

## CHANGES IN CHECK PROCESSING

Beginning October 28, 2004, you may receive substitute checks or images with your monthly statement. Under a new Federal law known as CHECK 21, substitute checks will be regarded as the original check. They are proof that you made a payment. Improved efficiency in check processing was the main goal of congress with the enactment of "check 21".

### What is a substitute check?

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 the 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.

### How will Check 21 affect me?

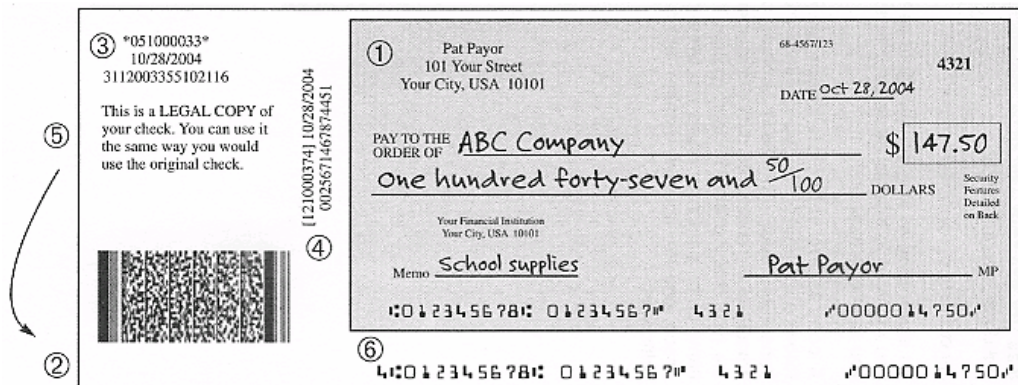
By October 28, 2004, every bank will be required to accept substitute checks, just as they currently accept original paper checks. If you receive your cancelled checks or check images of your cancelled checks with you account statement, you will begin seeing substitute checks after that date. A substitute check is the legal equivalent of the original check and will include all the information contained on the original check.

### What is the benefit of Check 21?

- \* Faster Check Clearing - You get a more accurate picture of your account balance.
- \* Decreased fraud - Since check clearing is faster, fraud can be detected and investigated sooner, which brings about a quicker resolution.
- \* Quicker Response - Check images can be accessed faster to resolve questions.
- \* Increased security - Checks do not have to be physically transported via truck, train or plane.

### Important Note

Please keep in mind that you should have sufficient money in your account to cover the payment at the time you write your check.



- 1) An image of the original check appears in the upper right hand corner of the substitute check.
- 2) A substitute check is the same size as a standard business check.
- 3) The information in asterisks relates to the 'reconverting bank' – the financial institution that created the substitute check.
- 4) The information in brackets (appears sideways facing check image) related to the 'truncating bank' – the financial institution that took the original check out of the check processing system.
- 5) The Legal Legend states: *This is a LEGAL COPY of your check. You can use it the same way you would use the original check.*
- 6) The MICR lines at the bottom of the image of the original and at the bottom of the substitute check are the same except for the "4" at the beginning of the MICR line on the substitute check, which indicates that it is a substitute check being moved forward for collection purposes. It is also possible for the MICR line on the substitute check to begin with a "5" if the item is being returned. The rest of the MICR line is the same as the original check to ensure that it is processed as though it were the original.

If you have any questions regarding Check 21 and how it will affect you and your account, please contact any of our offices at the following locations: **Salem – 812-883-2639, Orleans – 812-865-8877, or Mitchell at - 812-849-2092.**