit terms. We will also customize it with your company logo and color scheme if so desired.

### b. 10-Day Demands

VeriCore has the most robust 10-day demand service of any agency in the country! We will send your demand via Priority Mail with electronic tracking to confirm receipt as well as emailing the demand to all concerned parties. For any active client, this 10-Day demand service is free of charge.

### c. 24/7 Online Access

We know how important it is to keep the bosses in the loop, so we provide online access to your accounts any time day or night. Additionally, our reps are trained to keep you updated on a specific schedule, so you are never wondering what is happening to your accounts.

### d. In-House Policy Manual

Minimizing collection issues starts at the front end with an established in-house credit policy. A good policy maximizes cash flow and minimizes future collection problems. Visit the "Toolbox" section on our website at [www.vericore.com](http://www.vericore.com) to download a sample in-house credit policy that is full of demand letters and collection call scripts your AR staff can use for free!