

[Date]

[Customer Name]

[Customer Address]

[City, State, Zip Code]

Subject: Important Information About Your Account - Annual Substitute Check Disclosure

Dear [Customer Name],

This letter contains important information regarding substitute checks and your rights under the Check Clearing for the 21st Century Act (Check 21).

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 a 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.

What are my rights regarding substitute checks?

In certain cases, federal law provides procedures that allow 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 The losses you may attempt to recover under these procedures may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, bounced check fees).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 these procedures 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 your loss exceeds the amount of the substitute check, you may be able to recover additional amounts under other law.

If you use these procedures, you may receive up to \$[Amount, e.g., 2,500] of your refund (plus interest if your account earns interest) within [Number] business days after we received your claim and the remainder of your refund (plus interest if your account earns interest) not later than [Number] 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 do I make a claim for a refund?

If you believe that you have suffered a loss relating to a substitute check that you received or that was reflected on your account statement, please contact us at:

[Bank Name]
[Department/Attn]
[Phone Number]
[Mailing Address]

You must contact us within [Number, e.g., 40 or 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.

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 is not sufficient to show whether or not it was correctly posted to your account; and
- A copy of the substitute check or the following information to help us identify the substitute check: the check number, the name of the person to whom you wrote the check, and the amount of the check.

Sincerely,

[Bank Name/Representative Name]
[Title]