

A Guide To Legal Compliance

provided by checkcomposer.com

First and foremost, we are not lawyers and cannot give legal advice. We are providing this document as a guide based on our laymen understanding of the requirements for check drafting. Please consult your legal department to verify our recommendations and for specific advice.

Written Authorization

Some customers may opt to receive authorization using an 'authorization form'. You would send this form to your customer via fax or email, your customer would read and sign it, then send it back to you via fax. This form could also be filled out in person if your customer is in your presence. We have a sample authorization form in our FAQ section...

<http://www.checkcomposer.com/Downloads/SampleCheckDraftAuthorizationForm.doc>

Tape Recorded Authorization

You may also opt to record your authorization. Your phone system may have a feature which enables you to record your conversation. Some customers will buy a small inexpensive recording device from your local electronics store. There are also third party services which will record and store your conversations for you, do a web search for 'record phone conversations' to find these services.

Information Conveyed

The following information must be conveyed to your customer...

- The date of the draft(s)
- The amount of the draft(s)
- The payor's name
- The number of draft payments (if more than one)
- A telephone number for customer inquiry that is answered during normal business hours
- The date of the customer's authorization

Written Notification

Our system produces a 3 part draft, the first section is the check itself, the second section is the 'check authorization notice', the third section is the 'check authorization notice sent'. The important section is the second section, the 'check authorization notice'. You must send this section to your customer before you deposit the check.

References:

<http://www.kevtlaw.com/FTC/Rules/rule.htm>