

mination date established by this chapter for the mortgage.

(Pub. L. 105-216, §11, July 29, 1998, 112 Stat. 908.)

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Section effective 1 year after July 29, 1998, see section 13 of Pub. L. 105-216, set out as a note under section 4901 of this title.

CHAPTER 50—CHECK TRUNCATION

Sec.

5001.	Findings; purposes.
5002.	Definitions.
5003.	General provisions governing substitute checks.
5004.	Substitute check warranties.
5005.	Indemnity.
5006.	Expedited recredit for consumers.
5007.	Expedited recredit procedures for banks.
5008.	Delays in an emergency.
5009.	Measure of damages.
5010.	Statute of limitations and notice of claim.
5011.	Consumer awareness.
5012.	Effect on other law.
5013.	Variation by agreement.
5014.	Regulations.
5015.	Study and report on funds availability.
5016.	Statistical reporting of costs and revenues for transporting checks between reserve banks.
5017.	Evaluation and report by the Comptroller General.
5018.	Depository services efficiency and cost reduction.

§ 5001. Findings; purposes

(a) Findings

The Congress finds as follows:

(1) In the Expedited Funds Availability Act [12 U.S.C. 4001 et seq.], enacted on August 10, 1987, the Congress directed the Board of Governors of the Federal Reserve System to consider establishing regulations requiring Federal reserve banks and depository institutions to provide for check truncation, in order to improve the check processing system.

(2) In that same Act, the Congress—

(A) provided the Board of Governors of the Federal Reserve System with full authority to regulate all aspects of the payment system, including the receipt, payment, collection, and clearing of checks, and related functions of the payment system pertaining to checks; and

(B) directed that the exercise of such authority by the Board superseded any State law, including the Uniform Commercial Code, as in effect in any State.

(3) Check truncation is no less desirable in 2003 for both financial service customers and the financial services industry, to reduce costs, improve efficiency in check collections, and expedite funds availability for customers than it was over 15 years ago when Congress first directed the Board to consider establishing such a process.

(b) Purposes

The purposes of this chapter are as follows:

(1) To facilitate check truncation by authorizing substitute checks.

(2) To foster innovation in the check collection system without mandating receipt of checks in electronic form.

(3) To improve the overall efficiency of the Nation's payments system.

(Pub. L. 108-100, §2, Oct. 28, 2003, 117 Stat. 1177.)

Editorial Notes

REFERENCES IN TEXT

The Expedited Funds Availability Act, referred to in subsec. (a)(1), (2), is title VI of Pub. L. 100-86, Aug. 10, 1987, 101 Stat. 635, as amended, which is classified principally to chapter 41 (§4001 et seq.) of this title. For complete classification of this Act to the Code, see Short Title note set out under section 4001 of this title and Tables.

This chapter, referred to in subsec. (b), was in the original "this Act", meaning Pub. L. 108-100, Oct. 28, 2003, 117 Stat. 1177, which is classified generally to this chapter. For complete classification of this Act to the Code, see Short Title note set out below and Tables.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Pub. L. 108-100, §20, Oct. 28, 2003, 117 Stat. 1194, provided that: "This Act [enacting this chapter, amending section 412 of this title, and enacting provisions set out as notes under this section] shall take effect at the end of the 12-month period beginning on the date of the enactment of this Act [Oct. 28, 2003], except as otherwise specifically provided in this Act."

SHORT TITLE

Pub. L. 108-100, §1(a), Oct. 28, 2003, 117 Stat. 1177, provided that: "This Act [enacting this chapter, amending section 412 of this title, and enacting provisions set out as notes under this section] may be cited as the 'Check Clearing for the 21st Century Act' or the 'Check 21 Act'."

§ 5002. Definitions

For purposes of this chapter, the following definitions shall apply:

(1) Account

The term "account" means a deposit account at a bank.

(2) Bank

The term "bank" means any person that is located in a State and engaged in the business of banking and includes—

(A) any depository institution (as defined in section 461(b)(1)(A) of this title);

(B) any Federal reserve bank;

(C) any Federal home loan bank; or

(D) to the extent it acts as a payor—

(i) the Treasury of the United States;

(ii) the United States Postal Service;

(iii) a State government; or

(iv) a unit of general local government (as defined in section 4001(24) of this title).

(3) Banking terms

(A) Collecting bank

The term "collecting bank" means any bank handling a check for collection except the paying bank.

(B) Depository bank

The term "depository bank" means—

(i) the first bank to which a check is transferred, even if such bank is also the paying bank or the payee; or