

Credit Line

A MEMBER NEWSLETTER
NOVEMBER, 2006

So You Think You Have Been Paid Credit Card Sales

By Joanne Martin, CCE
LKL Associates

As credit managers, we expect to have some problems collecting. We know the risks and take appropriate measures to secure and collect the balances.

If you are involved in the construction industry you have lien rights to help your company get paid. These are, however, requirements that are time sensitive that must be fulfilled in order to have lien rights.

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I am referring to the SCR (State Construction Registry) and Preliminary Notice requirement. **The law says you must file a preliminary notice within 20 days of your first work to have lien rights.** But, there can be a problem.

CASH SALE: You have been paid and think you don't have to worry. But, there is a monster out there that you may not be aware of until it rises up & bites you. We do our preliminary notice, file a lien or even release a lien based on the credit card payment.

The following situations can happen:

1) You can take a credit card payment over the phone for a cash sale and because it was paid, no Preliminary Notice was filed on the SCR. The materials were delivered and all appeared in order. Ninety days went by and then you received a charge back notice from the credit card company. The card holder was disputing the charge. You were asked to provide all documentation and signatures for the credit card charge. But, it was a phone order so there was no signature on the receipt. You check the SCR and see that the Notice of Commencement was filed & you didn't file a Preliminary Notice... **No lien rights.**

2) A customer comes in and doesn't want a charge account but says he wants to use your company on a cash basis. Your sales department is happy, they have no issues

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Business Ethics Seminar Tues., Nov. 14



It is easy to spot ethical issues of others. How are we at evaluating our own ethical choices? The only ethical conduct you have full control over is your own.

- **The Check Is In The Mail**
- **Honesty and Trust In Business**
- **Money: Accounting and Finance Ethics**
- **Whistle Blowing: Company Loyalty and Employee Responsibility**

Speaker:

Melodee Lambert
Business Ethics Instructor
Salt Lake Community College
CEU, CCE Recert, CPE Points

PANEL DISCUSSION:
Ethical dilemmas that impact credit personnel and how to address them

Red Lion Hotel, 161 West 600 South
8:00 am - 8:30 am Registration
(Continental Breakfast)
8:30 am - 12:00 noon Seminar
Cost: \$65 Members
Sign up with Georgette
(801) 487-8781, ext. 116
GBevan@nacmint.com

So You Think You Have Been Paid from Page 1

Credit Card Sales Continued

getting the order out the door. The customer calls in an order & says he wants to pay with his credit card and wants it kept on file so that each time he places an order or his employees need something to just charge it. BUT, they have up to one year to dispute the charges. Eight months later the credit card company charge backs begin coming in. Piles of documentation later you have answered the forms. Some may have had signatures, some may not. **Lien rights are gone.**

In talking with one of the major credit card companies about this type of situation, I have come to the conclusion that you cannot be 100% protected. However, precautions need to be taken. A signature on the credit card receipt may not be enough. Know who you are dealing with. Sometimes that is hard. Here are some suggestions:

When there is a phone order or credit card payment from a person who is not a long time customer, you may want to require a copy of the credit card and drivers license along with a signed statement authorizing your company to charge their credit card in the amount agreed. Is this fool proof or fraud proof? Maybe not, but at least there is a chance the decision from the credit card company will be favorable. If the amount of the

charge or a check is large (you have to decide what is large), be proactive and file a Preliminary Notice on the SCR for that job.

Even extra care may not avoid this last situation.

3) Your company does not get paid by the subcontractor. You file a lien and then begin the legal procedure required by law. The homeowner applies to the Lien Recovery Fund for a Certificate of Compliance and gets one so you have to release the lien. You can now apply to the fund for payment. Except, the homeowner used her credit card and paid on the subcontractor's account with another supplier that was not on her job. The homeowner contacted the credit card company & disputed the charge. Notification from the homeowner was received that she received money back from the credit card company making the Certificate of Compliance not valid. Also, your customer filed bankruptcy.

You may receive part of the balance owned to your company from the home owner but don't count on it. Risky business!

NEW **CREDIT SCORING** on NACM Business Credit Reports!

No Extra Cost!



Benefits

- **IMPARTIAL Credit Rating**
- **Quick Snap Shot**
- **Reliable**
- **Consolidated**
- **Accurate**

Credit Scoring From 100-0
(100 being the best score)

UNIQUE TO NACM CREDIT SCORING...

- *Trade data*
- *Flash information reported by NACM members*
- *Accounts placed for collection*
- *Public record information/legal data reported*
- *Bankruptcy information*
- *Accounts written off by members*
- *Inquiries on the credit report*
- *General/other*
- *Composite Score*

Outstanding 2006 Regional Credit Conference



Attendees: Wayne Olsen, Geneva Rock; Sue Jensen, Miller Paving; and Barbara Mackay, Intermountain Concrete Specialties

Western Region Credit Conference “Get On Track!” by Barbara Mackay Intermountain Concrete Specialties

Western Regional Credit Conference
October 4-6 - Las Vegas, Nevada

It seems as if we plan all year long for WRCC, then before you know it, we're there! Last week I had the opportunity to once again attend the conference in Las Vegas. The theme for this year was “GET ON TRACK” and the classes were divided into Core Track, Financial Track, Construction Track and Executive Track.

The opening speaker was great. Bruce Christopher, a clinical psychologist who deals in interpersonal communi-

cations. His topic was “Bambi vs. Godzilla.” He gave examples of different types of people and how they react to situations. He had us list types of people we don't like dealing with – some were those who are always right, those who won't listen, the drama kings and queens and many more. He instructed us on how to respond to their reactions. It was a fun learning experience. We came away thinking of what “class” some of our customers and even co-workers would fit in.

On Thursday, the session I found most interesting was “Collection Techniques Specific to the Construction Industry,” Parts I & II, given by Ron Truman and Sean Fisher, two attorneys. They discussed knowing your debtor, finding information about your debtor, your rights under your credit agreement and how good is your credit agreement. They also talked about whether or not to sue and how to increase the likelihood of

a successful recovery, mechanics' liens, bonds and settlement agreements, stipulated judgments and the enforcement of judgments.

Michael Dennis, MBA, CBF, another frequent presenter at WRCC gave us 20 Ways to Become a More Successful Collector Starting Tomorrow. His information was a review of controlling risk, increasing your cash inflows, managing deductions to reduce them and what to look for in financial statements that will help you down the road.

If you have never attended a credit conference, or if it's been a while, plan now to attend next year's event. You may get a few new ideas. It's a great experience to meet new people and increase your credit knowledge.

Be Prepared!

Step Eleven: Show Off by April Tanner Kimball Equipment

This is the eleventh in a series of articles on Preparedness In The Work Place.

Now is the time to show off all your hard work. You have probably shared this book with only a few people to date—your assistant, if you have one, and your replacement. You



need to show your boss and/or upper management at this time.

If you can, make a copy of the entire manual to give to your supervisor. Show off all your hard work, explain why it is important to complete this daunting task. Tell your supervisor where you will be keeping the original so he/she can find it in an emergency. Discuss the training you have already done with your temporary replacement. Point out details and ask for suggestions. Be open to new ideas and updates to the book that he or she may present, a new perspective is always good. Walk them through the process and what you learned from this task. Enjoy basking in the knowledge you have completed a very hard task and you did it well.

Make a copy of the file onto a disk to keep separately from your computer at work. If your computer crashes and you lose files – you will have a backup. This is one computer file you don't want to do over again. If your company doesn't have a safe or backup files, take it home and store it where you keep your important documents – just so long as it is off your job-site and won't get lost.

Next month... Reviews

Happy Thanksgiving to all

Dec. Industry Credit Group Appreciation Seminar



Industry Credit Group Appreciation Seminar

Open To All NACM Members

Thursday, December 7

Red Lion Hotel, 161 West 600 South, Salt Lake City, UT

Cost: \$25 Industry Group Members, \$45 Non-Group Members

\$65 Non NACM Members

Government Day

Tax Liens & Internet Fraud

**What You Don't Know
Will Hurt Your
Company!**

Some Topics of Discussion:

- What types of liens may be filed? Sales tax, use tax, & income tax
- At what point do delinquent taxes turn into lien 'material' and what criteria are followed?
- How are debtors notified—how many & timing of notices. Can a lien be placed without a debtor knowing?
- Enforcement and execution of lien & judgment. What assets can be seized? Insolvency or bankruptcy—what priority is taken?
- Warning signs that show a company may be having tax problems
- Satisfaction of lien—what does this mean to a credit manager who is considering credit?
- Who to call for information on tax issues
- Are you and your company safe from internet fraud? Current statistics
- Are you or your company a victim? Who do you call?

Schedule:

7 – 8 a.m.	Registration/Continental Breakfast
8:15 – 9:30 a.m.	Utah State Tax Commission Wendy Gianchetta, Assistant Dir.; Dee Talbot, Dir. of Tax Services & Sally Knighton, Education Coordinator
9:45 – 11 a.m.	Federal Internal Revenue Service (IRS) Advisors M. Kay Moncla & Maureen Neal
11:15 – 12:30 p.m.	Federal Bureau of Investigation (FBI) Special Agent Corey Hubbert
12:30 p.m.	Buffet Lunch—Drawings/Award

Code

Black: Industry Credit Groups

Red: Other events

November, 2006



WWW.NACMINT.COM

Looking Ahead:

Nov. 14: Business Ethics Seminar, Red Lion Hotel

Dec. 7: Industry Credit Group Appreciation Seminar, Red Lion Hotel

Sat./Sun.	Monday	Tuesday	Wednesday	Thursday	Friday
			1	2 Hardware & Lumber	3 Steel & Welders
4/5	6	7 Western Petroleum Marketers Association	8 Contractors Nat'l Telemarketing	9 Bankers Focus Meeting ICEL LUNCHEON RED LION HOTEL 11:45 A.M.	10 Concrete, Paving, Excavating & Waterworks National Railroad
11/12	13 Fine Paper	14 BUSINESS ETHICS SEMINAR RED LION HOTEL Food & Restaurant Regional Contractors	15 Advertisers, Media Ut. County Contr. Automotive & Truck Suppliers	16 Electrical Industrial Supply Roofers/Siding	17 Diesel Engines Ogden Contractors So. Utah Contractors
18/19	20 Masonry & Wholesale Landscaping	21 Printers of Utah Heating & Plumbing Floor Covering	22	23 THANKSGIVING NACM CLOSED	24 THANKSGIVING NACM CLOSED
25/26	27	28 Equipment Dealers	29 General Service General Contractors	30	

Welcome New Members

Spicers Paper, Inc. #5573
12310 E. Slauson Ave.
Santa Fe Springs, CA 90670
Industry: Paper Products
Rep: Martha Perez

Bailey's Moving & Storage #5574
P.O. Box 540230
No. Salt Lake, UT 84054
Industry: Moving & Storage
Rep: Larry Wilkinson

Cardwell Distributing #5575
8137 So. State St.
Midvale, UT 84047
Industry: Petroleum Distributor
Rep: Ted Martinez

Monster Door Inc. #5576
14807 S. Heritagecrest Way Suite C
Bluffdale, UT 84065
Industry: Paper Products
Rep: Martha Perez

Shaw Auto Parts #5577
1445 No. 1st St.
Pocatello, ID 83205
Industry: Auto Parts
Rep: Pam Hugg

Member Changes

Company and Rep. Change / or addition
Western Paper, #701
Judi Larsen
A-Core Concrete Cutting, #3236
Michelle Hill
Frank Edwards Co., #5384
Gary Wall

ICEL Luncheon
Thursday, Nov. 9
"Hand Grenade
Negotiations"
Red Lion Hotel



instructor for the United Nations, James conducted training for the Governments of Laos, Cambodia, and Vietnam, in ordnance safety, recognition, and Render-Safe-Procedures (RSP). James has spent 6 years as the Territory Sales Manager for an Electrical Marketing/Engineering firm.

James will engage ICEL Members with a basic look at communication skills, using a simple but effective training tool; a #2 leaded pencil, fol-

lowed by Hand Grenade Negotiations, How to Walk Into AND Survive Negotiations With Explosive Situations. James employs the "ALMOST" principle, adapted from his years of military training.

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