### Legal Disclosure

Substitute checks and your rights Important information about your checking account

#### What is a substitute check?

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 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 you receive back from us may be substitute checks. 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 to electronic debits to your account. However, you have rights under other law with respect to those transactions.

#### 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 The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, bounced check fees).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 you 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 of your refund (plus dividends on the

amount of your refund if your account earns dividends) within 10 business days after we received your claim and the remainder of your refund (plus any dividends) no later than 45 calendar days after we received your claim. We may reverse the refund (including any dividends) 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 do 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:

Interra Credit Union Attn: Electronic Services Supervisor PO Box 727 • Goshen, IN 46527-0727 574.534.2506 or 888.432.2848

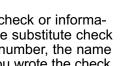
msg@interracu.com

Fax: 574.975.3321

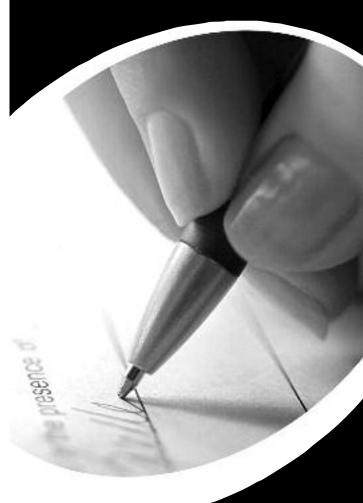
You must contact us within 40 calendar days of the date that we mailed (or otherwise delivered by a means to which you agreed) the substitute check in question or the account statement showing that the substitute check was posted to your account, whichever is later. We will extend this time period if 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 vou suffered a loss: and
- A copy of the substitute check or information to help us identify the substitute check (for example, the check number, the name of the person to whom you wrote the check, and the amount of the check).



# Check 21



### Quick reference guide



10/08

#### What is Check 21?

Check 21, officially called "Check Clearing for the 21st Century Act" and enacted in October of 2004, is a law that affects check processing. The two ways that this law impacts most consumers is in the reduced time it takes most checks to "clear" an account and in the substitution of paper checks with electronic ones.

Check 21 allows credit unions, banks, and processors to "truncate" checks (the removal of a paper check from the election process) earlier in the check clearing process and more often, resulting in the faster "clearing" time. The "substitute check" is a name for the electronic check.

#### Why is Check 21 important?

Substitute electronic checks provide a savings to financial institutions in the handling, manual processing and storage of paper checks. In addition, Check 21 allows for faster collection and return of checks, which can reduce check fraud.

#### How has Check 21 changed things?

This law allows U.S. financial institutions the opportunity to select the least costly processing method, reducing the dependence of the check clearing system on the physical transportation networks.

### How does this affect my checking account?

The most obvious affect is in the speed in which a check that you write may clear your account; the "float" time may be greatly reduced.

#### What is a substitute check?

A substitute check is a paper reproduction of the original check. It is created from an image of the original check and must meet certain requirements:

- Contain an image of the front and back of the original check;
- Bear a MICR line containing all the information that appears at the bottom of a regular check (routing number, checking account number and usually the check number);
- Conform in paper stock, and otherwise with generally applicable industry standards for substitute checks; and
- Be suitable for automated processing in the same manner as the original check.

#### Is a substitute check a real check?

If a substitute check meets all the legal requirements of the original check, then the substitute check is indeed a real check and possesses the same legal equivalence of the original check.

### What types of checks can become substitute checks?

Every type of U.S. check can become a substitute check, including: consumer and business checks, government warrants, Treasury checks, money orders, controlled disbursement checks, payable through drafts and traveler's checks.

### Does Interra Credit Union have to accept substitute checks?

Yes. Everyone, including banks, credit unions, paying customers, depositing customers, consumers, corporations, the Federal Reserve Bank, must accept a legitimate substitute check for payment.



## Can I get a copy of a cancelled check if I need one?

Yes. However, the cancelled check may actually be an electronic check substitute of the original.

#### What happens to the original check?

At some point in the process of the check, the original item will likely be destroyed. This will happen once an electronic image of the original has been obtained. Each financial institution will determine its retention policy for the original check.

#### Is there anything I should do differently with my Interra checking account?

Not necessarily. As always, it is important to accurately maintain your checking account records and reconcile your statement in a timely manner. It is especially important that you have the funds in your account before you write a check as it will likely clear your account very quickly. As always, if you have questions about your accounts please call or stop by any Interra office for assistance.