

**“Check 21” means your checks may clear in hours, not days.**

You may need to change your check writing habits if you want to avoid having your checks returned this fall. If you are in the habit of writing checks knowing that the money will be in your account within the “next couple of days,” you need to know that check processing will soon take a number of hours, not days. The checks you write in the days leading up to and after October 28 will be affected.

The **Check Clearing for the 21st Century Act** or **Check 21** was passed by Congress in October of 2003 and it will take effect in October of 2004. It will reduce the cost of trucking and saving paper checks by approximately \$2 billion a year and will encourage innovation and efficiencies in the electronic checking system.

Credit unions have been removing paper checks from the collection or return process for a number of years. **Check 21** simply means that banks may choose to use electronic images of checks instead of the check itself. Printed images that are generated from these electronic checks are called “substitute checks”. They will now be considered the legal equivalent of the real check.

**What does this mean to you?**

Say, for example, that you write a check to your discount store. The discount store deposits your check in its bank and gets its money. Now the discount store’s bank has to get its money from Old West FCU. The discount store’s bank does not like dealing with paper checks so it sends an electronic image of it to the Federal Reserve Bank. This process is faster and less expensive than paper. The Federal Reserve Bank sends money to the discount store’s bank. Now the Federal Reserve Bank has to collect its money from Old West FCU. If Old West FCU wanted paper, the Federal Reserve Bank would send us a substitute check that is a printed copy of the real check.

You do not need to take any special action as this is simply a change in the way we process checks. You will not find a substitute check very often but you may see one in the following circumstances:

- When viewing check images in CU@theE-Branch
- If you request a copy of the paid check from Old West FCU
- As a deposited check that is returned unpaid

**What is a substitute check?**

According to the Credit Union National Association, “A substitute check is a copy of an original check that is the same as the original check for all purposes, including proving that you made a payment, if it includes an accurate copy of the front and back of the original check and contains the words: ‘This is a legal copy of your check. You can use it in the same way you would use an original check.’ A substitute check that meets these requirements is generally subject to federal and state laws that apply to an original check. If you lose money because you received a substitute check, you have the right to file a claim or expect a refund.”

Contact Old West FCU at (541) 575-0264 or (888) 575-0264 if you have a problem with your account.

**Why change?**

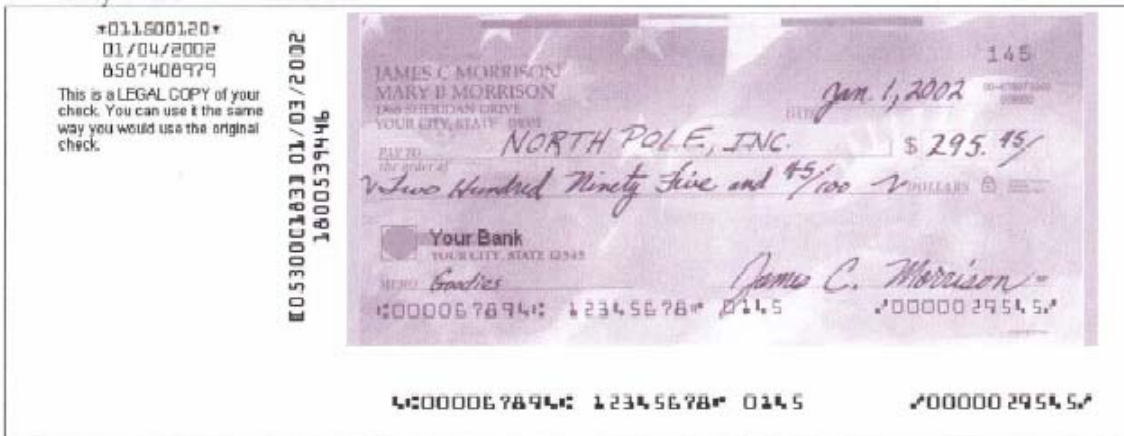
During the days that followed the September 11 tragedies, paper check processing was halted in the United States due to the grounding of commercial aircraft. The Federal Government passed the **Check Clearing Act of the 21st Century** in response to this crisis. **Check 21** is intended to speed the processing of checks and save money. It will allow financial institutions to choose to send electronic files to each other or to request a paper copy of the original check.

**What does a substitute check look like?**

A substitute check is an exact replica of your original check with some added verbiage and processing numbers. It will look similar to the check below.



➤ Gray Scale – Personal Size



Source: Wachovia

➤ Gray Scale – Personal Size

<p>⑈011500120⑈ 01/04/2002 858740899⑈</p> <p>THIS IS A LEGAL COPY of your check. You can use it the same way you would use the original check.</p> <p>RETURN REASON (A) NSF - NON SUFFICIENT FUNDS</p> <p>⑈011500120⑈ 01/03/2002 944655009⑈</p>		
<p>⑈000067894⑈ 12345678⑈ 0115</p>	<p>⑈0000029545⑈</p>	
<p>⑈053000183⑈</p>		<p>⑈0000029545⑈</p>

<p>⑈011500120⑈ 01/04/2002 858740899⑈</p> <p>1800539446</p>	<p>⑈011500120⑈ 01/03/2002 944655009⑈</p>	<p>Jan 2 2002</p> <p>⑈011500120⑈ 01/03/2002 944655009⑈</p> <p>7815830233</p>	<p>FOR DEPOSIT ONLY FIRST UNION NATIONAL BANK NATIONAL DEPOSIT SERVICES RICHIE POLE, P.C.</p>	<p>⑈011500120⑈ 01/04/2002 858740899⑈</p>
<p>↓ Do not endorse or write below this line. ↓</p>				

Source: Wachovia