The amount of the refund under this procedure is limited to the amount of the loss or the amount of the substitute check, whichever is less. You would also be entitled to interest on the amount of the refund if the account is an interest-bearing account. If you use this procedure, you may receive up to \$2,500 of your refund (plus interest if applicable) 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 would 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 805/477-4000. You must contact us within 60 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.

## Please include in your claim

- A description of why you have suffered a loss
- An estimate of the amount of your loss
- A copy of the substitute check and/or the following information to help us identify the substitute check; the check number, the payee and, the amount of the check.
- An explanation of why the substitute check you received is insufficient to confirm that you have suffered a loss.

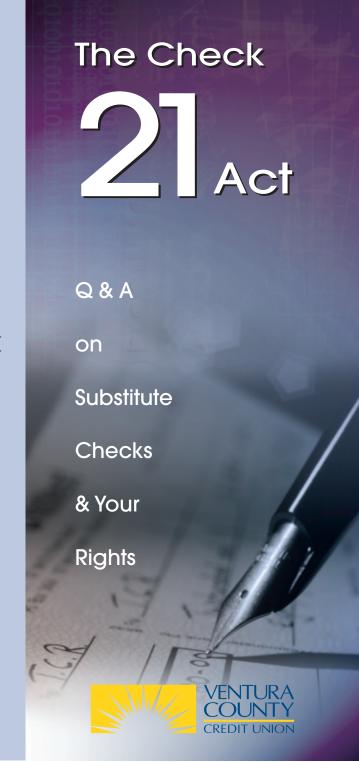
Please feel free to contact Ventura County Credit Union with any questions you might have.



805/ 477-4000 or 800/ 339-0496 www.vccuonline.net

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E ssentially the Check Clearing Act of the 21st Century, commonly known as Check 21, allows financial institutions to make check processing faster by using an electronic image of the check, or substitute check, to replace your original paper check. Where paper checks used to take several days to clear due to mailing, a substitute check could clear as quickly as a few hours.

The questions and answers in this brochure will help you understand how this new act could impact your check writing habits. If you still have questions, please don't hesitate to call VCCU at 805/477-4000.

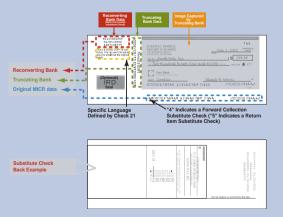
### What is Check 21?

Check 21 is the common name associated with the Check Clearing for the 21st Century Act. In order to make check processing faster, this new federal law permits financial institutions to replace original checks with "substitute checks".

#### What is a substitute check?

A substitute check is an Image Replacement Document (IRD) that includes the following features:

- An accurate image of the front and back of your original check.
- 2. A MICR (magnetic ink character recognition) line with all the information from the original check.
- The statement, "This is a legal copy of your check. You can use it the same way you would use your original check."
- When a paper substitute check is created from a digital substitute check image it must meet specific criteria for paper stock and dimensions.
- 5. A substitute check serves as legal proof of payment.



If you request a copy of a cleared check as a proof of payment, some or all of the checks that you receive back may be substitute checks. This information describes rights you have when you receive substitute checks. The rights in this notice do not apply to original checks or to electronic debits to your account. However, you have rights under other laws with respect to those transactions.

# How will electronic processing improve the nation's check clearing system?

Currently, the original check is shipped between institutions to clear. Electronic processing of substitute checks will result in several efficiencies and improvements:

- Checks will clear faster
- · Account balances will be more accurate
- Fraud can be detected earlier, allowing for sooner investigation and resolution.
- Check clearing disruptions caused by shipping delays due to bad weather, disasters and theft will be reduced.

### What happens to the original check?

Your original check is "truncated" or taken out of the check clearing process. In its place, the substitute check image is processed. The truncated original check is destroyed. The substitute check is a legal equivalent to your original cancelled check.

## What if I need proof of payment?

The substitute check is the legal equivalent of the original check and will be accepted as proof of payment. The credit union will, upon request, provide you with up to two substitute check copies per month free of charge.

## How does Check 21 affect stop payment and check "float" time?

Checks will clear faster, often times within hours. This will shorten the amount of time you have to make a stop payment, and will for the most part eliminate the period of "float" (the time between writing a check and having the check actually clear your account).

### What are my rights regarding substitute checks?

In certain cases, federal law provides a special procedure that allows a member to request a refund for losses suffered if a substitute check is incorrectly posted to your account (i.e the wrong amount was posted or the same draft was posted twice). The losses that could be recovered under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal.