

Check 21 Frequently Asked Questions

1. I recently heard that something called Check 21 would change how I receive my cancelled checks with my statements. What is Check 21?

Check 21 is new federal legislation that takes effect on October 28, 2004. Check 21 permits banks to use a new type of negotiable item called a “substitute check.”

2. What is the purpose of the law and why is it being implemented?

Check 21 was created to improve efficiency in the U.S. banking system. It allows banks to exchange check images electronically, reducing the need to transport paper checks for presentment between banks. In the event of natural or man-made disasters, the check exchange process can continue more efficiently.

3. What is a substitute check?

A substitute check is a paper reproduction of an original check. It contains an image of (both the front and back of the original check). It is the legal equivalent of the original check provided it accurately represents the original item and contains the following legend: “This is a legal copy of your check. You can use it the same way you would use the original check.”

4. Are there any charges associated with Check 21?

No. At the current time, no fees will be assessed for the use of substitute checks.

5. Do I have a choice whether or not I receive substitute checks?

No. This is a federal law and as of October 28, 2004 all banks are required to accept substitute checks.

6. Will substitute checks be returned with my statement?

If you normally receive paper checks with your statement, beginning October 28, 2004 you may notice some of your checks will be substitute checks. Bangor Savings Bank will be passing on to you what we receive from other banks, whether that is an original check or a substitute check.

7. I thought Massachusetts and New York have a law that states a bank must return customers’ cancelled checks if requested?

Yes, but we have been advised that federal law, specifically Check 21, supersedes state and local regulations. In addition, as the banking industry moves further to image exchange, there will be fewer paper checks available for return. If you currently receive cancelled checks, beginning October 28, 2004, some of your checks may be substitute checks. Bangor Savings Bank will be passing onto you what we receive from other banks, whether that is an original check or a substitute check. However, BSB provides, a full image statement, where a copy of each paid check image is enclosed with your monthly statement. That way, you will always have proof of payment for your records, but won’t need to continue storing cancelled checks.

8. If I want my original checks back even though a substitute check was issued, how can I get them?

Once Check 21 is in effect, you may not always be able to have your original checks returned to you. This change is due to the fact that we may not receive the cancelled check from the bank of deposit because the original check is destroyed. It is not possible to retrieve an original check if a substitute check has been created. Remember, the substitute check is the original equivalent of the original check.

Check 21 Frequently Asked Questions (cont.)

9. If I want my original checks back even though a substitute check was issued, how can I get them?

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10. What happens to my original check?

The entity that truncated the original check is responsible for destroying the original check to ensure that your account will not be charged twice for the same check.

11. What does Bangor Savings Bank provide if I request a photocopy of one of my cancelled checks?

Bangor Savings Bank will provide a copy of the check you request in the form it was presented to us for payment: Original check or substitute check. Just like a copy of an original check from a bank, a copy of a substitute check is considered appropriate for proof of payment.

11. Who do I contact for a copy of my check?

You may contact your branch of account or call 1-877-Bangor1.

12. I receive check images now with my statement. Will I continue to receive these images?

Yes, you will continue to receive imaged checks with your statement.

13. What happens if the original check is destroyed and then the substitute image is also lost (e.g. computer malfunction)?

We would follow the same process as today when a check is lost or destroyed in the check collection system. You may request a copy of the check and you will receive a "photo in lieu," which is a photocopy of the check that is certified to be a legal equivalent.

14. When will the funds be debited from my deposit account?

Funds will be debited upon receipt of the check, original or substitute, just as is currently the check clearing process today. However, if a substitute check has been created from the check you issued, the check clearing process might be expedited so the debit could happen faster than for a paper check.

15. As a result of Check 21 will my checks clear my account faster?

As increasing numbers of banks participate in image exchange, faster check clearing times will occur. It will become increasingly important for you to closely monitor your account balance in order to avoid unexpected overdrafts and related charges.

16. What about the collection time of my deposits, won't I collect on those faster as well?

Image exchange by nature of its process results in faster check clearing times. Bangor Savings Bank continuously reviews check clearing times and the impact on our Funds Availability policy. In addition, the Federal Reserve Bank reviews check clearing times and the impact on Regulation CC – The Expedited Funds Availability Act. The Federal Reserve Bank has stated the "Funds Availability" section of Regulation CC will be revised 30 months from October 28, 2004. The change is expected since the Fed anticipates the majority of financial institutions will be fully participating in image exchange by that time.

Check 21 Frequently Asked Questions (cont.)

17. What is the difference between Check Imaging/Image Statement and Check 21?

Check Imaging/Image Statement: Bangor Savings Bank receives the original check back from the processing bank. Instead of returning the original check, an image of the check is provided in the customer's statement.

Check 21: This new federal law is designed to improve the national check collection system. With Check 21, it is possible that the bank may receive a substitute check instead of the original check. All banks must comply with this new law and must accept substitute checks.

18. Doesn't Check 21 require image exchange?

Image exchange, the use of digital check images in place of paper checks to collect funds, is not required by Check 21.

19. Can I capture images of the checks I receive at my place of business and transmit them to Bangor Savings Bank for collection?

Not at this time. However, Bangor Savings Bank is exploring options that enable business customers to scan checks received for payment, and then transmit image files to the bank for processing. Since this technology is very new, there is much research necessary to find the most secure and economical product offering.