

As explained Provision 7.m. of the Member Service Agreement (MSA) Part 2, and Business Service Agreement (BSA) Part 2, any check drawn on another financial institution you deposit in an account you have with us can come back to us for a nonpayment or fraud reason (or other reason). When a check you deposited is sent back to us by another financial institution for a nonpayment or fraud reason (or other reason), under Federal law that financial institution may send the check back to us as a “substitute check” (a paper copy of the original check created from an electronic image of the check, as explained further below). If the check you deposited is sent back to us as a substitute check we will deduct the amount of the check from the account you have with us and (if you have sufficient available funds to cover the check) return it to you as a substitute check along with this explanation. Should you have any questions about this information on substitute checks, please contact us anytime we are open for business and we will be happy to assist you. Thank you again for being a valued member of our credit union. We greatly appreciate it and look forward to serving you!

Important Information about Substitute Checks and Your Rights

What is a Substitute Check?

To make check processing faster and easier, federal law allows financial institutions 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 are returned to you after your deposit (or that you receive with your account statement), may be substitute checks. This notice describes the rights you have when you receive substitute checks from us. The rights in this notice do not apply to your original checks or to electronic debits by debit card or otherwise to the account you have with us. However you have rights under other law with respect to those transactions.

Your Rights Regarding a Substitute Check

In certain instances, federal law provides a “substitute check loss claim” procedure that allows you to request a refund (i.e., make a claim) for losses you suffer if a substitute check is posted to or returned and deducted from the account you have with us (for example, if you think that we withdrew the wrong amount from the account, or that we withdrew money from the 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 the account and charges and fees that were assessed as a result of the withdrawal (for example, overdraft check or returned check fees).

The amount of your refund under this “substitute check loss claim” procedure is limited to the amount of your loss or the amount of the substitute check, whichever is less. You also are entitled to dividends and/or interest on the amount of your refund if the account is a dividend or 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 “substitute check loss claim” procedure, you may receive up to \$2,500 of your refund (plus dividends or interest if the account earns dividends or interest) within ten (10) business days after we received your claim and the remainder of your refund (plus dividends or interest if the account earns dividends or interest) not later than forty-five (45) calendar days after we received your claim.

Please be aware that we may reverse the refund (including any dividends and/or interest on the refund) and impose charges and fees if we later are able to demonstrate that the substitute check in question and its amount were correctly deducted from the account.

Making a Claim for an Erroneous Substitute Check

If you believe that you have suffered a loss relating to a substitute check you received that was deducted from an account you have with us, please contact us at your earliest convenience at the branch, phone number or address above. Once done, we will assist you with the “substitute check loss claim” procedure.

You must contact us within forty (40) calendar days of the date that we mailed (or provided to you by a method to which you have agreed) 1. the substitute check in question, or 2. the account statement showing that the substitute check was deducted from the account, whichever is later. We will extend this time period and allow you to make a claim on the substitute check if you were not able to make a timely claim because of extraordinary circumstances.

Your claim on the erroneous substitute check must include:

1. An explanation of why you think you have suffered a loss (for example, you believe the amount withdrawn was incorrect);
2. An estimate of the amount of your loss caused by the substitute check deducted from the account;
3. An explanation of why the substitute check you received is insufficient to confirm that you suffered a loss; and
4. A legible copy of the substitute check, or the following information to help us identify the substitute check and investigate your claim: the check number, the amount of the check, and if applicable the name and contact information of the person who or business that wrote the check to you, and the name and contact information of the institution that the check is drawn on.

A Loss Not Caused by a Substitute Check

If it is determined that you have not suffered a loss by a check converted to a substitute check (i.e., because the check came back to us as a substitute check for a legitimate nonpayment or fraud reason (or other reason)), generally your recourse to recover your loss will be against the person who wrote or gave you the check. Again you may use the substitute check to address the matter with the person who wrote or gave you the original check to recover a loss in the same way as you could with the original check.

Questions? Please Contact Us During Business Hours

Should you have any questions about this information on substitute checks or about a substitute check, or any product or service at our credit union, please contact us at your earliest convenience during business hours and we will be happy to assist you. Thank you again for being a valued member of our credit union. We greatly appreciate it and look forward to serving you!

Questions? Please contact us anytime we're open for business.