

Consumer Protection

15. What protections do I have if I receive image statements or receive an account statement with descriptive information about my canceled checks?

Years ago, many banks stopped providing customers with canceled checks and, as an alternative, began providing customers with documentation showing which checks were paid. Regardless of the form of documentation you receive, check law protects you against erroneous and unauthorized check payments. Please contact your bank if there is an error with a check paid on your account.

16. How do I make sure my checks are of good image quality?

In order to better protect you from potential fraudulent activity and ensure readily legible check images, Lafayette Savings Bank highly recommends that you use only blue or black ink when you write your checks. Other colors of ink and gel pen ink will make checks difficult to read, leading to problems in processing of your checks and possibly causing incorrect amounts to be deducted from your account. In addition, ordering your checks through the bank's recommended vendor, Deluxe, will also help protect you.



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Check 21

Customer Awareness Q&A

Check Clearing for the 21st Century Act



General Information

1. What is Check 21 and what is its basic purposes?

Check 21 is a federal law that is designed to enable banks to handle more checks electronically, which should make check processing faster and more efficient. Today, banks must physically move original paper checks from the bank where the checks are deposited to the bank that pays them. This transportation can be inefficient and costly. Check 21 becomes effective on October 28, 2004.

2. How will Check 21 make check processing more efficient?

Instead of physically moving paper checks from one bank to another, Check 21 will allow banks to process more checks electronically. Banks can capture a picture of the front and back of the check along with the associated payment information and transmit this information electronically. If a receiving bank or its customer requires a paper check, the bank can use the electronic picture and payment information to create a paper “substitute check.” This process enables banks to reduce the cost of physically handling and transporting original paper checks, which can be very expensive. Electronic check processing is not new to the financial industry and is a safe and reliable way of processing payments. It uses technology that has been developed and tested to process your check information securely.

3. What changes can I expect when Check 21 goes into effect?

After October 28, 2004, you may receive a substitute check when you were expecting an original check. For example, because you receive image statements (pictures of several checks on a single page) you may notice that some of the pictures are of substitute checks.

4. Will Check 21 result in my check being paid sooner?

With Check 21, banks will likely process more checks electronically. As a result, your check may reach your bank faster and be paid sooner. Always make sure you have enough money in your account to cover the checks you write at the time that you write them.

5. What is the difference between Check 21 and programs that convert checks to electronic payments?

A check you write may be processed as a check. In that case, your rights are governed by check laws and regulations. Under electronic check conversion, the check is used only as a source of information to create an electronic fund transfer and is not processed as a check. You must receive notice that your check may be processed this way. Electronic fund transfers are governed by different laws and have different consumer rights than check payments.

Substitute Checks

6. What is a substitute check?

A substitute check is a paper copy of the front and back of the original check. A substitute check is slightly larger than a standard personal check so that it can contain a picture of your original check. A substitute check must be printed in accordance with very specific standards so that the substitute check can be used in the same way as the original check.

7. When is a substitute check legally the same as the original check?

A substitute check is legally the same as the original check if it accurately represents the information on the original check and includes the following statement: “This is a legal copy of your check. You can use it the same way you would use the original check.” The substitute check must also have been handled by a bank.

8. Can I use a substitute check as proof of payment?

Yes! You can use a substitute check as proof of payment because it is legally the same as the original check. For instance, the IRS will accept your substitute check as proof of payment. If you do not have a substitute check but have a copy of an original check or a copy of a substitute check, you usually can use these documents as proof of payment.

9. How are image statements different from substitute checks?

Instead of providing canceled checks, some banks provide customers with image statements that show multiple pictures of canceled checks per page. The pictures on the image statement could represent an original check or a substitute check. Whether you receive an original check, a substitute check, an image

statement, or a line item on your account statement, check law protects you against erroneous and unauthorized check payments.

10. Can I demand a substitute check from my bank instead of a copy?

Your bank may provide you with a substitute check, but it is not required by law to do so. If your bank does not provide you with a substitute check, you usually can use a copy of an original check or a copy of a substitute check as your proof of payment.

11. What should I do if something is wrong with the substitute check that I receive?

A substitute check must show the front and back of the original check and be printed in accordance with very specific standards. If you receive a substitute check that appears to have a problem (i.e., it contains a bad picture of your original check), contact your bank.

12. Can I get my original check if I need it?

Banks are not required currently to keep your original check for any specific length of time, and Check 21 does not add any new retention requirements. In many cases, the original check may be destroyed. If you request your original check from your bank, your bank may provide you with the original check, a substitute check, or a copy of the check.

13. Can banks or their customers prevent others from using their original checks to create substitute checks?

No! Generally, any check can be used to create a substitute check, including a personal check, corporate check, credit card check, postal money order, and U.S. Treasury check. However, a foreign check cannot be used to create a substitute check.

14. What if I receive a substitute check representing a fraudulent original check?

Check law provides protections against fraudulent checks so that generally you are not responsible if you notify the bank in a timely fashion. This is the case whether you receive an original check, a substitute check, an image statement, or a line item on your account statement.