



Check 21 and Its Impact on You

On October 28, 2004, the Check Clearing for the 21st Century Act (Check 21) became law. Check 21 is intended to speed up the payment process by reducing the time, costs and risks associated with the processing and transporting of conventional paper checks.

This law authorizes financial institutions to create an electronic image of the original check, called a "substitute check". The substitute check will contain all of the information on the original check's front and back (including a reduced image of the check itself) as well as the words, "This is a legal copy of your check. You may use it the same way you would use the original check."

The substitute check has the same legal standing as the original check when it is submitted as proof of purchase or payment, and cannot be refused by merchants or other entities.

What You Should Know

- The use of substitute checks won't change the way you write checks or receive checks from others. However, at some point your original paper check may be converted into an electronic image as it moves through the payment system. The original check may be destroyed.
- A substitute check may be provided when you request a copy of a check from The Partnership FCU. But remember, no one can refuse a qualified substitute check as proof of payment.
- Faster check clearing reduces the opportunities for thieves to forge checks or engage in identity theft. Faster check clearing will also reduce "float", the period between when a check is presented for payment and when it is actually debited from your account. *Therefore, be sure that you have sufficient funds in your account to cover the checks you write.*

Check 21 contains consumer protection features to prevent consumers from incurring a loss due to a substitute check and requires the institution creating the substitute check to provide warranties and indemnities to all parties. If you receive a substitute check, you will also receive a disclosure outlining your rights.