



# Federal Reserve Bank Check 21-Enabled Services PDF Check Presentment and Return Service Agreement

## Federal Reserve Use Only (Approval)

Federal Reserve Bank of \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_  
Authorized Signature \_\_\_\_\_  
Date \_\_\_\_\_  
FRB Approved Effective Date \_\_\_\_\_

## 1.0 GENERAL

### 1.1

This Agreement sets forth the terms of our PDF Check Presentment and Return Service.

### 1.2

The PDF Check Presentment and Return Service is subject to the terms and conditions set forth in Federal Reserve Bank Operating Circular 3, entitled "Collection of Cash Items and Returned Checks," and Operating Circular 5 entitled "Electronic Access," both as amended from time to time, except to the extent that the terms and conditions of this Agreement conflict from the provisions of Operating Circular 3 or 5. To the extent that the terms of this Agreement conflict from the provisions of Operating Circular 3 or 5, the terms of this Agreement shall apply to the PDF Check Presentment and Return Service.

## 2.0 DEFINITIONS

### 2.1

For purposes of this Agreement,

- (a) **PDF cash letter** means an electronic file in a format that can be displayed and printed using the Adobe Acrobat application, as amended from time to time, that is transmitted or delivered by the Reserve Bank to the Depository Institution for purposes of presentment of Eligible Items.
- (b) **PDF return cash letter** means an electronic file in a format that can be displayed and printed using the Adobe Acrobat application, as amended from time to time, that is transmitted or delivered by the Reserve Bank to the Depository Institution for purposes of return of Eligible Items.
- (c) **Electronic Information** as used in this Agreement includes, at a minimum, the MICR line information and a digital image of the front and back of an Eligible Item. The digital image includes an image of the item as of the time of truncation, plus overlaid information, such as indorsements, return reasons, required legends, and other information, that is sufficient, if printed, to create a legally valid substitute check. The digital image shall identify a Federal Reserve Bank as the reconverting bank.
- (d) **Eligible Item** means a cash item drawn on, or payable at or through, the Depository Institution, or a returned check with respect to which the Depository Institution is identified as the Bank of First Deposit, that (i) contains in the MICR-line the routing number of the Depository Institution, (ii) was sent to a Reserve Bank for collection or return, and (iii) otherwise complies with all other eligibility requirements that we may specify from time to time. A photocopy or an electronic item can be an Eligible Item. **Eligible Item** includes Electronic Information related to an Eligible Item that we receive from another Reserve Bank.
- (e) **MICR-line information** means the information in the MICR-line on an Eligible Item.
- (f) **Depository Institution** means a Bank that subscribes to the PDF Check Presentment and Return Service, and includes its agent for receiving presentment or return.

# Check 21-Enabled Services PDF Check Presentment and Return Service Agreement

## 3.0 SERVICE DESCRIPTION

### 3.1

A Reserve Bank captures certain Electronic Information obtained from each Eligible Item and we transmit or deliver the information to the Depository Institution in a PDF cash letter or in a PDF return cash letter that is in a format that is compatible with the Adobe Acrobat application ("PDF" format). We transmit or deliver PDF cash letters and PDF return cash letters in accordance with our time schedule on each of our banking days that we receive an Eligible Item. If the Depository Institution is closed on a day that is a banking day for us, we make the information available for transmission on that day in accordance with Section 210.9(b) of Regulation J.

### 3.2

The Depository Institution may establish a cut-off hour no earlier than 2:00 p.m. (local time for the location associated with the Depository Institution's routing number) for presentment of PDF cash letters. Regardless of any cutoff hour that may be established by the Depository Institution, the Depository Institution shall manage its electronic connection so as to permit us to present PDF cash letters and to return PDF return cash letters to it in a timely manner throughout the day. It is the responsibility of the Depository Institution to exercise due diligence to retrieve files that have been presented or returned and to identify and notify the Reserve Bank immediately in any instance in which the Depository Institution would reasonably expect to receive a presentment or return file but does not receive a presentment or return file. The Depository Institution shall give us prompt notice of its failure to receive a PDF cash letter and a PDF return cash letter on a day that is a banking day for both the Depository Institution and us.

### 3.3

For purposes of Regulation J, Regulation CC, our Operating Circular 3, and any applicable state law, presentment or return of an Eligible Item occurs when the Electronic Information related to that Eligible Item contained in a PDF cash letter or a PDF return cash letter is (i) transmitted to the Depository Institution, or (ii) written on the Reserve Bank's data storage device and in a form that is available for retrieval by the Depository Institution. Presentment or return of an Eligible Item is deemed to have occurred at the time of transmission if the Electronic Information related to that Eligible Item is not received because of the failure of the Depository Institution to manage its electronic connection as required by paragraph 3.2 of this Agreement.

The Depository Institution waives any right it may have to condition presentment or return on the exhibition or production of an Eligible Item presented or returned under this Agreement.

### 3.4

The Electronic Information related to an Eligible Item that is transmitted or delivered to a Depository Institution under this Agreement for purposes of presentment or return is not an "electronic item" as that term is used in Regulation J.

### 3.5

The Reserve Bank warrants that the Electronic Information, if properly printed by the Depository Institution, is sufficient to create a substitute check that meets all of the requirements of the Check 21 Act and its implementing regulation, subpart D of Regulation CC.

Because the Electronic Information related to an Eligible Item does not constitute an electronic item, the Reserve Bank does not make any of the warranties or indemnities provided in Regulation J with respect to an electronic item, including but not limited to a warranty that the Electronic Information conforms to any technical standard that applies to an electronic item.

### 3.6

# Check 21-Enabled Services PDF Check Presentment and Return Service Agreement

The Reserve Bank hereby authorizes the Depository Institution, and the Depository Institution hereby agrees, to act as the Reserve Bank's agent solely for the purpose of printing substitute checks from the Electronic Information contained in a PDF cash letter or a PDF return cash letter that the Reserve Bank presents or returns to the Depository Institution pursuant to this Agreement. The Reserve Bank is the reconverting bank for substitute checks printed by the Depository Institution pursuant to this Agreement for purposes of the Check 21 Act and Regulation CC.

The Depository Institution agrees to: (i) use and maintain its electronic connection in a manner that enables the Reserve Bank timely to present and return PDF cash letters and PDF return cash letters; (ii) use all reasonably available information resources to ascertain, on every banking day, whether the Reserve Bank has transmitted or delivered, or attempted to transmit or deliver, a PDF cash letter and/or a PDF return cash letter; (iii) indemnify the Reserve Bank for any liability that results from the Depository Institution printing a substitute check from the Electronic Information for an Eligible Item that does not accurately represent all the information contained in the Electronic Information, including inaccuracies caused by smudging, smearing, or skewing in the printing process, failure to print both the front and the back of each substitute check; and failure to print the MICR line of each substitute check in MICR ink; (iv) indemnify the Reserve Bank for any liability that results from the Depository Institution printing a substitute check from the Electronic Information for an Eligible Item that is a duplicate of a substitute check already printed by the Depository Institution from that Information ; (v) use the substitute check and not the Electronic Information, for any subsequent transfer, presentment, return, or reclearing; (vi) notify the Reserve Bank immediately regarding any failure to receive a PDF cash letter and a PDF return cash letter on a banking day, or any discrepancy or deficiency (including, but not limited to: item duplication, mismatches between images and MICR data, images that are clearly defective) in the Electronic Information received, or the substitute checks printed, under this Agreement, and (vii) take reasonable measures to remedy any discrepancy or deficiency in the Electronic Information received, or the substitute checks printed, under this Agreement.

## 4.0 COPIES

### 4.1

A Reserve Bank includes in the PDF cash letter or PDF return cash letter an image of the front and back of each Eligible Item. The Reserve Bank does not warrant that any such image of an Eligible Item is legible or usable for any purpose other than the printing of a legally valid substitute check.

## 5.0 RETURN OF ELIGIBLE ITEMS

### 5.1

If the Depository Institution wishes to return an Eligible Item that we presented under this Agreement, it must print a substitute check and handle the substitute check in the same manner as the Depository Institution would handle any other item that it wishes to return.

### 5.2

With respect to the return of an Eligible Item of \$2,500 or more presented under this Agreement, the Depository Institution is responsible for providing notice of nonpayment to the depository bank under Section 229.33 of Regulation CC.

### 5.3

A Reserve Bank assumes no responsibility for determining whether the Depository Institution has acted in a timely fashion in returning an item or providing notice of nonpayment to a depository bank.

# Check 21-Enabled Services PDF Check Presentment and Return Service Agreement

## 6.0 RETENTION OF PAID ITEMS

### 6.1

The Reserve Bank does not necessarily possess originals of Eligible Items that are presented under this Agreement, and if the Reserve Bank does possess the original of an Eligible item, the Reserve Bank in its discretion may retain the original for a short period. The Reserve Bank retains an electronic copy of each item presented in a PDF cash letter or returned in a PDF return cash letter for 13 months following the date of presentment or return (the "Retention Period").

## 7.0 REQUESTS FOR ELIGIBLE ITEMS OR FOR INFORMATION

### 7.1

On the day of presentment or return, and for two Federal Reserve Banking Days thereafter, the Depository Institution may request that the Reserve Bank resend a PDF cash letter or a PDF return cash letter to the Depository Institution. After that time, the Reserve Bank is not able to remake or resend a PDF cash letter or PDF return cash letter. During the remainder of the Retention Period, the Depository Institution may submit a request for an Eligible Item, if available, or a copy of an Eligible Item and its related information. The request must contain the recorded MICR-line information, the date the item was presented or returned by the Reserve Bank, and our sequence number for the item. It is the responsibility of the Depository Institution to prevent duplicative processing of, or posting from, files or information that the Reserve Bank provides in accordance with this paragraph.

### 7.2

A Reserve Bank makes available an Eligible Item, if available, or a copy only as provided in the preceding paragraph, or in response to the order of a court of competent jurisdiction, a grand jury subpoena, or other legal process. If we believe that a Reserve Bank may be compelled to provide an item or a copy to other than the Depository Institution, we will notify the Depository Institution unless we are prohibited by law from doing so. It is the Depository Institution's responsibility to assert any defense to production. The Depository Institution is responsible for the cost of producing any item or copy as well as the cost of defending against such production.

### 7.3

To request a resend of a PDF cash letter or a PDF return cash letter, the Depository Institution must contact the Reserve Bank's Check 21 Help Desk. To request an Eligible Item or a copy of an Eligible Item a Depository Institution must use the Reserve Bank's procedures for submitting an adjustment request using the "Original or Sufficient Copy" investigation type.

## 8.0 TERMINATION

### 8.1

We or the Depository Institution may terminate the services provided under this Agreement by giving not less than twenty banking days prior written notice to the other party. In addition, we may immediately terminate the services provided hereunder by notice to the Depository Institution, if we, in our sole discretion, determine that the financial condition of the Depository Institution poses a risk to us, or if we terminate the Depository Institution's electronic access pursuant to Operating Circular 5.

## 9.0 SETTLEMENT

### 9.1

# **Check 21-Enabled Services PDF Check Presentment and Return Service Agreement**

A Reserve Bank debits the account maintained or used by the Depository Institution for the total dollar amount of Eligible Items whose Electronic Information we have presented or returned to the Depository Institution pursuant to this Agreement on that day, as provided in Regulation J and our Operating Circulars. If a Reserve Bank does not receive payment in actually and finally collected funds for an Eligible Item and exercises its right of charge-back under Section 210.13 of Regulation J, a Reserve Bank may remove the item from its retention files and return it.

## **10.0 RELATION TO REGULATIONS J AND CC AND OPERATING CIRCULARS**

### **10.1**

This Agreement constitutes a special collection agreement as authorized by Regulation J and an electronic presentment and return agreement as authorized by Regulation CC. To the extent that the terms and conditions of this Agreement differ from the provisions of Regulation J, Regulation CC, or the Uniform Commercial Code, the provisions of this Agreement shall govern, and shall be binding on all parties to each Eligible Item, to the extent permitted by applicable laws and regulations. Except as specifically provided herein, the services we provide under this Agreement are performed in conjunction with the services we provide pursuant to our Operating Circular 3, and are also governed by Regulation J, Regulation CC, and our Operating Circular 5, as amended from time to time.

## **11.0 LIMITS ON RESERVE BANK LIABILITY**

### **11.1**

A Reserve Bank's recording, transmitting, repairing or key entering MICR-line information shall not constitute an alteration of an item or a breach of any warranty imposed by law with respect to alteration of an item. In addition, a Reserve Bank is not responsible for determining whether an Eligible Item is properly payable, including but not limited to determining:

- (a) the genuineness of the signature of any drawer appearing on an Eligible Item;
- (b) whether any or all required signatures appear on an Eligible Item;
- (c) whether an Eligible Item is stale;
- (d) whether an Eligible Item is postdated;
- (e) whether an Eligible Item is properly indorsed or bears genuine indorsements; and
- (f) whether a stop payment order has been issued for an Eligible Item.

### **11.2**

If another Reserve Bank records the Electronic Information that we transmit to the Depository Institution, the other Reserve Bank is liable only to us, and only for its breach of the warranties expressly set forth herein, or for its own lack of good faith or failure to exercise ordinary care. If we fail to retain or to provide Electronic Information related to an Eligible Item as provided in paragraph 6 or 7 of this Agreement, our liability to the Depository Institution for such failure shall be limited to the amount of the fees paid by the Depository Institution to us specifically for the PDF Check Presentment and Return Service during the thirty day period immediately prior to the date of the alleged failure. The Depository Institution shall give us prompt written notice of any claim by or against it that may give rise to a claim against us.

## **12.0 REJECT REPAIR SERVICES**

### **12.1**

The Reserve Bank will perform repair services with respect to the data contained in the MICR-line of Eligible Items presented to the Depository Institution. The Reserve Bank may repair or key enter MICR-line information because: (i) the MICR line on an item is difficult to read; or (ii) the MICR data from an item causes the item to fail a standard Reserve Bank edit routine.

### **12.2**

# Check 21-Enabled Services PDF Check Presentment and Return Service Agreement

In performing MICR repair or key entry services, the Reserve Bank acts as the Depository Institution's agent. The Reserve Bank makes no warranties of any kind with respect to such services and hereby expressly disclaims any warranties or indemnities that arise by operation of law, except to the extent that any such warranty or indemnity cannot be disclaimed as a matter of law.

## 12.3

With respect to any action that the Reserve Bank takes to carry out a Depository Institution's instruction with respect to MICR repair or key entry services under this paragraph, the Reserve Bank shall be liable only to the Depository Institution, only for the Reserve Bank's lack of good faith or failure to exercise ordinary care, and only for the amount of damage actually caused by the Reserve Bank's failure to perform the requested service with good faith or ordinary care, but in no event shall the Reserve Bank's liability exceed the amount of any fees paid to the Reserve Bank by the Depository Institution specifically for the MICR repair or key entry service during the one month period immediately preceding the transaction or occurrence that gives rise to the claim for damages.

## 13.0 INDEMNIFICATION BY DEPOSITORY INSTITUTION

### 13.1

The Depository Institution shall indemnify, hold harmless and defend the Reserve Bank from any claim, demand, loss, liability, or expense (including attorneys' fees and expenses of litigation) made against it by any person, or incurred by it, as a result of the Depository Institution's failure to carry out any of its obligations under this Agreement, but excluding any claim, demand, loss, liability or expense that results from the Reserve Bank's failure to exercise ordinary care or act in good faith. The Depository Institution's indemnification obligation shall survive the termination of services provided under this Agreement.

## 14.0 FEES

### 14.1

Fees for our PDF Check Presentment and Return Service are set forth in a fee schedule that we publish and amend from time to time. A Reserve Bank charges the fees to the Depository Institution.

## 15.0 MISCELLANEOUS

### 15.1

If the Depository Institution or a Reserve Bank is delayed in acting beyond the time limits under this Agreement because of interruption of communication or computer facilities, suspension of payments by a bank, war, emergency conditions, failure of equipment, or other circumstances beyond its control, the time for acting is extended for the time necessary to complete the action, if the party exercises such diligence as the circumstances require.

## 16.0 TERM OF THE AGREEMENT

### 16.1

This Agreement becomes effective after the Depository Institution has signed and submitted the Agreement, on the date on which the Reserve Bank begins to provide the PDF Check Presentment and Return Service. The Agreement will remain effective until the earlier of the following: (i) the date on which Operating Circular 3 is amended to include the PDF Check Presentment and Return Service; or (ii) the date on which the Depository Institution or the Reserve Bank terminates the Agreement in accordance with paragraph 8 above.

# Check 21-Enabled Services PDF Check Presentment and Return Service Agreement

By executing this Agreement, the depository institution agrees to the terms and conditions set forth above.

## Financial Institution Information

(\* Required Fields)

Financial Institution Routing Transit Number (RTN) *			
Financial Institution Name *			
Financial Institution Address *			
Financial Institution City *			
Financial Institution State *			
Financial Institution Zip Code *			
Primary Contact Name *	<i>First</i>	<i>Middle Initial</i>	<i>Last</i>
Primary Contact Phone Number *	<i>Phone</i>		<i>Extension</i>
Primary Contact Email Address *			
Authorized Signature Name <sup>1</sup> *	<i>First</i>	<i>Middle Initial</i>	<i>Last</i>
Title *			
Authorized Signature *			
Date *			

## Additional Set-up Information:

Service Requested:	<input type="checkbox"/> PDF Return Item Delivery	Effective Date:
	<input type="checkbox"/> PDF Forward Item Presentment	Effective Date:
Routing Transit Number (RTN) to be used as the <b>PDF File Destination</b> <i>Primary RTN</i>		

<sup>1</sup> Authorized signer must be listed on the Official Authorization List (OAL).

# Check 21-Enabled Services PDF Check Presentment and Return Service Agreement

Authorized Routing Transit Number(s) to be included in the service:

<b>Return Item Delivery (List of BOFD RTN's)</b>	<i>RTN</i>	<i>RTN</i>	<i>RTN</i>
	<i>RTN</i>	<i>RTN</i>	<i>RTN</i>
<b>Forward Item Presentment (List of Forward Collection RTN's)</b>	<i>RTN</i>	<i>RTN</i>	<i>RTN</i>
	<i>RTN</i>	<i>RTN</i>	<i>RTN</i>