

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 the lesser of the amount of the substitute check or \$2,500 of your refund (plus interest if your account earns interest) no later than the end of the 45th calendar day after the banking day on which the credit union received the 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 at:

Franklin Mint FCU
Attn: Support Services
P.O. Box 1907
Media, PA 19063-8907

You must contact us within 40 calendar days of the date that we mailed (or otherwise delivered by a means to which you agree) 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A description of why you have suffered a loss (for example, you think the amount withdrawn was incorrect);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.

Does all the news about Check 21 make you wonder...

“What does this really mean to me?”

We understand you may have questions about **Check 21**.

Let us help you answer them with this easy-to-understand pamphlet.



FRANKLIN MINT
FEDERAL CREDIT UNION
The Credit Union of Choice!®

***Thank you for your continued support.
We hope you found this information on Check 21 helpful.***

Proudly provided to you by your credit union.

What exactly is Check 21?

Check 21 is a new law that allows credit unions, banks and processors to “truncate” checks earlier in the check clearing process and more often. It also sets the stage for all U.S. financial institutions to start the process of substituting paper checks with electronic checks at any point during the check collection process.

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What is truncation?

Truncation means removing an original paper check from the check process, and in its place creating a substitute check. In other words, when a check is “truncated,” an image is created from the original paper check and the original paper check is then removed from the check collection or return process. The image of the original check is used to create a substitute paper check, which is then presented to the paying institution.

Why is Check 21 important?

Check 21 will provide savings by allowing financial institutions to substitute paper checks with a paper reproduction sooner and more often during the check clearing process. Additionally, Check 21 will encourage financial institutions to enter into image exchange agreements, eliminating the need to exchange paper items completely. Cost savings may be realized because financial institutions can eliminate the handling, manual processing and storage of paper checks. In addition, Check 21 allows for faster collection and return of checks, which can help mitigate check fraud. It also reduces check clearing time, which provides you with greater control over your account and personal finances.

What is a “paper reproduction” of a check and how does it happen?

A paper reproduction is actually an electronic copy of your original check reprinted on a specially formatted document. This paper reproduction is generated during the processing of your check thus allowing faster collection and delivery.

How will Check 21 change things?

Check 21 clearly brings change to the nation’s check payment system. The new law offers all U.S. financial institutions the opportunity to select the least costly method of presenting checks. While it will be some time before the impact of the new law is fully realized—possibly five to ten years by some industry estimates—Check 21 will eventually encourage more financial institutions to enter into bilateral image

exchange arrangements. Image exchange would reduce the dependence of the check clearing system on physical transportation networks, such as ground and air couriers and presenting checks electronically.

When is Check 21 going to be effective?

President Bush signed Check 21 into law on October 28, 2003. The Board of Governors of the Federal Reserve System released the final regulations on July 27, 2004; the law and the regulations take effect on October 28, 2004, one year after the law’s signing.

How fast will change take place?

Any noticeable change in the way checks are processed is going to take some time. Changes will happen slowly, as financial institutions need time to implement image processing (if they want to use this technology), purchase equipment, and otherwise “gear up” for a fully electronic check exchange environment.

Why are credit unions, in general, seemingly better off than some banks with regard to implementing Check 21?

Credit unions have been truncating checks for nearly three decades—since they began to offer checking accounts in the mid-1970s. Banks, in general, do not truncate checks and return paid checks with account statements each month to their customers. Such an environment for banks and thrifts may not be as readily adaptable to the opportunities provided by Check 21. In addition to this advantage, most credit unions have been using image technology for some time, while other banking institutions in the financial community are only beginning to embrace the electronic world of check processing.

What changes might I see with regard to my credit union checking account because of Check 21?

Because credit unions have been truncat-

ing checks for several decades, you will see minimal changes. One change you may notice, however, is that if you request an original check of one of your cleared share drafts, you may actually receive a substitute check, a paper reproduction of your original check that will carry all the information of your original check. You could also receive an unpaid check returned to you in the form of a substitute check.

So, will I still be able to get a copy of a cancelled check if I need one?

Yes. However, as mentioned above, the cancelled check may actually be a substitute check, a paper reproduction of your original check.

Will this substitute copy be “legal”?

Yes. A substitute check is the legal equivalent of its original check for all purposes, if it meets all specified requirements. This substitute check can be used in the same legal manner as if it was your original paper check.

What are recredit rights? Do I have them?

Yes; you have recredit rights. If you believe that a substitute check was not properly charged to your account, recredit rights allow you to pursue a correction. See the disclosure issued in the Final Regulations by the Board of Governors at the end of this brochure.

Is there anything I should do differently with regard to my credit union checking account?

No. Accurately maintain your checking account records, and reconcile your statements in a timely manner, as you have in the past. As always, if you have any questions about your accounts, please call or stop in to see us—we would be happy to assist you.

Legal Disclosure

The following disclosure is taken from the Final Rule to Implement the Check Clearing for the 21st Century Act issued by The Board of Governors of the Federal Reserve System on July 27, 2004.

C-5A – Substitute Check Policy Disclosure
Substitute Checks and Your Rights

IMPORTANT INFORMATION
ABOUT YOUR CHECKING ACCOUNT

Substitute Checks and 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 the 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 laws 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