



## Checks Are Changing!

Dear Valued Client:

At 1<sup>st</sup> National Bank of Nevada, it is our goal to be a true financial partner with our customers. Whether it is information about your individual banking relationship or changes within the industry, it is important that you are aware of issues impacting your banking relationship.

In October of 2003, a new law was signed – this law is now known as Check 21. This piece of legislation was designed to improve the overall efficiency of the nations banking system. Today, most checks must be physically transported before they can clear your account, which is both expensive and time-consuming. Check 21 provides a new option: legal acceptance of paper reproductions of original checks, basically paper checks. This reproduction is called a “substitute check” and is produced as an image, or a copy of the original item.

### Why is Check 21 Good News for Customers

**Checks and deposits will clear faster.** You no longer need planes, trains, and automobiles to clear checks as weather and transportation delays can pose serious problems. Because of this law, check images can travel across the country electronically allowing for more efficient processing.

**Faster error resolution.** The automated processes that accompany electronic check processing should result in fewer clerical errors. However, when an error is identified, expedited processing means the problem is identified and resolved quickly. For example, if an item clears your account twice, banks will be able to rectify the error faster.

**Less paper.** The creation of check images online reduces the need to store and file checks. By using online banking, you can instantly view an image of the check you are requesting and let us maintain the paperwork.

While there will be some changes, one thing that will not change is our focus on providing the outstanding service and support you have come to expect. We will continue to invest in technology that allows you to monitor your account in a way that is convenient for you. 1<sup>st</sup> National Bank of Nevada continues to offer check images through our online banking product – absolutely free as a convenience to our customers!

If you have any questions, please contact your branch manager or call us at 1.866.213.2112 and we will be happy to answer your questions.

Sincerely,

A handwritten signature in cursive script that reads 'Gary Dorris'.

Gary Dorris  
President & Chief Operating Officer

## Questions & Answers

### **Q. What does Check 21 do, and how does it affect me?**

A. Check 21 creates a new legal document, called the “substitute check”, which can be used for proof of payment or for any other reason that might require an original cancelled check. Beginning October 28, 2004, at least some of the checks or check copies you receive or view online from us may be substitute checks.

### **Q. What exactly is a “substitute check?”**

A. A substitute check is a legally sanctioned document, with all the rights and obligations given the original check written from your checkbook. Substitute checks are paper copies created from electronic images of original paper checks (front and back, with all endorsements). Each substitute check also includes a statement identifying it as a legal copy of the original check.

### **Q. What if I need a copy of my cancelled check?**

A. No problem. Just contact us or view the check online.

### **Q. Does this mean that I won't be getting back my cancelled checks?**

A. Effective October 28, 2004, we will no longer offer cancelled checks with your statement. You will have the option of receiving check images with your monthly statement or viewing images of your cancelled checks online.

### **Q. What happens to my original check?**

A. Typically, original checks are destroyed once the check is digitized. There are no requirements governing the retention of original checks, however, substitute checks are legal substitutes for proof of payment.

### **Q. What are the implications of this new law in managing my accounts?**

A. Checks you write should clear sooner, raising the possibility that some checks will be returned NSF if there were non-sufficient funds in the account when you wrote the check. You should not write checks for amounts that cannot be covered by funds already in your checking accounts. Additionally, deposited checks should clear faster making the funds available sooner.

### **Q. What if there's an error involving a substitute check?**

A. Effective with your first statement after October 28, 2004, Check 21 will require that we give provisional credit within 10 business days for any substitute check received by you that is disputed. Please review your monthly checking account statements and contact us immediately if you suspect an error. We will be sending you a disclosure statement with more precise details on provisional re-crediting in cases of errors involving substitute checks.

### **Q. Does a substitute check meet the same legal standard as the original check?**

A. Absolutely! Check 21 legislation states that a substitute check is the legal equivalent of the original check and can be used for proof of payment.