

LEGAL DISCLOSURE

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 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 THE LOSSES YOU MAY ATTEMPT TO RECOVER UNDER THIS PROCEDURE MAY INCLUDE THE AMOUNT THAT WAS WITHDRAWN FROM YOUR ACCOUNT AND FEES THAT WERE CHARGED AS A RESULT OF THE WITHDRAWAL (FOR EXAMPLE, BOUNCED CHECK FEES).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 (AMOUNT, NOT LOWER THAN \$2,500) OF YOUR REFUND (PLUS INTEREST IF YOUR ACCOUNT EARNS INTEREST) WITHIN (NUMBER OF DAYS, NOT MORE THAN 10) BUSINESS DAYS AFTER WE RECEIVED YOUR CLAIM AND THE REMAINDER OF YOUR REFUND (PLUS INTEREST IF YOUR ACCOUNT EARNS INTEREST) NOT LATER THAN (NUMBER OF DAYS, NOT MORE 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 AT (CONTACT INFORMATION, FOR EXAMPLE PHONE NUMBER, MAILING ADDRESS, E-MAIL ADDRESS). YOU MUST CONTACT US WITHIN (NUMBER OF DAYS, NOT LESS THAN 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).



CHECK 21:

WHAT WILL IT MEAN FOR ME?

place your logo here



WHAT IS CHECK 21?

WHAT'S ALL THE CONCERN?

HOW WILL IT AFFECT ME?

WHAT SHOULD I DO?

WHEN SHOULD I DO IT?

Q. What is Check 21?

A: Short for the "Check Clearing for the 21st Century Act," Check 21 is a law that goes into effect October 28, 2004. This law deals with how financial institutions collect checks and share drafts from one another. For example, when a check deposited at a financial institution in Ohio is drawn against another financial institution in California, the actual check must be transported to California in order to collect it. This takes time and money, plus weather conditions and other factors sometimes delay the transport of checks. Check 21 is meant to encourage financial institutions to begin exchanging checks with one another more efficiently. Financial institutions will be allowed to truncate the original check from the process and send each other a "substitute check" instead.

Q. What is check truncation?

A: Check truncation means to remove an original paper check from the check collection process and, in its place, make a "substitute check." However, even after Check 21, you will still be able to access copies of share drafts just as you always have.

Q. What is a "substitute check?"

A: Like any new technology, Check 21 won't be adopted overnight and may take several years to gain widespread acceptance. In the meantime, most financial institutions will still need to receive paper items in order to process their customers' transactions. Check 21 allows them to print and use "substitute checks," which are paper replacements intended to be presented for payment between financial institutions. These substitute checks will be the legal equivalent of the original and will likely have limited impact on the typical credit union member.

Q. How will this affect my checking account?

A: Check 21 opens the door for financial institutions to eventually begin exchanging electronic images of checks instead of original checks or substitute checks. This change from exchanging checks to exchanging electronic images will not occur right away. It will be several years before all financial institutions move to this new electronic process. Once many of them have done so, your share drafts may clear your account more quickly than they do today. As always, balance and monitor your account regularly to prevent unwanted overdrafts.

Q. Will I still be able to get a copy of a cancelled check if I need one?

A: Yes. This will not change.

Q. What are my rights as a consumer?

A: Check 21 provides consumer protection provisions in case of a financial loss caused by a financial institution paying a substitute check instead of the original check. Check 21 also requires that financial institutions notify consumers of their rights each time they receive a substitute check in their statements. See the legal disclosure on the back side of this brochure.

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