

## What is Check 21?

The Check Clearing for the 21st Century Act (Check 21) was signed into law on October 28, 2003, and became effective on October 28, 2004. Check 21 is designed to foster innovation in the payments system and to enhance its efficiency by reducing some of the legal impediments to check truncation. The law facilitates check truncation by creating a new negotiable instrument called a substitute check, which permits banks to truncate original checks, to process check information electronically, and to deliver substitute checks to banks that want to continue receiving paper checks. A substitute check is the legal equivalent of the original check and includes all the information contained on the original check. The law does not require banks to accept checks in electronic form nor does it require banks to use the new authority granted by the Act to create substitute checks.

## Remember This

- When a financial institution uses substitute checks, your checks may be processed faster - be sure to have enough money in your account to cover the checks you write.
- Always review your account statement to make sure the charges are correct.
- If you receive something other than a substitute check, be aware of your rights to resolve errors under state and federal laws.
- Contact your credit union immediately if you notice an error on your account.

## Description of a Substitute Check

A Substitute Check is a special paper copy of the front and back of an original check. The substitute check may be slightly larger than the original check. Substitute checks are specially formatted so they can be processed as if they were original checks. The front of a substitute check should state: "This is a legal copy of your check. You can use it the same way you would use the original check."

Sample Front of a Substitute Check:



Sample Back of a Substitute Check:



## IMPORTANT INFORMATION ABOUT YOUR CHECKING ACCOUNT

# Substitute Checks and Your Rights



SLCU Minneapolis  
501 Marquette Avenue, Suite 1100  
Minneapolis, MN 55402

SLCU Brooklyn Crossing  
3200 Northway Drive, Suite 380  
Brooklyn Center, MN 55429

SLCU Glenwood Office  
460 Franklin Street North  
P.O. Box 232  
Glenwood, MN 55334

SLCU South Metro Office  
14327 Huntington Avenue South  
Savage, MN 55378

SLCU St. Paul Office  
475 Etna Street, Suite 7  
St. Paul, MN 55106

## 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 \$2500.00 of your refund (plus interest if your account earns interest) within 10 business days after we received your claim and the remainder of your refund (plus interest if your account earns interest) not later than sixty (60) 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 was posted to your account, please contact the Supervisor of Account Services in the SLCU Brookview office at 763-569-9977 or you may contact us via email at pbrown@slcu.com. You must contact us within sixty (60) 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).

## Need More Information?

If you have any questions regarding Check 21 or on a Substitute Check you received please contact any one of our office locations.

SLCU Minneapolis:  
(612) 373-9400 or Toll Free 1-800-355-7528  
SLCU Brooklyn Crossing: 763-569-9977  
SLCU Glenwood:  
(320) 634-0020 or Toll Free 1-877-634-0020  
SLCU South Metro: (952) 895-5277  
SLCU St. Paul: (651) 793-0830