

“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. 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 takes a number of hours, not days.

The **Check Clearing for the 21st Century Act** or **Check 21** was passed by Congress in October of 2003. It reduced the cost of trucking and saving paper checks by approximately \$2 billion a year and encouraged 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 Idaho. 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 Idaho. If ICON CU 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 icon@home
- If you request a copy of the paid check from ICON CU
- 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 ICON CU at 208.344.7948 or 800.877.3174 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.

05100033
0918/2002
3112003355102116

This is a legal copy of your check. You may use it the same way you would use the original check.

[121000374] 0918/2002
00256071467874451

John Q. Smith
123 N. Elm Street
Richmond, VA 23220

1032
DATE Jan 12, 2002

PAY TO THE ORDER OF International Books Co. \$ 165.00

One hundred sixty-five and no/100 DOLLARS

Richmond's Best Bank
Richmond, VA 23201

Memo Books John Smith MP

⑆051000369⑆ 28634832⑆ 1032 ⑆0000016500⑆

⑆051000369⑆ 28634832⑆ 1032 ⑆0000016500⑆

➤ Gray Scale – Personal Size

011600120
01/04/2002
0507408979

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

⑆053000103⑆ 01/03/2002
1800539446

JAMES C. MORRISON
MARY B. MORRISON
1234567890 DRIVE
YOUR CITY, STATE 12345

145
DATE Jan. 1, 2002

PAY TO NORTH POLE, INC. \$ 295.45

Two Hundred Ninety Five and 45/100 DOLLARS

Your Bank
YOUR CITY, STATE 12345

Memo Goods James C. Morrison

⑆0000067894⑆ 12345678⑆ 0145 ⑆0000029545⑆

⑆0000067894⑆ 12345678⑆ 0145 ⑆0000029545⑆

0530-60102 01032002
WACHOVIA BANK, N.A. COC
CHARLOTTE, NC 28756-0002
1800539446

⑆053000103⑆ 01/03/2002
1800539446

20 2-NM

⑆0310000114⑆
FIRST UNION BANK INC 813
PHILADELPHIA PA 191020002
7815830233

FOR DEPOSIT ONLY
FIRST UNION NATIONAL BANK
ACCOUNT 1234567890123
NORTH POLE, INC.

⑆011600120⑆ 01/04/2002
0507408979
2002/01/03 1800539446

⑆053000103⑆ 01/03/2002
1800539446

↓ Do not endorse or write below this line. ↓

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⑈ 0145</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⑈ 01/04/2002 858740899⑈</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