

ORANGE COUNTY'S CREDIT UNION

CHECK 21

Effective Oct. 28, 2004

ORANGE COUNTY'S CREDIT UNION CHECK21

What is a substitute check?

The Check Clearing for the 21st Century Act (Check 21) provides a significant change in the way checks are processed in the United States. The primary change in the way you use check pertains to a substitute check - the legal equivalent of the original paper check. A substitute check is a legally sanctioned document, complete with all the rights and obligations of the original check from your checkbook. Substitute checks are paper copies created from electronic images of original paper checks. The copy includes the front and back of the check, as well as all endorsements.

In order 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."

How will substitute checks and check 21 affect me?

Beginning October 28, 2004, when Check 21 legislation becomes effective, some of the checks returned to you may be substitute checks. You may continue banking and writing checks as you do today. In fact, this new legislation will mean that checks will take less time to clear your account than it does now.

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 electronic debits to your account. However, you have rights under other law.

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 The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, bounced check fees).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 \$2,500.00 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 45 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 that was posted to your account, please contact us at:

phone: 714-755-5900

or write to us at: Orange County's Credit Union

P.O. Box 11777 Santa Ana, CA 92711

or email us at: info@orangecountyscu.org.

You must contact us within 40 calendar days of the date that we mailed (or otherwise delivered by a means to which the account holder 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: the check number, the amount of the check, and the name of the person to whom you wrote the check.

Substitute Check Image Sample

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309B

288377391

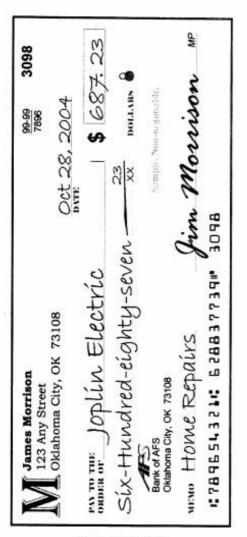
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2,4

41:7896



T2555T0000 h002/82/OT [T2Eh59286]

10/26/2004 0000155521 his is a LEGAL COPY of your ch ou can use if the same way you rould use the original check.

What will a substitute check look like?

- A substitute check is approximately the same size as a standard business check.
- 2 A slightly reduced image of the front and back of the check appears on the substitute check.
- The front of the substitute check will include a legal legend that states: "This is a legal copy of your check. You can use it the same way you would use the original check."
- The information in asterisks relates to the "reconverting bank" the financial institution that created the substitute check.
- The information in brackets (appears side ways) relates to the "truncation bank" the financial institution that took the original check out of the check processing system.
- MICR lines at the bottom of the image of the original and the substitute will be the same except for the digit at the beginning of the substitute check number, which indicates it is a substitute check being moved in the col lecttion process. It is possible for a substitute check number to begin with "4" which indicates a forward process or a "5" if the item is being returned.

