

# Check 21

## New Changes In Check Processing

*How Will They Affect You?*



### Sample of Substitute Check

\*011500120\*

01/03/2004

8587408979

This is a LEGAL COPY of your check. You can use it the same way you would use the original check.

01/02/2004

7815830233

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333

55-1234  
1234

JAMES SMITH  
1234 ANY STREET  
YOUR TOWN, USA 12345

Date Jan 1, 2004

Pay to the North Pole, Inc. \$ 100.00

*(Order of)* One hundred and 00/100 Dollars

MEMO goodies James Smith MP

"0001234567" 12345678" 0333 "0001234567"

"0001234567" 12345678" 0333 "0001234567"

## Check 21: What Is It?

Effective October 28, 2004, the Check Clearing for the 21st Century Act – or “Check 21” will bring the nation’s check payment system into the digital age and allow consumers to benefit from better and faster financial services.

Improved efficiency in check processing is the main goal of Congress with the enactment of “Check 21”.

Check 21 will improve today’s existing system that forces over 40 billion checks a year to be exchanged physically and often transported around the country several times before the payment cycle is completed.

## How Will Check 21 Benefit You?

- ◆ **Detects Fraud Faster** – Since check clearing is faster, fraud can be detected and investigated sooner which brings about a quicker resolution.
- ◆ **Faster Check Clearing** – You get a more accurate picture of your account balance.
- ◆ **Quicker Response** – Check images can be accessed faster to resolve questions.
- ◆ **More Secure Check Information** – Checks do not have to be physically transported via truck, train or plane.

## How? With A Substitute Check...

Check 21 allows a new approach – it makes legal a **Substitute Check** which is a digital picture of your original check (showing the front and back with a magnetic ink character recognition line and all of its routing data) which can be processed electronically.

- ◆ A substitute check is the legal equivalent of your original for all purposes including requirements of state and federal law.
- ◆ The substitute check will feature, in bold print, a legend that states “**this is a legal copy of your check – you can use it the same way you can use the original check**”.

- ◆ A substitute check provides legal proof that you made payment.
- ◆ You may receive a substitute check when you request a copy of your check.

## Consumer Protection

If a consumer believes that a substitute check was not properly payable, he or she may file an “expedited re-credit” from the paying financial institution. The financial institution must investigate any claim and in most cases either resolve the claim within 10 business days, or provide the consumer with an expedited re-credit of up to \$2,500.00 pending completion of the investigation.

In general, 45 calendar days is the limit to conclude the investigation and make a final determination.

## When?

Check 21 becomes effective on October 28, 2004 and that is when all financial institutions will have to accept substitute checks the same way they are required to accept paper checks.

**As you receive your statement, you may also see some information about the substitute checks mentioned above.**

Remember, the substitute check contains exactly the same information shown on your original check and it is considered a legal equivalent.

## Important Note

Please remember, since these changes will drastically reduce the amount of time it takes to move money from your account to pay those who receive your checks, you will need to have sufficient funds in your account to cover the payment at the time you write the check.

# Check *21*



**NORRISTOWN BELL  
CREDIT UNION**

\*(Claim refund information)



**NORRISTOWN BELL  
CREDIT UNION**

1407 Erbs Mill Road  
Blue Bell, PA 19422

## Substitute Check Policy Disclosure

## ***What is a Substitute Check?***

To make check processing faster, federal law permits banks to replace original checks with “substitute checks.” These checks are similar in size to original checks with a slightly reduced image of the front and back of the original check. The front of a substitute check states: “This is a legal copy of your check. You can use it the same way you would use the original check.” You may use a substitute check as proof of payment just like the original check.

Some or all of the checks that you receive back from us may be substitute checks. This notice describes rights you have when you receive substitute checks from us. The rights in this notice do not apply to original checks or to electronic debits to your account. However, you have rights under other law with respect to those transactions.

## ***What Are My Rights Regarding Substitute Checks?***

In certain cases, federal law provides a special procedure that allows you to request a refund for losses you suffer if a substitute check is posted to your account (for example, if you think that we withdrew the wrong amount from your account or that we withdrew money from your account more than once for the same check). The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, bounced check fees).

The amount of your refund under this procedure is limited to the amount of your loss or the amount of the substitute check, whichever is less. You also are entitled to interest on the amount of your refund if your account is an interest-bearing account. If your loss exceeds the amount of the substitute check, you may be able to recover additional amounts under other law.

If you use this procedure, you may receive up to

\$2,500 of your refund (plus interest if your account earns interest) within 10 business days after we received your claim and the remainder of your refund (plus interest if your account earns interest) not later than 45 calendar days after we received your claim.

We may reverse the refund (including any interest on the refund) if we later are able to demonstrate that the substitute check was correctly posted to your account.

## ***How Do I Make a Claim For a Refund?***

If you believe that you have suffered a loss relating to a substitute check that you received and that was posted to your account, please contact us by using the information provided on the back panel of this brochure\*. You must contact us within 40 calendar days of the date that we mailed (or otherwise delivered by a means to which you agreed) the substitute check in question or the account statement showing that the substitute check was posted to your account, whichever is later. We will extend this time period if you were not able to make a timely claim because of extraordinary circumstances.

Your claim must include–

- ◆ A description of why you have suffered a loss (for example, you think the amount withdrawn was incorrect);
- ◆ An estimate of the amount of your loss;
- ◆ An explanation of why the substitute check you received is insufficient to confirm that you suffered a loss; and
- ◆ A copy of the substitute check [and/or] the following information to help us identify the substitute check: (identifying information, for example the check number, the name of the person to whom you wrote the check, the amount of the check).