

Are any checks exempt from Check 21?

No. All checks drawn on U.S. financial institutions can be converted into a substitute check. This includes personal checks, business checks, money orders, travelers checks, treasury checks, government check, etc.

What else is affected by Check 21?

There's been a lot of talk in the news about *Check 21* causing checks to be processed more quickly. The truth is, check processing times have been decreasing over the past several years resulting in less float time. As always, be sure there are sufficient funds in your account before writing a check.

The Check Clearing for the 21st Century Act requires that we provide you with the following disclosure. We know that required legal language such as this can sometimes be confusing. The bottom line is that your rights as a consumer are still protected. Florida Telco, as always will keep your interests first and foremost.

Substitute Checks & Your Rights

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.

Some or all of the checks that you receive 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 right 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 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

recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, bounced check fees.)The amount of your refund under this procedure is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 that 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 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 interest of 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 at (904) 723-6300 or 1-800-382-0363. You must contact us within 45 calendar days of the date that we mailed (or otherwise delivered by 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 thing 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: the check number, the name of the person or company to whom you wrote the check, the amount of the check, the date of the check and the date the check cleared your account.



The Check Clearing for the 21st Century Act

A new Federal regulation, *The Check Clearing for the 21st Century Act* or *Check 21* goes into effect October 28th of this year, and will begin to alter the way checks are processed for payment in financial institutions all over the U.S. These new processes will increase the efficiency and security of the check payment system. For you as a consumer, the effect will be gradual and minimal. As a Credit Union member, you did not ever receive your cancelled checks back with your statement, so you will see few or no changes. Others will see a difference in the way the checks they write are returned in their statement.

Check 21 was designed to improve efficiency in the nation's check payment system by eliminating the need to physically transport paper checks from one bank to another. When all air traffic came to a standstill during the three days after the attacks of September 11th, \$45 billion in checks were also grounded, waiting to be processed. Financial institutions across the country and the Federal Reserve cooperated to keep the system running, but the crisis highlighted the need for better efficiencies in the nation's check payment and processing system.

The Evolution of Check Processing

Check 21 is just another step in the evolution of check processing. Banks will now be able to create a new document called a substitute check, made from an image of the original check. Substitute checks will be the legal equivalent of the original paper check. This new document may be processed faster than checks through the use of electronic image technology. Any bank that receives a paper check in the payment process may choose to process an image of the check electronically, convert it into a substitute check for processing, or process the original check. In short, the new regulation streamlines and improves the check processing system without requiring customers to change the way they write checks. The regulation that was passed a year ago should decrease the vulnerability of the national check processing system.

We're Here to Help

As we have every other time a process or technology changed things, Florida Telco Credit Union will help our members through the changes connected to *Check 21*. If you would like to talk to a member service representative, we'd be happy to answer any questions you have about the new law.

Frequently Asked Questions

Launching a new era of check payment efficiency.

A new Federal regulation will soon begin changing the way your checks are processed for payments. On October 28, 2004, *The Check Clearing for the 21st Century Act* better known as Check 21 goes into effect, impacting check processing in all U.S. financial institutions, including Florida Telco Credit Union.

When does Check 21 go into effect?

Although you may not see any immediate changes, Check 21 goes into effect on October 28, 2004.

Can I opt out of Check 21?

No. Since this is a federal law and regulation, individuals, business and financial institutions cannot opt out.

What will Check 21 mean to you as a member of Florida Telco Credit union?

- If you do not receive your cancelled checks with your statement, you will see few or no changes.

If you deposit a check to your account that is returned unpaid, you may receive a substitute check.

As the check processing system continues to become more efficient, you can expect that some checks may clear your account faster due to electronic processing. Be sure there are sufficient funds available in your account before writing a check to avoid an overdraft.

You can expect the same level of financial security and protection that Florida Telco Credit Union has provided its members for almost 70 years.

At Florida Telco, we are committed to helping you understand how the new law will affect you, and to making this transition as easy as possible.

What is Check 21?

Check 21 is a new law and regulation that allows banks to convert original checks to substitute checks.

Why was Check 21 created?

Check 21 was created to increase the efficiency and reduce the security risks associated with paper check processing and transportation.

What is a substitute check?

A substitute check is a paper copy of the original check, which will become the legal equivalent of the original check.

What if I need my original check to show proof of payment?

We can provide you with an image of the front and back of your check which should be sufficient for proof of payment in most circumstances. If you deposit a check that is returned unpaid, we may provide you with a substitute check, the legal equivalent of the original check.